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# Annual Report 2016

For the year ended 30 June, 2016

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**drugfree sport**  
new zealand



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Presented to the House of Representatives pursuant to Section 150 [3] of the Crown Entities Act 2004 and pursuant to section 44 of the Public Finance Act 1989.



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# introduction

Drug Free Sport New Zealand [DFSNZ] is the National Anti-Doping Organisation in New Zealand and is a signatory to the World Anti-Doping Code. This Code, first introduced in 2004 and updated in 2009 and 2015, provides a common set of rules, requirements and sanctions which all anti-doping organisations must apply.

DFSNZ is an Independent Crown Entity [ICE], established initially under the NZ Sports Drug Agency Act 1994 and continued under the Sports Anti-Doping Act 2006. It has a Board of five members appointed by the Governor-general on the recommendation of the Minister for Sport and Recreation. As an 'ICE' DFSNZ is not responsible for the implementation of Government policy and, while the Chair must report to the Minister, day to day operations of DFSNZ are conducted completely independently from Government.

The Act sets DFSNZ the primary task of implementing the World Anti-Doping Code. More detailed information about how DFSNZ seeks to operate within its mandate and achieve its goals is available from the Statement of Intent which is available along with other information from the DFSNZ website.

DFSNZ receives the bulk of its funding from Government via Vote Sport [\$2.2M in 2015/16] and its application of those funds is monitored by the Ministry of Culture and Heritage.



HON. J WARWICK GENDALL QC

# report of the chair

The past year has provided pivotal events both internationally as well as within New Zealand, in the fight against doping in sport.



**DFSNZ Board:** L-R Graeme Steel (CEO), Dr John Mayhew, Justice Warwick Gendall QC (Chair), Sarah Ulmer, Dr Jonathan Coleman – Minister for Sport and Recreation, Tim Castle, Stephen Cottrell

Doping remains a serious threat to international sport as has been evidenced by two WADA investigations and other disclosures through media sources, into widespread corruption and doping in many sports in Russia. The scandalous abuses are not confined to Russia and Track and Field, with other countries and a wide range of sports coming under careful scrutiny. At home, a development of crucial importance to all New Zealand athletes has been the Government's provision of significant further funds for the work of DFSNZ. An additional \$1million per annum for five years was allocated through the 2016 budget. This was essential to ensure that DFSNZ could provide testing, education, intelligence, communication and youth programmes consistent with world best practise. In addition, we had a successful bid for a one-off allocation from the Proceeds of Crime Fund, which enabled increasingly critical work in the area of junior sport.

More than ever, pressures increase on young and emerging high performing athletes to excel. These pressures are evident in high profile sports in New Zealand, although intentional or inadvertent doping in our top athletes is rare. However, the pressures on youth athletes do not go away.

DFSNZ is committed to providing quality anti-doping measures and programmes and to ensure clean sport going forward. We are expanding our focus and taking a wider ranging approach. The extensive education and testing of athletes at elite levels will not diminish but, in addition, there will be much greater attention given to

young emerging athletes, coaches and other support personnel, with education through schools and the sporting community.

We aim to foster and improve relationships with all National Sporting Organisations to encourage them to accept greater responsibility to protect the next generation of athletes. The broad objectives we have proposed to sport are set out elsewhere in this report.

DFSNZ and the New Zealand Government, continue to play an important role in the international anti-doping community. The chief executive and senior staff attend gatherings and contribute to the work of, The Institute of National Anti-Doping Organisations (iNADO) and the International Anti-Doping Arrangement (iADA), as well as to the World Anti-Doping Agency (WADA) Symposium. We continue to enjoy a highly regarded reputation internationally. As a representative of Oceania on the WADA Foundation Board, New Zealand regularly participates in decision making which determines the path of international anti-doping work. Our representative is the Minister for Sport and Recreation, Dr Jonathan Coleman, but if he is unable to attend, I fill this role as his deputy. The input of New Zealand advice is often sought, especially by athletes on WADA Committees and representatives of other countries.

We are operating in challenging times for the sporting community. Internationally it is critical that WADA's role as an independent regulator of anti-doping work is strengthened. Nationally we will apply the additional funds as wisely as possible to ensure that we preserve a clean sporting environment in New Zealand into the future.

May I pay tribute to the tireless work of our DFSNZ staff. Their dedication, commitment to the aim of protecting clean athletes now and in the future, and support for the Board, is immense. It deserves recognition.

I must also express the Board's grateful thanks to Dr Jonathan Coleman for his support and efforts on our behalf. We have come to value this relationship, both professionally and personally, with us.

Finally, it is important to acknowledge the 14-year tenure of WADA Director-General, David Howman. David has been outstanding in this role and, more than any single individual, has been responsible for the enormous advances in anti-doping work over that time. We wish David all the best on his return to New Zealand.

HON J W GENDALL QC | Chair - Drug Free Sport NZ



GRAEME STEEL

# report of the chief executive

The fight against doping in sport has never been static but this year has presented a series of challenges which ask fundamental questions about whether or not the structures are appropriate and whether our capacity is adequate.



The existence of a significant level of doping in Russia came as no surprise but the revelations of the degree of complicity of the National Anti-Doping Agency [RUSADA], the Moscow laboratory and units of the Russian Government appalled all in the anti-doping community. That this could exist and have continued for so long seriously questions the effectiveness of anti-doping work around the world.

It is essential that the response is to bolster the World Anti-Doping Agency so that it has the capacity, independence and authority to expose any other examples of signatories actively supporting cheating and apply appropriate sanctions.

At the national level we have initiated steps which are designed, amongst other things, to prevent systematic doping and to provide much more support to our next generation of athletes to enable them to compete 'clean'. This will require all of New Zealand sport to collaborate if we are to achieve our objectives for clean sport.

We are greatly appreciative that the Government has seen fit to significantly increase our funding which gives us the capacity to adequately address the evolving pressures on athletes to dope.

I must also add my acknowledgement and appreciation of the work of David Howman now that he has completed his term at WADA. While navigating WADA through many tricky waters he has always been open to robust debate and fair minded in deciding the best course to follow. The sentiments of his staff at his farewell function are ample testimony to his effectiveness in leading the organisation and his empathy with those around him.

After significant staff turnover in 2013-14 we now have well established and increasingly expert personnel. This growing expertise provides for different perspectives and a robust scrutiny of the way we operate, leading directly to programme improvements. During the year we welcomed Kim Taylor onto our staff as Communications Manager and Wilbur Jeftha as our in-house Doping Control Officer. Lizzie Bouchet has also joined our team in a full time admin role.

My appreciation goes out to all staff for their commitment and high quality work.

Given the funding available our programmes have necessarily been focussed at the top end of elite athletes and in particular Olympic athletes as they seek to qualify and prepare for this milestone event. This has led to what, in the words of one athlete, is a 'top heavy' approach. We are extremely pleased that increased funding in the new year will enable us to broaden our reach.

We have continued to develop the quality and efficiency of our processes and the new athlete whereabouts programme and wider application of our paperless testing technology are just two examples.

One thing that has not changed is the quality of the people and work conducted in the field on our behalf. Our annual athlete survey has again reinforced that the athletes recognise that our processes are up with the best in the world.

What is most pleasing is that, even with the application of the best programme we can devise, we find little evidence of doping at the highest levels of our sport. The few cases we do find tend to be at the next level down. However, given the international scene and clearly identifiable pressures on young athletes nationally, we cannot assume that this will continue to be the case unless our programmes adapt and respond to changing environments.





A one-off grant from the Proceeds of Crime fund has been of huge benefit and enabled us to initiate a plan to have greater impact on the vulnerabilities we identify for young athletes with respect to drug use and sport. Planning for The Youth Project is underway, designed to provide clean sport education to secondary school level athletes and their support personnel. This initiative was set in motion with tremendous co-operation from other interested parties including New Zealand Rugby, NZ Rugby Players' Association, NZ Olympic Committee, NZ Secondary Schools Sports Council, NZ Athletes Federation and with a supportive watching brief from Sport NZ.

A highlight of the year was the introduction of our new, award winning e-learning programme which has been a tremendous success. The DFSNZ website is also seen to be of high quality and is the crucial portal to accessing all the necessary and useful information we provide.

We have continued to work hard to maintain and benefit from our strong international working relationships. This is necessary so that we remain at the cutting edge of best practise and to ensure we are contributing to conversations around the policies, structure and future of anti-doping work. National anti-doping organisations do the majority of testing and investigative work around the world and

operate programmes of much greater complexity than International Federations who have only one sport and a restricted group of athletes to control. It is vital that the knowledge generated from operating such programmes is applied to key decisions concerning anti-doping work and DFSNZ is determined to promote that view.

We have a sporting environment in New Zealand which gives great support to our work. This begins with the Minister and his staff and includes the Ministry of Culture and Heritage, Sport NZ, and the full range of sporting organisations around the country.

We are completely reliant on the compliance of athletes and we are fortunate to receive their support - almost without exception. As we move forward we are keen engage more with athletes to better harness their support for promoting clean sport to the sporting community and the next generation of athletes.

**GRAEME STEEL** | Chief Executive - Drug Free Sport NZ



# key responsibilities DFSNZ has proposed for the future

[AS CIRCULATED IN OUR STRATEGY DISCUSSION DOCUMENT 'ACHIEVING CLEAN SPORT IN NEW ZEALAND TOWARDS 2020']:

Continue to operate, evolve and broaden its testing and investigations programme in line with world best practise;

Substantially expand education programmes to reach a wider group, especially younger athletes;

Pay greater attention to education of athletes' support personnel;

Adapt education initiatives and resources, customising them to the specific needs of key target groups;

Actively engage with NSOs on a systematic basis to ensure they accept and understand how they need to and can assist and support clean sport;

Actively engage with and seek support from other influential groups including High Performance Sport NZ [and their coaching networks], player associations, technical organisations such as Sports Medicine NZ and Regional Sporting Trusts;

Take a greater role in promoting clean sport to the sporting community and wider public;

Advocate for clean sport nationally and internationally including the universal application of the World Anti-Doping Code.





## DFSNZ as an employer

DFSNZ works hard to meet its obligations to be a ‘good employer’ by implementing the following policy [as set out in the staff handbook].

DFSNZ aims to be an equal opportunity employer and is committed to promoting equal opportunities regardless of religious or ethical belief, age, colour, race, marital status, sex, sexual orientation, political opinion, ethnic or national origins, employment status, family status or any disability you may have [subject to the exceptions contained in the Human Rights Act 1993]. This commitment applies to all areas of the work environment, all employment activities, resource allocation and all employment terms and conditions. Selection criteria and procedures aim to ensure that employees are selected, promoted, and treated on the basis of their relevant merits and abilities.

DFSNZ is committed to providing opportunities for staff personal development; flexibility in working hours and locations [including from home]; and providing a safe and healthy environment free from harassment. These goals are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures. The staff manual incorporates relevant information and policies to assist staff understanding of employment-related matters.

Remuneration is negotiated and determined on an equitable basis. Opportunities to gain and develop both work and personal skills and experience are sought out and offered to staff. Given the small size of the organisation, and the limited knowledge pool in New Zealand, this will often include opportunities to travel and meet with international peers.

### STAFF PROFILE

	2014-15	2015-16
Staff	9	11
Ave length	5.1	4.8
Male	3	4
Female	6	7
20-30	2	1
30-40	3	5
40-50	3	3
50-60		1
60-70	1	1
NZ European Female		8
NZ European Male		3
Other		1

### STAFF LIST:

Graeme Steel	Chief Executive
Scott Tibbutt	Director of Operations
Jude Ellis	Programme Director – Testing and Investigations
Sian Clancy	Education Manager
Sarah Lawson	TUE and Medical Liaison
Dr Bridget Leonard	Science Manager
Andrew McCowan	Programme Manager – Testing
Nadine Fromont	Programme Manager – Testing
Wilbur Jeftha	Programme Manager/in-house DCO
Lisa Grace	Intelligence Manager *
Kim Taylor	Communications Manager
Kristin Farrell	Education Co-ordinator
Lizzie Bouchet	Reception/Admin *
Roger Brown	Finance *

\*contractor



## international scene

An important element of DFNZ's strategy is to participate in and contribute to international forums.

Through this DFSNZ seeks to ensure that the organisation is operating at the leading edge of international best practise and influencing the development of international policy so that it accommodates a New Zealand perspective.

DFSNZ is one of 59 members of the Institute of National Anti-Doping Organisations which meets at least annually and provides a range of opportunities to contribute to international anti-doping work.

New Zealand is also a participant in the long standing International Anti-Doping Arrangement a select group of ten countries which have provided important leadership and technical development in anti-doping work.

DFSNZ also utilises opportunities provided by WADA to have input into key policies and particularly to participate in their annual Symposium.

The organisation is also committed to supporting the Oceania Regional Anti-Doping Organisation through technical advice to the Board and a small contribution to the costs of a testing programme.

In addition, DFSNZ utilises opportunities to upskill staff through attendance at relevant expert meetings and exchanges with other NADOs.

### INTERNATIONAL ACTIVITY DURING THE YEAR:

Date	Activity	Location	Attendees
Aug 2015	SAIDS exchange *	Cape Town	G Steel, A McCowan
Aug 2015	Laboratory visit	Sydney	B Leonard
Aug 2015	Education exchange	Canberra	S Clancy
Sept 2015	IADA Meeting	Copenhagen	W Gendall, G Steel
Oct 2015	CCES/WADA Education	Ottawa	S Clancy
Oct 2015	ANZSLA Conference	Melbourne	G Steel
Oct 2015	USADA Science	Lansdowne, VA	B Leonard
Nov 2015	NADO/ WADA meetings	Colorado Springs	G Steel
Dec 2015	IT exchange	Colorado Springs	N Fromont
Mar 2016	Tackling Doping in Sport Conf.	London	G Steel, J Ellis
Mar 2016	iNADO /WADA meetings	Lausanne	G Steel, J Ellis
Mar 2016	WADA Symposium	Lausanne	G Steel, J Ellis
May 2016	ORADO Meeting	Port Vila	S Tibbutt
Jun 2016	IADA Meeting	Oslo	G Steel
Jun 2016	NADO exchange re 'integrity' **	Copenhagen, Helsinki	G Steel
Jun 2016	Laboratory visit	Sydney	N Fromont, A McCowan, W Jeftha, B Leonard
	<b>On Behalf of Minister **</b>		
Sept 2015	WADA Executive Committee	Copenhagen	W Gendall
Nov 2015	WADA ExCo and Foundation Board	Colorado Springs	W Gendall
May 2016	WADA Foundation Board	Montreal	W Gendall

\* SAIDS cost

\*\* Sport NZ cost





# regulation programme [testing and investigations]

DFSNZ is the national anti-doping organisation in New Zealand and is responsible for enforcing the Sports Anti-Doping Rules.

## SUMMARY OF ANTI-DOPING RULE VIOLATIONS

Decision Date	Sport	Athlete	Substance / Offence	Outcome
1 Mar 2016	Football	Kelsey Kennard	Presence [Probenecid]	6 month ban
23 Mar 2016	Cycling	Mark Spessot	Presence [Prednisone and Terbutaline]	2 year ban
5 May 2016	Rugby Union	Andrew Burne	Attempted Use / Possession / Trafficking [anabolic steroids]	6 year ban

DFSNZ has always engaged independent contractors to carry out testing around the country [this includes Doping Control Officials, Blood Collection Officials and Chaperones]. However, sport has become increasingly professional, with many athletes training and competing full-time. In order to implement an effective testing programme we need to have more flexibility and unpredictability in when and where we test and be more responsive in carrying out target testing.

With this in mind, DFSNZ has engaged a full-time staff member, based in Auckland, who will carry Doping Control Official duties, primarily in the upper North Island but elsewhere as and when required.

As intelligence, combined with investigations, plays a greater role in the fight for clean sport, DFSNZ has developed a customised database called ADIS [Anti-Doping Intelligence System] in order to enhance this capability. The database allows DFSNZ to collect, collate, store and analyse information in a secure environment. With a built-in case management function, the system provides DFSNZ with a cohesive and joined up approach to our critical intelligence and functions.

Science contributes to many areas within DFSNZ's work. In particular, it is a key contributor to our testing programme, interpreting results from sample analysis, which helps inform who, when and what we test.

The science role at DFSNZ, previously part-time combined with other roles, is moving towards full-time, allowing a greater focus on the Athlete Biological Passport Programme and increasing our knowledge and understanding of how science can contribute to more intelligent testing.

Athletes are good at playing sport. They are not necessarily good at providing a record of their daily whereabouts, in advance, so that DFSNZ can easily locate them for testing. But this is what athletes who are included in our Registered Testing Pool [RTP] or National Testing Pool [NTP] are required to do – for 365 days a year.

This is an onerous task, so this year we launched a new and improved whereabouts website where athletes submit their whereabouts information online [on computer or smart phone] and update that information as their whereabouts changes.

Feedback from our annual survey, shows this has been well received by athletes. The new website makes it easier and quicker for athletes to submit whereabouts information.





# testing and TUE statistics

Since the reporting threshold for cannabis was raised, the DFSNZ programme has produced very few positive tests.

## TESTING AND ADRVS

	Out of competition *	In competition	DFSNZ funded total	User pays tests	Total	ADRVs	Positive tests	% positive No. of tests
2003-04	713	443	1156	361	1517	9	8	0.53%
2004-05	707	511	1218	301	1519	18	17	1.12%
2005-06	772	490	1262	340	1602	15	15	0.94%
2006-07	696	525	1221	378	1599	15	12	0.75%
2007-08	587	477	1064	296	1360	17	17	1.25%
2008-09	595	481	1076	303	1379	9	9	0.65%
2009-10	539	496	1035	308	1343	8	6	0.45%
2010-11	657	483	1140	412	1552	13	10	0.64%
2011-12	682	414	1096	573	1669	6	5	0.30%
2012-13	561	332	893	363	1256	7	7	0.56%
2013-14	534	390	924	398	1322	2	1	0.08%
2014-15	557	384	941	277	1218	7	2	0.16%
2015-16	627	300	927	524	1643	3	2	0.12%
Totals	8227	5726	14,053	4834	18,787	129	111	0.58%

\* Out of competition statistics are urine only

## THERAPEUTIC USE EXEMPTION STATISTICS

Year July-June	TUE received	*Not distributed	Approved	Declined	Systemic Glucocorticoids	ADHD Methylphenidate
2009-10	59	9	46	4	19	4
2010-11	65	21	41	3	21	2
2011-12	81	32	49	0	22	4
2012-13	80	23	56	1	20	4
2013-14	76	22	51	3	23	7
2014-15	72	31	41	3	20	4
2015-16	86	35	50	1	26	10

\* Not distributed as either – non-national level / permitted in sport / out of competition / referred to IF



Whereabouts is information provided by athletes who have been assigned to a DFSNZ testing pool, to enable DFSNZ and other Anti-Doping Organisations to locate them for drug testing.

### whereabouts athletes:

**NTP athletes** 110

**RTP athletes** 43

**Athletes who currently submit quarterly whereabouts** 153



### DFSNZ tests blood and urine

**1119**



“The new whereabouts system is great – so much easier and saves lots of time.” – RTP athlete

### 2015/16 testing numbers:

**300**

in-competition **tests** urine only



**819**

out-of-competition **tests** blood & urine






927	<b>urine</b> [tests]
192	<b>blood samples collected</b> [tests]
173	<b>Athlete Biological Passport analysis</b> [blood]
19	<b>Growth Hormone analysis</b> [blood]
190	<b>EPO analysis</b>
524	<b>user pays tests</b> [urine & blood]
28	<b>sports tested</b>
3	<b>Anti-Doping Rule Violations</b> [as determined by June 30]

## TUE – Therapeutic Use Exemptions

There is a process which allows athletes to take medication containing a prohibited substance if they need to for medical reasons. This is called the Therapeutic Use Exemption (TUE) process.



Standard TUE applications received	<b>86</b>
TUEs not necessary [non-national level athlete], withdrawn or referred to IF	<b>35</b>
Approved	<b>50</b>
Declined	<b>1</b>
Included systemic glucocorticoids	<b>26</b>
For treatment of ADHD	<b>10</b>



# testing by sport (DFSNZ funded)

DFSNZ conducts testing across a wide range of sports in New Zealand, which aims to both deter and detect doping.

## DFSNZ FUNDED TESTING

	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Athletics	50	13	22	0	72	14
Basketball	15	0	16	0	31	0
Boxing	0	0	4	0	4	0
Canoeing	33	8	13	0	46	8
Cricket	1	0	9	0	10	0
Cycling	136	69	18	0	154	69
Equestrian	0	0	3	0	3	0
Football	9	0	25	0	34	0
Golf	1	0	0	0	1	0
Gymnastics	1	0	0	0	1	0
Hockey	27	0	29	0	56	0
Judo	1	0	4	0	5	0
Netball	0	0	8	0	8	0
Para-Cycling	6	0	0	0	6	0
Para-Swimming	9	0	0	0	9	0
Powerlifting	4	0	15	0	19	0
Rowing	93	45	9	0	102	45
Rugby League	22	1	12	0	34	1
Rugby Union	143	19	43	0	186	19
Shooting	1	0	4	0	5	0
Softball	0	0	8	0	8	0
Swimming	18	6	19	0	37	6
Taekwondo	1	0	4	0	5	0
Triathlon	41	28	20	0	61	28
Volleyball	0	0	4	0	4	0
Weightlifting	8	2	7	0	15	2
Wrestling	4	0	0	0	4	0
Yachting	3	0	4	0	7	0
<b>PROGRAMME FUNDED TOTAL</b>	<b>627</b>	<b>192</b>	<b>300</b>	<b>0</b>	<b>927</b>	<b>192</b>



## testing by sport (user pays)

DFSNZ carries out testing on behalf of other Anti-Doping Organisations (International Federations and Major Event Organisations) and for professional sports leagues on a user pays basis.

### USER PAYS TESTING

	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Athletics	9	5	1	0	10	5
Badminton	0	0	7	0	7	0
Canoeing	1	0	0	0	1	0
Cricket	11	0	20	0	31	0
Cycling	8	6	52	0	60	6
Football	4	4	0	0	4	4
Hockey	6	0	8	0	14	0
Para-Cycling	0	0	1	0	1	0
Rowing	4	4	0	0	4	4
Rugby League	50	4	8	0	58	4
Rugby Union	158	57	54	0	212	57
Squash	1	0	0	0	1	0
Triathlon	1	1	24	0	25	1
Weightlifting	8	0	0	0	8	0
Wrestling	0	0	6	0	6	0
Yachting	0	0	1	0	1	0
<b>USER PAYS TOTAL</b>	<b>261</b>	<b>81</b>	<b>182</b>	<b>0</b>	<b>443</b>	<b>81</b>
<b>TOTAL – ALL TESTING</b>	<b>888</b>	<b>273</b>	<b>482</b>	<b>0</b>	<b>1370</b>	<b>273</b>

# education

“Drug Free Sport New Zealand does an amazing job keeping us educated with what we can and cannot take” – NZ Rio Olympic gold medalist Peter Burling

9,000 + athletes and support personnel educated

2,000 + completed e-learning

25,000 + resources distributed

6000 + text medication checks

2000 + website supplement checks

14 outreach programmes including:

- Basketball NZ U17 National Championships
- Cycling NZ Elite and U19 Track Nationals
- Cycling NZ BMX Age Group Championships
- NZOC workshops for Rio long list athletes



# e-learning

DFSNZ has invested heavily in a system which enables athletes to understand critical matters relating to doping, wherever they may be.

## LEVEL ONE

The award winning DFSNZ Learning Management System [LMS] and Level One E-learning Programme were launched March 2016, providing a comprehensive platform for athletes and support personnel to access up-to-date clean sport education anywhere, anytime.

The Level One programme comprehensively covers key anti-doping areas; an introduction to anti-doping and sports anti-doping rules, prohibited substances and methods, TUEs, supplements, doping control, intelligence and investigations while checking for understanding throughout.



## E-LEARNING DEVELOPMENTS FOR 2017

The Level Two Programme will provide a progression of the DFSNZ Level One, designed for use by athletes and support personnel who have previously completed Level One. Content will recap anti-doping key messages and provide advanced case studies and checks for understanding.

The Coaches module will provide coach specific education including practical ideas for the creation of clean sport environments, information on their part in anti-doping including their roles and responsibilities as well as checks for understanding and case studies throughout.

An evaluation tool will also be implemented to all E-learning programmes as a quality control measure on content and functionality as well as to provide an opportunity for user feedback to reach DFSNZ.

## RESEARCH

In 2014, DFSNZ commissioned a pilot study conducted by the University of Otago in which engagement in supplement use by secondary school rugby players raised concern. A noticeable lack of research from within NZ sporting contexts has been identified and also the importance for a clearer understanding of these behaviours and attitudes. In 2016/17 DFSNZ's Education Manager, Sian Clancy, will embark on a PhD study of NZ athlete's attitudes toward, and behaviours in, supplement use and doping with a particular focus on the decision making processes behind this, the perceived pressures placed on our sports people and the influence of NZ's unique sporting identity.



# engagement

DFSNZ is fortunate to have many potential touch points to engage with the wider sporting community in New Zealand and we're now looking to maximise these opportunities with key stakeholders.

Most of New Zealand's top athletes from across many codes are tested and educated about clean sport. We are now looking to cast the net wider with an awareness/engagement campaign highlighting who DFSNZ is, what we do, our values, how we try to keep sport clean and why.

We would like athletes and the wider sporting community to actively engage with the clean sport message and actively support DFSNZ initiatives. Our campaigns and programmes can be a catalyst for anti-doping discussions throughout sport at all levels including youth, club, aspiring elite and masters.

 **TWITTER**  

Followers	1324 [up 35%]
Tweet impressions	107,700


 **FACEBOOK**  

Followers	501 [up 108%]
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**SOCIAL MEDIA SHOUT OUTS**

“ Just had an awesome workshop, some great information and really well presented. ”

“ Looking forward to finding out how we will maintain the integrity of sport in NZ and continue to keep it clean. ”



## 116,722

page impressions

### top pages:

- Home page**
- Medication check**
- Supplement check**

# 63%

OF ALL VISITORS TO THE WEBSITE ARE NEW



### top 10 medications checked:

- |                |              |
|----------------|--------------|
| 1. Ventolin    | 6. Codeine   |
| 2. Paracetamol | 7. Ibuprofen |
| 3. Prednisone  | 8. Flixotide |
| 4. Oxynorm     | 9. Coldrex   |
| 5. Salbutamol  | 10. Panadol  |





# athlete feedback

Every year DFSNZ asks questions of elite athletes in our testing pools in an independent, confidential survey. This year 102 of 156 athletes responded.

[Note that some totals are not 100 due to rounding.]

### TESTING PROGRAMME:

Measure	Satisfied %	Neutral/Don't know %	Dissatisfied %
Effectiveness of the programme as a deterrent	97	3	0
Effectiveness of the programme in detection	91	8	1
Measure	Agree %	Neutral/Don't know %	Disagree %
Confident in the integrity of the programme	96	4	0
Officials are accommodating and professional	97	2	0
Testing is as good or better than overseas	91	7	2
Reasonable to require whereabouts from top athletes	92	5	3
Whereabouts will help reduce athletes doping	76	19	5

### EDUCATION PROGRAMME:

Measure	Agree %	Neutral/Don't know %	Disagree %
Education methods are engaging and effective	89	8	3
Educators are knowledgeable, friendly, professional	95	5	0
Once educated I am confident in my knowledge	93	7	0
Important for support personnel to be educated	98	2	0
Measure	Satisfied %	Neutral/Don't know %	Dissatisfied %
Information provided answered questions	97	3	0
Ease of access of information	90	9	1
Website ease of use and helpfulness [combined]	88	8	4

**“ You don’t want to work for four years and be toppled by a drug cheat. I think that’s the view of most New Zealander’s really. ”** – NZ Olympic athlete



**ATHLETES RATED EDUCATION METHODS AS BEING EFFECTIVE IN THE FOLLOWING ORDER:**

Method	All effective methods %	In top 2 methods
Seminar	92	78
Downloadable resources	73	27
Online/e-learning	64	35
Facebook	62	23
Hard copy resources	57	22
Twitter	26	9

**ADDITIONAL QUESTIONS ON ANTI-DOPING**

Measure	Agree %	Neutral/Don't know %	Disagree %
Enough effort is being put into anti-doping work	94	4	2
Amount of doping in sport is reducing	64	15	22
Competing against doped athletes biggest concern in Rio or other peak events	33	13	54
Confident that at best can beat doped athletes	66	16	19

Doping affected outcome of event in which I competed during the year:	Definitely %	Likely %	Don't know %	Unlikely %	Definitely not %
Domestic competition	1	9	15	27	46
International competition	20	20	23	18	17



# DFSNZ statement of service performance

For the year ended 30 June 2016

Responses relating to 'athletes' result from a survey of 156 (150) elite athletes identified as being in high risk categories and included in the DFSNZ Registered Testing Pool (RTP) and National Testing Pool (NTP). The telephone survey conducted confidentially by the independent company Phoenix Research obtained responses from 102 (83) athletes in that group. (2014/15 numbers in brackets where applicable)

## OUTCOME 1: EDUCATION IMPACT MEASURES:

**A1 Target:** 99% elite NZ athletes (those in the RTP and NTP) accept a responsibility to be 'clean'.

**Result:** 99% (100%) **Target - Met**

**Comment:** Elite athletes accepting this responsibility provides a sound basis for achieving clean sport.

Note that the survey question asked whether or not athletes accepted a responsibility to "promote clean sport". This varies slightly from the performance measure however DFSNZ has deemed that the close similarity is sufficient to reflect the intent of the measure.

**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 ADRVs which can be attributed to inadvertence or ignorance. Target is less than three.

**Result:** 4 (1) cases – two determined during the year and two subsequent to year end but based on tests carried out prior to June 30. **Target – Not Met**

**Comment:** While these decisions are not always ones which DFSNZ could have impacted on this measure stresses the importance of educating athletes on how to avoid breaking the Rules. DFSNZ will be increasing its emphasis on education in the coming year which should further reduce the prospect of violations resulting from 'inadvertence'.

**A3 Target:** The sporting community supports clean sport. We will ask athletes and NSO chief executives to assess whether or not the sporting community supports clean sport. Target 100% of athletes and 95% of NSO chief executives.

**Result:** 100% (100%) of athletes and CEOs. **Target - Met**

**Comment:** It is much easier for athletes to make a choice to compete clean when there is clear support for that position from the sporting community.

## OUTCOME 1: EDUCATION – OUTPUT MEASURES:

**1.1 Target:** 100% of athletes in the RTP and NTP as well as those attending defined major international events, will be supplied with current information on how to comply with the anti-doping programme. Target – 100% of 'elite' athletes (as defined) are provided with current information.

\* Major events are determined annually by the Board and in the current year are:

- Rugby World Cup
- Netball World Cup
- UCI Track Cycling World Cup
- Canoeing World Champs
- Athletics World Champs
- World Rowing Champs

**Result:** All RTP and NTP athletes were provided with current information by way of mail-out of hardcopy resources. All athletes attending the designated events were provided with current information via either; attendance at face to face seminars, completion of online seminar or by receiving 2015 hardcopy resources. **Target - Met**

**Comment:** It is important for the reputation of New Zealand sport and our anti-doping programme that New Zealand athletes are not shown to be committing rule violations at events where public interest is greatest.

**1.2 Target:** A minimum of 120 seminars will be delivered to priority groups.

**Result:** 151 (156) **Target - Met**

**Comment:** Seminars remain the preferred method of delivery of the education programme because of the opportunity for interaction and 'recruitment' of athletes into supporting clean sport.

**1.3 Target:** >90% of users of website are satisfied it was helpful to them.

**Result:** 90% (89.29%) **Target - Met**

**Comment:** Users surveyed were elite athletes for whom accurate information is most critical. The website is the primary source of anti-doping information for athletes and others.

**OUTCOME 2: TESTING AND INVESTIGATION – IMPACT MEASURES:**

**B1 Target:** 96% 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:** 97% (94%) **Target - Met**

**Comment:** This is a very demanding target and meeting it provides a message of great confidence in the effectiveness of DFSNZ programmes.

**B2 Target:** 96% of athletes believe that DFSNZ programmes are effective in detecting doping. 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:** 91% (98%) **Target – Not Met**

**Comment:** This appears to be the result of a small but significant number of athletes this year being neither satisfied nor dissatisfied with this aspect of DFSNZ programmes, markedly more than in 2015. Given the small sample size such variability may not be a matter of concern however DFSNZ will closely monitor the matter to determine whether or not this is indicative of a trend and, if so, the reason.

**OUTCOME 2: TESTING AND INVESTIGATION – OUTPUT MEASURES:**

**2.1 Target:** A minimum of 900 urine tests will be conducted.

**Result:** 927 (944) **Target - Met**

**Comment:** This testing is at the core of DFSNZ and as it is already low it was important it was met.

**2.2 Target:** A minimum number of 180 blood samples will be collected.

**Result:** 192 (144) **Target - Met**

**Comment:** The majority of these tests were for the purpose of gathering data from athletes in order to establish individual norms for a range of blood measures. This data is referred to as an ‘Athlete Biological Passport’ or ‘ABP’.

**2.3 Target:** ISO Certification against the relevant WADA International Standards will be maintained.

**Result:** A valid certificate is in place (2015 certificated) **Target - Met**

**Comment:** This certification demonstrates that DFSNZ processes relating to testing have been independently audited and conform to the requirements of the International Standards which fall under the World Anti-Doping Code.

**2.4 Target:** Annual Report summarising and assessing the impact of all investigative activity will be produced.

**Result:** Report presented June 2016 (presented) **Target - Met**

**Comment:** This ensures that there is an annual record of DFSNZ investigative work and a report of the developments.

**OUTCOME 3: INFLUENCE– IMPACT MEASURE:**

**C1 Target:** DFSNZ is influential in the development and implementation of international policy and best practises. DFSNZ participates in prioritised international forums.

**Result:** Has participated in all prioritised forums as set out in the summary of international activity in the Annual Report. **Target – Met (Met)**

**Comment:** Quantification of influence is difficult but attendance is the first step and can be measured.

**OUTCOME 3: INFLUENCE– OUTPUT MEASURES:**

**3.1 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 currently deemed compliant by both measures (including 2016 Rules). **Target – Met (Met)**

**Comment:** DFSNZ Rules are compliant (i.e. reflect the Code and in place by due date).

**3.2 Target:** DFSNZ contributes fully to WADA processes which determine the Rules. DFSNZ makes submissions in all relevant Code and International Standard consultation rounds.

**Result:** DFSNZ has made a submission on the 2016 Prohibited List. DFSNZ has supported the Sports Minister and/or his representative at WADA meetings. **Target – Met (Met)**

**Comment:** This demonstrates that DFSNZ makes a contribution to international policy development.

**PRIMARY OUTCOME MEASURE**

**Target:** Less than 5% of elite athletes believe the outcomes of their sporting contests in New Zealand are influenced by doping.

**Result:** 1% (2%) (regard this as definite) **Target – Met (Met)**

**Comment:** This measure is the best indicator available as to whether or not there is a ‘level playing field’. Note that in addition to those who were definite that there was influence a further 9% (5%) believed it was likely.

SUMMARY	
Performance on target	14
Performance not on target	2
<b>Total</b>	<b>16</b>



## appropriations reconciliation

The appropriation to DFSNZ is limited to meeting the costs of operating an effective anti-doping programme in New Zealand and for New Zealand athletes.

	Actual 12 months to 30 June 2016	Budget 12 months to 30 June 2016	Actual 12 months to 30 June 2015
Appropriation revenue*	2239000	2239000	2239000
Other revenue	650893	256000	290280
Total revenue	2889893	2495000	2529280
Expenditure	2962808	2645000	2697527
(Deficit)	(72915)	(150000)	(168247)

\* The appropriation revenue received by DFSNZ equals the Government's actual expenses incurred in relation to the appropriation, which is a required disclosure from the Public Finance Act.

**Major variances against budget:** Additional income of \$300,000 was received from the Proceeds of Crime fund.

Assessment of performance	Actual standard of performance to 30 June 2016	Budget standard of performance to 30 June 2016	Actual standard of performance to 30 June 2015
Urine tests administered	927	900	946
Blood samples collected	192	180	144
% of elite athletes who believe the outcome of a sporting event in which they competed in NZ was influenced by doping.	1%	<5%	2%



#### DFSNZ BOARD

Hon. J. Warwick Gendall QC [Chair]

Tim Castle

Stephen Cottrell

Dr. John Mayhew ONZM

Sarah Ulmer ONZM

#### CHIEF EXECUTIVE

Graeme Steel

#### DIRECTOR OF OPERATIONS

Scott Tibbutt

#### REGULATION PROGRAMME DIRECTOR

Jude Ellis

#### BANKERS

Bank of New Zealand

#### AUDITORS

Audit New Zealand on behalf of the Auditor General

#### LEGAL COUNSEL

Paul David QC

Lee Salmon Long

#### STATEMENT OF RESPONSIBILITY

The Board is responsible for the preparation of Drug Free Sport New Zealand's financial statements and the statement of service performance, and for the judgements made in them.

The Board of Drug Free Sport New Zealand has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Drug Free Sport New Zealand for the year ended 30 June 2016.

The Board is responsible for any end-of-year performance information provided by DFSNZ under Section 19A of the Public Finance Act 1989.

Signed on behalf of the Board

Hon. J. Warwick Gendall QC  
Chairperson  
31 October, 2016

Stephen Cottrell  
Board Member  
31 October, 2016



# statement of comprehensive revenue and expense

For the year ended 30 June 2016

	Notes	Actual 2016	Budget 2016	Actual 2015
<b>Revenue</b>				
Funding from the Crown		2239000	2239000	2239000
Interest revenue		24008	31000	36615
Contract Income		317242	225000	253665
Proceeds of Crime		300000	0	0
NZ Rugby		9643	0	0
<b>Total revenue</b>		<b>2889893</b>	<b>2495000</b>	<b>2529280</b>
<b>Expenditure</b>	3			
Testing/investigation programme		2148110	1880000	1950403
Education and research		309823	320000	283100
International		228818	220000	250481
Contract testing		276057	225000	213543
Total expenditure		2962808	2645000	2697527
Surplus/(deficit)		(72915)	(150000)	(168247)
<b>Total comprehensive revenue and expense</b>		<b>(72915)</b>	<b>(150000)</b>	<b>(168247)</b>



# statement of changes in equity

For the year ended 30 June 2016

	Notes	Actual 2016	Budget 2016	Actual 2015
Balance at 1 July		765786	684000	934033
Total comprehensive revenue and expense for the year		(72915)	(150000)	(168247)
<b>Balance at 30 June</b>	<b>12</b>	<b>692871</b>	<b>534000</b>	<b>765786</b>



# statement of financial position

As at 30 June 2016

	Notes	Actual 2016	Budget 2016	Actual 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4	661611	503000	656660
Receivables	5	73119	40000	44258
Inventories	7	22321	5000	12614
Prepayments		43573	20000	39162
GST receivable		22277	20000	20186
<b>Total current assets</b>		<b>822901</b>	<b>588000</b>	<b>772880</b>
<b>Non-current assets</b>				
Investments	6	75685	76000	75685
Property, plant and equipment	8	70000	40000	86168
Intangible assets	9	122386	60000	67292
<b>Total non current assets</b>		<b>268071</b>	<b>176000</b>	<b>229145</b>
<b>Total assets</b>		<b>1090972</b>	<b>764000</b>	<b>1002025</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	10	345785	200000	192885
Employee entitlements	11	52316	30000	43354
<b>Total current liabilities</b>		<b>398101</b>	<b>230000</b>	<b>236239</b>
<b>Total liabilities</b>		<b>398101</b>	<b>230000</b>	<b>236239</b>
<b>NET ASSETS</b>				
<b>Equity</b>				
Contributed capital		0	0	0
Accumulated surplus/(deficit)	12	692871	534000	765786
<b>Total equity</b>		<b>692871</b>	<b>534000</b>	<b>765786</b>

Signed on behalf of the Board

Hon. J. Warwick Gendall QC  
Chairperson

31 October, 2016

Stephen Cottrell  
Board Member

31 October, 2016



# statement of cash flows

For the year ended 30 June 2016

	Notes	Actual 2016	Budget 2016	Actual 2015
<b>Cash flows from operating activities</b>				
Receipts from the Crown		2239000	2239000	2239000
Interest received		24008	30000	36615
Receipts from other revenue		601788	221000	261283
Payments to suppliers		(1978741)	(1836660)	(1843821)
Payments to employees		(789860)	(800000)	(798177)
GST (net)		13514	10000	9199
<b>Net cash flow from operating activities</b>	13	<b>109709</b>	<b>(136660)</b>	<b>(95901)</b>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment				
Receipts from sale of investments				
Purchase of property, plant and equipment		(8453)	(5000)	(60391)
Purchase of intangible assets		(96305)	(12000)	
Investments		0		600000
Investments long term				
<b>Net cash flow from investing activities</b>		<b>(104758)</b>	<b>(17000)</b>	<b>539609</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>4951</b>	<b>(153660)</b>	<b>443708</b>
Cash and cash equivalents at the beginning of the year		656660	656660	212952
<b>Cash and cash equivalents at the end of the year</b>	4	<b>661611</b>	<b>503000</b>	<b>656660</b>





# notes to the financial statements

## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

Drug Free Sport NZ (DFSZN) has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for DFSZN are for the year ended 30 June 2016, and were approved by the board on 20 October 2016.

### BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

The financial statements of DFSZN 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 have been prepared in accordance with Tier 2 PBE accounting standards. Determination of Tier 2 status is due to not having public accountability (is not an issuer) and the entity is not large (expenses are less than \$30m and greater than \$2m).

#### Presentation currency

The financial statements are presented in New Zealand dollars.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue

The specific accounting policies for significant revenue items are explained below:

#### Funding from the Crown

DFSZN is primarily funded from the Crown. This funding is restricted in its use for the purpose of DFSZN meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

DFSZN considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Crown funding is regarded as 'non-exchange' revenue.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

#### Interest revenue

Interest revenue is recognised using the effective interest method.

It is "exchange" revenue.

#### Contract Income

Is income received in return for the provision of anti-doping services and is based on the predicted genuine cost of those services. It is 'exchange' revenue.

#### Proceeds of Crime

A \$300,000 grant was provided from this fund to assist in anti-doping prevention work at youth level and to be applied to work carried out in 2015/16 and 2016/17.

DFSZN considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

Crown funding is regarded as 'non-exchange' revenue.

#### NZ Rugby

NZ Rugby has made a contribution of \$9,643 to the development of education resources which would have application in their environment.

DFSZN considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement.

This is regarded as 'non-exchange' revenue

#### Foreign currency transactions

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

#### Leases

##### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that DFSZN will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

#### Investments

##### Bank term deposits

Investments in bank term deposits are initially measured at the amount invested.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

#### Inventories

Inventories held for distribution in the provision of services that are not supplied on a commercial basis are measured at cost, adjusted, when applicable, for any loss of service potential.



# notes to the financial statements (continued)

## Property, plant and equipment

Property, plant and equipment consists of furniture and electronic equipment.

All asset classes are measured at cost, less accumulated depreciation and impairment losses.

### Additions

The cost of an item of furniture and electronic 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.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are reported net in the surplus or deficit.

### Subsequent costs

Costs incurred subsequent to initial acquisitions 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 the furniture and electronic equipment are recognised in the surplus or deficit as they are incurred.

### Depreciation

Depreciation is provided on a straight-line basis for all furniture and electronic equipment at rates that will right 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 furniture and electronic equipment have been estimated as follows:

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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## 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 are recognised as an intangible asset. Direct costs include 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 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 financial year is recognised in the surplus or deficit.

The useful life and associated amortisation rates of intangible assets have been estimated as four years (25%).

## Impairment of furniture and electronic equipment and intangible assets

DFSNZ does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Furniture, electronic equipment and intangible assets held at cost 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 service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value and use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

## Payables

Short-term payables are recorded at their face value.

## Employee entitlements

### Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

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

A liability for sick leave is recognised to the extent that 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 that it will be used by staff to cover these future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.



# notes to the financial statements (continued)

## 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 as incurred.

### Provisions

A provision is recognised 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 an outflow of future economic benefits 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 expenditure 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 recognised as an interest expense and is included in 'finance costs'.

### Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital;
- Accumulated surplus/(deficit)

### Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the 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 a net 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 provision has been made for income tax.

### Budget figures

The budget figures are derived from the statement of performance expectations as approved by the board at 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 the board in preparing these 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.

#### *Estimating useful life and residual values of property, plant and equipment*

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

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, 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.

### Critical judgements in applying accounting policies

Management has exercised the following critical judgement in accounting policy.

#### *Leases classification*

Determining whether a lease agreement is a finance lease or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to DFSNZ. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewable options in the lease term, and determining the appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.



# notes to the financial statements (continued)

## 2. PERSONNEL COSTS

	Actual 2016	Actual 2015
Salaries and wages	724202	768469
Defined contribution plan employer contributions	28348	29708
Increase/(decrease) in employee entitlements	8962	8004
<b>Total personnel costs</b>	<b>761512</b>	<b>806181</b>

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

## 3. EXPENDITURE BY NATURE

	Actual 2016	Actual 2015
Fees to auditor:		
– fees to Audit New Zealand for audit of financial statements	21322	20720
– fees to Audit New Zealand for other services	0	0
Board fees and expenses	63127	49378
Depreciation and amortisation	65829	60125
Loss on disposal	0	1128
Doping Control Official fees	131919	210602
Laboratory fees	388947	294093
Operating lease expense	89970	86023
Personnel costs	761512	806181
Legal costs	106331	99952
Contract testing costs	276057	213543
International Fees and contributions	123842	116893
International Travel	65859	68426
Information Technology – Testing Programme	98595	37943
Intelligence and Investigations	54682	21245
Education Programme	130267	152777
Testing Programme - other	419586	278768
Administration costs - other	164961	179728
<b>Total other expenses</b>	<b>2962808</b>	<b>2697527</b>

## 4. CASH AND CASH EQUIVALENTS

	Actual 2016	Actual 2015
Cash at bank and on hand	661611	656660
Term deposits with maturities less than three months	0	0
<b>Total cash and cash equivalents</b>	<b>661611</b>	<b>656660</b>



# notes to the financial statements (continued)

## 5. RECEIVABLES

	Actual 2016	Actual 2015
Receivables (gross)	73119	44258
Less: provision for impairment	0	0
<b>Total receivables</b>	<b>73119</b>	<b>44258</b>
Receivables from the sale of goods and services (exchange transactions)	73119	44258

Total receivables are from the provision of contract testing.

The ageing profile of receivables at year end is detailed below:

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	73119	0	73119	37598	0	37598
Past due 1-30 days	0	0	0	6660	0	6660
<b>Total</b>	<b>73119</b>	<b>0</b>	<b>73119</b>	<b>44258</b>	<b>0</b>	<b>44258</b>

All receivables greater than 30 days in age are considered to be past due.

## 6. INVESTMENTS

	Actual 2016	Actual 2015
<b>Current portion</b>		
Term deposits	0	0
<b>Total current portion</b>	<b>0</b>	<b>0</b>
<b>Non-current portion</b>		
Term deposits	75685	75685
<b>Total non-current portion</b>	<b>75685</b>	<b>75685</b>
<b>Total investments</b>	<b>75685</b>	<b>75685</b>

There is no impairment provision for investments.

The carrying amounts of terms deposits with maturities less than 12 months approximate their fair value. An extended term investment of \$75685 is required to support a bank guarantee in relation to a property lease agreement.

## 7. INVENTORIES

	Actual 2016	Actual 2015
Testing equipment	22321	12614
<b>Total inventories</b>	<b>22321</b>	<b>12614</b>





# notes to the financial statements (continued)

## 8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Total
<b>Cost or valuation</b>			
Balance at 1 July 2014	43167	48798	91965
Additions	6033	54359	60392
Disposals	0	4100	4100
Balance at 30 June 2015	49200	99057	148257
Balance at 1 July 2015	49200	99057	148257
Additions	0	8450	8450
Disposals	0	0	0
<b>Balance at 30 June 2016</b>	<b>49200</b>	<b>107507</b>	<b>156707</b>
<b>Accumulated depreciation</b>			
Balance at 1 July 2014	13046	32842	45888
Depreciation expense	4653	15648	20301
Elimination on disposal	0	4100	4100
Balance at 30 June 2015	17699	44390	62089
Balance at 1 July 2015	17699	44390	62089
Depreciation expense	4440	20178	24618
Elimination on disposal	0	0	0
<b>Balance at 30 June 2016</b>	<b>22139</b>	<b>64568</b>	<b>86707</b>
<b>Carrying amounts</b>			
At 1 July 2014	30121	15956	46077
At 1 July 2015	31501	54667	86168
<b>At 30 June 2016</b>	<b>27061</b>	<b>42939</b>	<b>70000</b>



# notes to the financial statements (continued)

## 9. INTANGIBLE ASSETS

	Acquired software
<b>Cost</b>	
Balance at 1 July 2014	357865
Additions	0
Disposals	32758
Balance at 30 June 2015	325107
Additions	96305
Disposals	0
<b>Balance at 30 June 2016</b>	<b>421412</b>
<b>Accumulated amortisation</b>	
Balance at 1 July 2014	249620
Amortisation expense	39824
Disposals	31629
Balance at 30 June 2015	257815
Amortisation expense	41211
Disposals	0
<b>Balance at 30 June 2016</b>	<b>299026</b>
<b>Carrying amounts</b>	
At 1 July 2014	108245
At 1 July 2015	67292
<b>At 31 June 2016</b>	<b>122386</b>

## 10. PAYABLES

	Actual 2016	Actual 2015
<b>Payables</b>		
Creditors	99452	88066
Accrued expenses	246333	104819
<b>Total payables</b>	<b>345785</b>	<b>192885</b>

## 11. EMPLOYEE ENTITLEMENTS

	Actual 2016	Actual 2015
Accrued salaries and wages	25300	17372
Annual leave	27016	25982
<b>Total employee entitlements</b>	<b>52316</b>	<b>43354</b>



# notes to the financial statements (continued)

## 12. EQUITY

	Actual 2016	Actual 2015
<b>Contributed capital</b>		
Balance at 1st July	0	0
Capital contribution	0	0
Balance at 30 June	0	0
<b>Accumulated surplus /(deficit)</b>		
Balance at 1st July	765786	934033
Surplus/(deficit) for the year	(72915)	(168247)
Balance at 30 June	692871	765786
<b>Total equity</b>	<b>692871</b>	<b>765786</b>

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

	Actual 2016	Actual 2015
<b>Net surplus/(deficit)</b>	(72915)	(168247)
Add/(less) non-cash items		
Depreciation and amortisation expense	65829	60125
<b>Total non-cash items</b>	<b>65829</b>	<b>60125</b>
<b>Add/(less) items classified as investing or financing activities</b>		
(Gains)/losses on disposal of property, plant and equipment	0	1128
<b>Total items classified as investing or financing activities</b>	<b>0</b>	<b>1128</b>
<b>Add/(less) movements in statement of financial position items</b>		
(Increase)/Decrease in receivables	(28861)	8761
(Increase)/Decrease in inventories	(9707)	(7653)
Increase/(Decrease) in payables	152900	(1621)
Increase/(Decrease) in employee entitlements	8962	8004
(Increase)/Decrease in prepaid expenses	(4411)	(5365)
(Increase)/Decrease in GST receivable	(2088)	8967
Net movements in working capital items	116795	11093
<b>Net cash flow from operating activities</b>	<b>109709</b>	<b>(95901)</b>



# notes to the financial statements (continued)

## 14. OPERATING LEASES

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2016	Actual 2015
Not later than one year	104256	87480
Later than one year and not later than five years	235218	294090
Later than five years	0	0
<b>Total non cancellable operating leases</b>	<b>339474</b>	<b>381570</b>

There are no capital commitments at balance date (2015: 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 six-year term which expires in December 2019.

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

A term deposit to support a bank guarantee, as required for DFSNZ's property lease, has been established for \$75,685 (equivalent to 12 months rent).

## 15. CONTINGENCIES

DFSNZ, at balance date, has no contingent assets or liabilities (2015: nil).

## 16. RELATED PARTY TRANSACTIONS

DFSNZ is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect DFSNZ would have adopted in dealing with the party at arms length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and are undertaken on the normal terms and conditions for such transactions.

### Key management personnel compensation

	Actual 2016	Actual 2015
Board Members		
Remuneration	62044	48176
Full-time equivalent members	5	5
Leadership Team		
Remuneration	455814	440022
Full-time equivalent members	4	4
<b>Total key management personnel remuneration</b>	<b>517858</b>	<b>488198</b>
<b>Total full time equivalent personnel</b>	<b>9</b>	<b>9</b>

Board member remuneration has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings.





## notes to the financial statements (continued)

### 17. BOARD MEMBER REMUNERATION

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

	Actual 2016	Actual 2015
J Warwick Gendall	26130	18469
Stephen Cottrell	9195	7480
Dr Lesley Rumball	0	7480
Sarah Ulmer	9195	7267
Tim Castle	8848	0
Dr John Mayhew	8676	0
Mr Stewart Walsh	0	7480
<b>Total Board member remuneration</b>	<b>62044</b>	<b>48176</b>
Plus Board Expenses	1083	1202
<b>Board fees plus expenses (see note 3)</b>	<b>63127</b>	<b>49378</b>

The following payments have been made to members of the Therapeutic Use Exemption Committee who are not Board members: Chair, Associate Professor David Gerrard \$5,000 (\$4,000); Members, Dr Rob Campbell \$3,500 (\$3,000), Dr Tony Edwards \$3,500 (\$3,000).

DFSNZ has taken out 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.

No Board members received compensation or other benefits in relation to cessation (2015: nil).

### 18. EMPLOYEE REMUNERATION

	Actual 2016	Actual 2015
Total remuneration paid or payable		
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999		
\$130,000 - \$139,999		
\$140,000 - \$149,999	1	1
<b>Total employees</b>	<b>3</b>	<b>3</b>

During the year ended 30 June 2016: 0 (2015: 0) no employees received compensation and other benefits in relation to cessation.

### 19. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.



# notes to the financial statements (continued)

## 20. FINANCIAL INSTRUMENTS

### 20A. FINANCIAL INSTRUMENT CATEGORIES

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

	Actual 2016	Actual 2015
<i>Loans and receivables</i>		
Cash and cash equivalents	661611	656660
Investments – current	0	0
Investments – non current	75685	75685
Receivables	73119	44258
<b>Total loans and receivables</b>	<b>810415</b>	<b>776603</b>
<i>Financial liabilities measured at amortised cost</i>		
Payables	345785	192885
<b>Total financial liabilities measured at amortised cost</b>	<b>345785</b>	<b>192885</b>

### 20B. 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

##### *Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The exposure to such fluctuations is minimal and the risk is considered insignificant.

DFSNZ does not actively manage its exposure to cash flow interest rate risk.

##### *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 makes purchases of goods and services overseas that require it to enter into transactions denominated in foreign currencies.

#### Credit risk

Credit risk is the risk that a third party will default on its obligation to 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 receivables. For each of these, the maximum credit exposure is best presented 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 AA. DFSNZ has experienced no defaults of interest or principal payments for terms deposits.

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



## notes to the financial statements (continued)

### 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 rating (if available) or to historical information about counterparty default rates.

	Actual 2016	Actual 2015
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>		
<i>Cash at bank and term deposits</i>		
AA-	737296	732345
<b>Total cash at bank and term deposits</b>	<b>737296</b>	<b>732345</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>		
<i>Receivables</i>		
Existing counterparty with no defaults in the past	73119	44258
Existing counterparty with defaults in the past	0	0
<b>Total receivables</b>	<b>73119</b>	<b>44258</b>

### Liquidity risk

#### Management of liquidity risk

Liquidity risk is the risk that DFSNZ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions.

DFSNZ mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

#### Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 6 months	6-12 Months	Later than 1 year
<b>2015</b>					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	192885	192885	192885	0	0
<b>Total</b>	<b>192885</b>	<b>192885</b>	<b>192885</b>	<b>0</b>	<b>0</b>
<b>2016</b>					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	345785	345785	345785	0	0
<b>Total</b>	<b>345785</b>	<b>345785</b>	<b>345785</b>	<b>0</b>	<b>0</b>



# notes to the financial statements (continued)

## 21. CAPITAL MANAGEMENT

DFSNZ's capital is its equity, which comprises accumulated funds and revaluation reserves. Equity is represented by net assets.

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

DFSNZ has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

DFSNZ manages its equity as a by product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure that DFSNZ effectively achieves its objectives and purpose, while remaining a going concern.

## 22. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from DFSNZ's budgeted figures in the Statement of Performance Expectations are as follows:

### Statement of comprehensive revenue and expense

Subsequent to the initial budget established for the purposes of the Statement of Service Performance a new budget was agreed incorporating income from the Proceeds of Crime fund and a higher overall deficit.

#### *Contract Testing (Net position)*

A budgeted break even position did not occur and a gain of \$40,000 was recorded. Invoicing reflects quoted prices which are based on predicted actual costs but allow for contingencies. Minimal additional costs were incurred during the year.

#### *Testing/ Investigations:*

Subsequent to the SPE, where the cost allocation was \$1,880K the Board agreed a working budget which reallocated resources to this programme meaning a total cost of \$2,242K compared to the final figure of \$2,133K a variance of \$109K. Significant variances included \$44K (12%) savings on lab fees due to a favourable exchange rate and a low call on additional screens. Blood testing costs fell \$30K below budget primarily due to the utilisation of alternative screening methods.

#### *Education*

The revised budget allocated \$385K to education with final expenses of \$310K. The balance was largely due to the ability to capitalise funds for software development which had been budgeted as an expense.

#### *International Programme*

A revised budget allocating \$191K was exceeded by \$37K due primarily to an agreement to contribute \$US20K to a WADA investigations fund.

### Statement of financial position

There was a variance of \$82K between the actual starting position and budget.

Investment in software originally budgeted as an expense explains the \$62K increase in intangibles above budget.





# independent auditor's report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of

### Drug Free Sport New Zealand's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Drug Free Sport New Zealand (DFSNZ). The Auditor-General has appointed me, Athol Graham, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of DFSNZ on her behalf.

#### Opinion on the financial statements and the performance information

We have audited:

- the financial statements of DFSNZ on pages 25 to 40, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of DFSNZ on pages 21 to 23.

In our opinion:

- the financial statements of DFSNZ:
  - present fairly, in all material respects:
    - » its financial position as at 30 June 2016; and
    - » its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information:
  - presents fairly, in all material respects, DFSNZ's performance for the year ended 30 June 2016, including:
    - » for each class of reportable outputs:
      - » its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
      - » its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
    - » what has been achieved with the appropriation; and
    - » the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2016. 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 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 the 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 the 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 the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of DFSNZ's financial statements and performance information 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 DFSNZ's internal control.



# independent auditor's report (continued)

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

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 performance information within DFSNZ's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

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

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 performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly DFSNZ's financial position, financial performance and cash flows; and
- present fairly DFSNZ's performance.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and 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 the performance information, whether in printed or electronic form.

#### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

#### 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 DFSNZ.

Athol Graham  
Audit New Zealand  
On behalf of the Auditor-General

Auckland, New Zealand





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