



Annual Report 2017

For the year ended 30 June 2017



drugfree sport
new zealand



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 2017-2021, which is available on the DFSNZ website.

DFSNZ receives the bulk of its funding from Government via Vote Sport [\$3,239,000 in 2016-17] and its application of those funds is monitored by the Ministry of Culture and Heritage.

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HON WARWICK GENDALL QC

report of the chair

The past year has seen significant developments, both in New Zealand and internationally in the fight against doping in sport.



DFSNZ Board: L-R Sarah Ulmer, Nick Paterson (CEO), Dr John Mayhew, Hon Warwick Gendall QC, Tim Castle, Keven Mealamu

The release by WADA of Professor McLaren's comprehensive report left no doubt as to the scandalous Russian state-sponsored corrupt mechanisms to aid and implement widespread doping by Russian athletes.

The protestations of innocence which emanated from high placed Russian officials and politicians had a hollow ring. WADA has acted decisively to bring about compliant and lasting change in Russia. Only time will tell if the steps taken will succeed.

In New Zealand, DFSNZ is committed to promote clean sport through continued implementation and expansion of methods to be proactive in nurturing a sporting culture that rejects doping. We have instituted programmes which focus on the next generations of athletes, their parents, schools and coaches. In addition, widespread education programmes exist to ensure all athletes, at whatever level, have the information necessary to comply with the anti-doping rules.

As with any person who breaks society's rules, sportsmen and women will not take banned substances if they choose not to do so. A strong focus on our work is aimed at deterrence. This requires education, regulation, sound investigation techniques, implementation of sanctions for this who transgress and collaboration with National Sporting Organisations (NSOs). DFSNZ needs the support of NSOs to actively promote clean sport. We are developing youth based education and other programmes to promote values based attitudes for young athletes and their supporters.

In June 2017, DFSNZ lost the services of Graeme Steel, its Chief Executive and servant of anti-doping in sport for almost 30 years. He has been the 'face' of the organisation and its predecessor, and his contribution to the sporting movement and to all who participate in,

and love, sport in New Zealand and internationally has been immense. In recognition of his lifelong work, he was awarded a Lifetime Achievement Award at the 2017 New Zealand Sport and Recreation Awards and made an Officer of the New Zealand Order of Merit in the Queen's Birthday honours for services to sport.

He has accepted a position as Chief Executive of iNADO (the Institute of National Anti-Doping Organisations) and will be based in Bonn, Germany from October 2017. On behalf of the Board and all involved in anti-doping work, I convey our deep appreciation to Graeme for his prodigious work and contribution to sport and the wellbeing of sportspersons in New Zealand and worldwide.

Our new CEO from 31 July, 2017 is Nick Paterson who has been warmly welcomed and was chosen from an extensive group of applicants, both nationally and from the international community. He has wide experience in the integrity, regulation and business environments.

The Board has been sad to lose the services of Stephen Cottrell, a long-standing member who has moved to Australia. His valuable contribution will be missed. His replacement is well respected former All Black Keven Mealamu, and I am delighted that he has accepted the appointment by the Minister.

DFSNZ and the Government play a significant part in the international anti-doping community whether through senior staff visits to WADA, anti-doping organisations in the US, England, Canada and Australia and attending International Symposiums. The Minister for Sport and Recreation, Dr Jonathan Coleman, has attended a WADA Foundation Board meeting as the New Zealand representative on that Board, as have I as Chair and his appointed deputy when he is unable to personally attend. On behalf of my Board may I publicly express our appreciation to the Minister for his support and work on behalf of the worldwide sports anti-doping movement. His professional and personal relationship with us has been greatly valued.

The workload of the DFSNZ staff is very high and I wish to acknowledge their dedication and passion for the task of ensuring clean sport. They are very highly experienced and skilled individuals whose work as a team is greatly valued. They, led by our new chief executive, inspire in the Board confidence in the pathway aimed at protecting the sporting community.

HON WARWICK GENDALL QC, CNZM | Board Chair - DFSNZ



SCOTT TIBBUTT

report of the chief operating officer

The 2016-17 year has been a challenging yet exciting period of change for DFSNZ, culminating soon after year-end with the departure of our long serving Chief Executive, Graeme Steel.



DFSNZ Chief Operating Officer:
Scott Tibbutt

DFSNZ is held in high regard, as is Graeme, throughout New Zealand and internationally due to Graeme's unwavering dedication to establish and nurture a sporting culture that universally rejects doping. The strategic platform on which it is built epitomises the commitment and expert stewardship Graeme has brought through his leadership of the organisation for more than 27 years.

The early part of the year was dominated by the shocking revelations of the

McLaren Report and the extent to which state sponsored doping in Russia undermined the efforts of those who seek to protect clean sport. The Russian scandal highlighted the need to ensure not only

current athletes but also future generations of athletes have a clean sporting environment to thrive in. In 2016-17, DFSNZ implemented a youth focused education programme designed to provide our young athletes with the skills and knowledge to effectively deal with the increasing pressure they face. Good Clean Sport – Youth is a values based education programme for schools, and has been delivered in more than 60 high schools so far.

Public interest in our work has never been greater. It is encouraging to see the support for our work and interest in new initiatives such as Good Clean Sport - Youth, E-Learning options and a broader testing programme. The support we have received from the sporting community, and the organisations that support them is greatly appreciated.

During the year we welcomed Caitlin Cartwright onto our staff as an Education Co-ordinator and welcomed back Kristin Farrell as acting Education Manager to cover maternity leave. Hannah Logan joined us as Office Administrator.

I'd like to acknowledge the contribution we receive from Government: the additional funding and support has enabled us to continue to develop and focus our programmes to address the challenges



facing clean sport, including the ability to increase our testing and widen our investigative ability. The Minister, his staff, Sport NZ, the Ministry of Culture and Heritage and the entire sporting community is instrumental to our continued success in protecting and promoting clean sport.

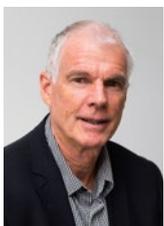
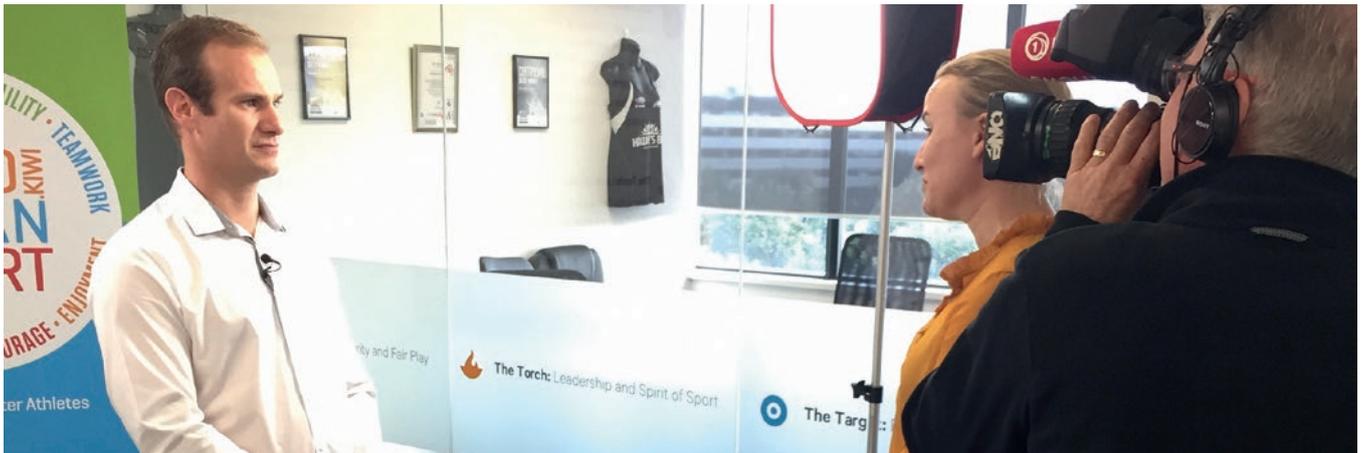
It is critically important for DFSNZ to keep abreast of international developments and trends. The relationships we have with our international counterparts continue to prove hugely beneficial to solidify, and in some instances challenge, our thinking. A number of the team have travelled to international meetings and conferences with the added benefit of spending time with other National Anti-Doping Organisations, sharing knowledge and best practice initiatives. These relationships continue to provide valuable assistance and collaboration long after returning home.

That New Zealand operates a world-class anti-doping programme is due to our expert and highly committed staff internally (and similarly dedicated field staff) who test and educate New Zealand's athletes and support personnel. Thank you for your efforts, often under trying circumstances.

Finally, on behalf of all staff past and present, thank you Graeme and we wish you well in your new role.



SCOTT TIBBUTT | Chief Operating Officer - DFSNZ



GRAEME STEEL

report of the former chief executive

The 2016-17 year has certainly provided for highs and lows as DFSNZ continued pursuing its objective of a clean sporting environment for New Zealand. The year was dominated by international events as the revelations of the McLaren Report created a chaotic environment for the conduct of the Rio Olympic and Paralympic Games.

As I leave DFSNZ I should firstly recognise the sporting community as a whole including; the NZOC, Paralympics NZ, Sport NZ and High Performance Sport NZ, and National Sporting Organisations. Invariably these organisations and the many excellent administrators within them have given DFSNZ both the support and the space to get on with the job. We have also received excellent support at a high level from successive Ministers of Sport.

We place great stake in the outstanding contribution our athletes make and we need to protect the environment in which they compete, and this cannot be achieved solely through a national focus – it requires international engagement. New Zealand has participated effectively in that environment and works closely with peer NADOs and WADA. The Ministry of Culture and Heritage has been an important player in enabling a small Crown Entity to meet the many and varied compliance requirements which are not part of our core business, and their support, particularly through senior advisor Hugh Lawrence, has been greatly appreciated.

DFSNZ has received outstanding service from its Board, and successive Board Chairs have provided critical advice and direction. The current Chair, Warwick Gendall QC exemplifies that commitment to the organisation and its staff. We have also received outstanding service from the Therapeutic Use Committee and most especially from its Chair, Professor David Gerrard. Similar service has been provided in the legal field by, in particular, Paul David QC, who has given both expert and sound advice. Our contractors in the field, both testing and educating athletes, more than any other group, are the ones around whom impressions of the work of DFSNZ are formed by the rank and file of New Zealand sport. The high regard in which we are held is, in no small measure, their doing.

New Zealand sport owes a great debt to the committed and expert staff who have served at DFSNZ and I have greatly appreciated their support and competence. The final critical component to our work is the athletes. The vast majority are as committed to clean sport as they are to sport itself. It is for them and their successors that we do what we do and for the most part they are more than worthy of the investment. For the future, they may need to play a more overt and pro-active role in support of clean sport. I wish my successor as much satisfaction as I have had in carrying out the role of Chief Executive of DFSNZ and I will continue to follow the progress of the organisation with undiminished interest.



GRAEME STEEL ONZM | Former Chief Executive - DFSNZ



strategic goals

Leadership:

DFSNZ is a professional organisation which is respected, valued and trusted as a leader of clean sport

Values:

NZ athletes and the sporting community are committed to clean (doping free) sport

Knowledge:

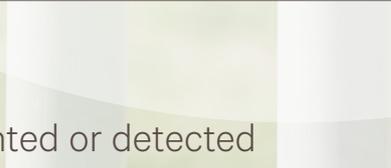
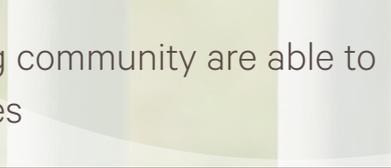
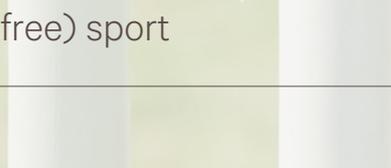
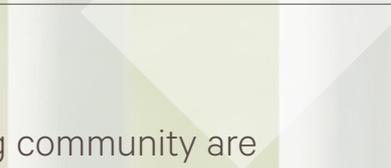
NZ athletes and the sporting community are able to comply with anti-doping rules

Deterrence:

Doping in NZ sport is prevented or detected

“ We are extremely fortunate in New Zealand to have an excellent national anti-doping agency. ”

– NZ National Sporting Organisation



education



record +
7000 | athletes and support
personnel educated via
face-to-face seminars

1200+ | completed
e-learning

27,000+ | resources
distributed

3000+ | text medication
checks

18 | outreach programmes across
13 sports including

Maadi Cup 2017
World Masters Games 2017
NZSS Swimming
Championships
NZSS Athletics
Championships



communications

most visited DFSNZ
website pages:



1. Medication check
2. Supplement check
3. Consequences of doping

top 10 medications checked:

- | | |
|----------------|---------------|
| 1. Oxynorm | 6. Codeine |
| 2. Ventolin | 7. Salbutamol |
| 3. Paracetamol | 8. Tramadol |
| 4. Prednisone | 9. Panadol |
| 5. Kenacort | 10. Symbacort |





testing



2016/17 testing numbers:

522 in-competition tests urine only

1,098 out-of-competition tests blood & urine

1,421 urine tests

199 blood samples collected

394 user pays tests (urine & blood)

8 anti-doping rule violations

whereabouts athletes:

NTP athletes

86



RTP athletes

35



top three most tested sports in NZ:

1 Rugby Union

2 Cycling

3 Rowing



education

“So far I have found the Level One course really interesting and have learnt a lot that I didn’t know before. It’s a really handy way of learning” – NZ Olympic athlete

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

SEMINARS

A record number of seminars were conducted during the 2016-17 year with 255 presentations delivered, a 30 percent increase on 2015-16. With positive NSO engagement and the introduction of Good Clean Sport – Youth workshops, more than 7000 athletes and support personnel received clean sport education across 26 sports.

GOOD CLEAN SPORT - YOUTH

Our values-based clean sport education programme was launched in February 2017 in partnership with the NZ Secondary Schools Sports Council, New Zealand Rugby, NZ Rugby Players Association, Sport NZ, NZ Olympic Committee and the NZ Athletes Federation. With the aim of preserving our clean sport culture in New Zealand, this



programme targets high-performing youth in secondary schools. The content focusses on concepts of strict liability and cheating, supplement and medication information with the goal of helping young athletes make good decisions both inside and outside of sporting environments.

Within five months, we successfully conducted 58 workshops across 48 schools, educating over 2,000 students. Through nationwide promotion including working closely with Regional Sports Trusts and local media, this programme has received strong support. With dedicated resources to increase our presence in the coming year, combined with the integration of research findings, this programme will protect our clean sport culture for the years to come.

OUTREACHES

Engaging with more athletes across a variety of sports, we ran a record 18 outreaches across 13 sports within the year. The most successful events were the Maadi Cup and World Masters Games

(WMG). We set up an outreach stand for four days at the WMG accreditation centre and spoke to in excess of 400 athletes from 15 countries. It was a fantastic opportunity to promote clean sport and the education tools we offer in New Zealand.

E-LEARNING

In early 2017, two new E-Learning courses were released. The Level Two course was introduced as a progression of Level One, designed for athletes and support personnel who have previously completed Level One. It provides a recap of key anti-doping messages, advanced case studies and checks for understanding. Content for Level Two will be updated annually so athletes are provided with the latest information and trends. The second new course was the introduction of a Coaches module, providing coach specific education including practical ideas for the creation of clean sport environments, information on a coach’s role in anti-doping as well as checks for understanding.





testing and investigations

DFSNZ’s testing programme recorded an unprecedented 1600 tests in 2016-2017, more than any year previously recorded. This was possible due to the increase in government funding and meant that we were able expand our programme to test broader (across more sports) and deeper (more testing within sports).

THERAPEUTIC USE EXEMPTION (TUE) STATISTICS

Year July-June	Year July-June	*Not distributed	Approved	Declined	Systemic Glucocorticoids	ADHD Methylphenidate
2016-2017	86	35	49	2	21	7
2015-2016	86	35	50	1	26	10
2014-2015	72	31	41	3	20	4



In response to this increase in testing we also bolstered the number of Doping Control Officers, most of whom are independent contractors working out in the field and do great work for us, often working under pressure. The testing team within DFSNZ has remained unchanged and deserve credit for managing the greater workload associated with the increase in testing.

While DFSNZ carried out more testing than ever before, we did not hit our target for blood testing this year. Collecting blood samples is far more complicated than urine. It is invasive to the athlete and requires qualified phlebotomists to collect the samples. Blood samples are stored in a special transport bag and must be maintained within a certain temperature range on their way to the laboratory. They must also be delivered to the laboratory within a certain time frame and when sending samples to Sydney for analysis, this requires careful coordination with our courier provider.

Issues with our transport equipment and the availability of suitably qualified Blood Collection Officials conspired against us, meaning we only achieved 75 percent of our target for this year. More blood transport equipment has since been purchased and DFSNZ is looking to engage a service provider for blood collection, to fill in any gaps in availability amongst our contracted phlebotomists.

Despite the challenges, having a local laboratory (Labtests) be WADA-approved for analysing blood samples collected for the purpose of

the athlete biological passport has simplified, to a degree, when and where we can collect blood samples from athletes. This allows us to test at a more optimal time and also to be more unpredictable.

From a results management perspective, eight anti-doping rule violations were determined this year. It is disappointing to note that once again, some adverse analytical findings (positive tests) could have been avoided had athletes paid more attention to the medication and supplements they were taking and carried out some rudimentary checks.

Of particular note for asthmatics, while some inhalers are permitted, there can be limits on the concentration of the medication permitted in samples. Going over the limit will trigger a positive test, so it is important that inhalers are used properly and as prescribed by a medical professional.

Also of note is the danger of purchasing prohibited substances over the internet (possession and use). While testing largely focusses on athletes competing at the top national and international level, athletes at ALL levels of sport can be caught out if, for example, they purchase a prohibited substance via the internet. As DFSNZ develops its intelligence capabilities, we receive an increasing amount of information from other government agencies within New Zealand and other anti-doping organisations overseas. As a result, we are likely to see more of these types of rule violations in the future, which presents challenges in terms of how we can work with National Sport Organisations (NSOs) to raise awareness of the Sports Anti-Doping Rules among all of their members.

With this in mind, a highlight for the year was hosting our first anti-doping forum for national sporting organisations. This first forum was limited to invited sports only, but will hopefully become an annual event open to a wider range of sports and stakeholders. Maintaining good working relationships with NSOs and ensuring they understand their role and responsibilities is essential to our testing programme, as well as education and the fight against doping in general. So thank you to all our sporting contacts who provide us with the support and information we need to do our job!



TESTING AND ANTI-DOPING RULE VIOLATIONS *

Year (Jul 2016 – Jun 2017)	Out of competition	In competition	DFSNZ funded total	User Pays Tests	Total	ADRVs	Positive Tests	% positive no. of DFSNZ tests
2016-2017	1098	522	1620	394	2014	8	6	0.37%
2015-2016	627	300	927	524	1451	3	2	0.12%
2014-2015	557	384	941	277	1218	7	2	0.16%

* In competition statistics are urine only. Out of competition statistics are urine and blood

SUMMARY OF ANTI-DOPING RULE VIOLATIONS*

Decision Date	Sport	Athlete	Substance / Offence	Outcome
27 Jul 2016	Softball	Craig Wallace	Presence [Salbutamol]	1 month ban
27 Jul 2016	Football	Clayton Lewis	Presence [Salbutamol]	1 month ban
1 Nov 2016	Rugby Union	Adam Jowsey	Possession & Use [Clenbuterol]	2 year ban
19 Dec 2016	Powerlifting	Mendrado Catoto	Presence [Methylhexanamine]	12 month ban
3 Feb 2017	Rugby League	Travell Ngatoko	Presence [Cannabis]	6 month ban
17 Feb 2017	Rugby League	Stacey Mikara	Presence [Cannabis]	6 month ban
3 Apr 2017	Cricket	Adam King	Possession & Use [Nandrolone, Testosterone, Tamoxifen & Anastrozole]	2 year ban
3 May 2017	Rugby League	Michael Butson	Presence [Higenamine]	9 month ban

* Includes ADRV's determined in the 2016-2017 year (some of which may have been committed in the previous year)

testing by sport (DFSNZ funded)

Athletes from 33 sports in New Zealand were tested this year with the aim of detecting and deterring doping. Rugby union is the most tested sport, followed by cycling and rowing. The statistics also include Para-sports.

DFSNZ FUNDED TESTING

	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Archery	0	0	4	0	4	0
Athletics	41	17	43	0	84	17
Basketball	14	0	19	0	33	0
Boxing	0	0	4	0	4	0
Canoe/Kayak	43	4	22	0	65	4
Cricket	18	0	4	0	22	0
Cycling	142	62	72	0	214	62
Football	36	0	38	0	74	0
Hockey	33	8	16	0	49	8
Netball	26	0	28	0	54	0
Para-Alpine Skiing	3	0	0	0	3	0
Para-Athletics	1	0	1	0	2	0
Para-Swimming	9	1	2	0	11	1
Powerlifting	5	0	27	0	32	0
Rowing	129	55	12	0	141	55
Rugby League	70	16	19	0	89	16
Rugby Union	189	4	72	0	261	4
Sailing	8	0	8	0	16	0
Shearing Sports	6	0	0	0	6	0
Shooting	0	0	4	0	4	0
Skating	1	0	2	0	3	0
Skiing	4	0	0	0	4	0
Softball	20	0	10	0	30	0
Squash	4	0	4	0	8	0
Surf Life Saving	0	0	4	0	4	0
Swimming	32	7	34	0	66	7
Taekwondo	0	0	3	0	3	0
Touch Football	3	0	0	0	3	0
Triathlon	42	21	18	0	60	21
Volleyball	0	0	4	0	4	0
Water Polo	0	0	10	0	10	0
Waterskiing	0	0	4	0	4	0
Weightlifting	20	4	34	0	54	4
PROGRAMME FUNDED TOTAL	899	199	522	0	1421	199

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	0	0	2	0	2	0
Boules Sports	0	0	10	0	10	0
Canoe/Kayak	1	0	0	0	1	0
Cricket	20	0	28	0	48	0
Cycling	1	0	3	0	4	0
Darts	0	0	6	0	6	0
Floorball	0	0	4	0	4	0
Football	4	0	0	0	4	0
Hockey	2	0	0	0	2	0
Mixed Martial Arts	2	0	6	0	8	0
Orienteering	0	0	10	0	10	0
Powerlifting	0	0	20	0	20	0
Rowing	0	2	0	0	0	2
Rugby League	21	6	11	0	32	6
Rugby Union	82	31	50	0	132	31
Squash	1	0	0	0	1	0
Surf Life Saving	0	0	4	0	4	0
Swimming	0	0	7	0	7	0
Triathlon	2	1	29	0	31	1
Water Polo	0	0	16	0	16	0
Weightlifting	0	0	12	0	12	0
TOTAL – ALL TESTING	136	40	218	0	354	40

“ Unless they can change all clean results for Drug Free Sport New Zealand athletes, maybe let them (hack in) so they can see we’re clean. ” – NZ Olympic athlete on Russian hack of WADA database



International Relationships & DFSNZ as an employer

INTERNATIONAL SUMMARY

During the year DFSNZ attended various international meetings, contributing and gaining valuable expertise from leaders in their field.

DFSNZ contributes to the development of Anti-Doping work in the Pacific through support of the Oceania Regional Anti-Doping Organisation (ORADO) by offering expertise and advice as well as a modest contribution to assist funding of their testing programme.

Testing and Investigations Programme Director Jude Ellis and former CEO Graeme Steel attended the annual Tackling Doping in Sport conference and the WADA symposium in Europe, which provided insight into international trends. Programme Manager Andrew McCowan visited the Canadian Centre for Ethics in Sport (CCES) Doping Control Officer (DCO) conference. Of particular interest was the discussion around the testing processes for transgender athletes. Learnings from the CCES conference had direct benefit for own DCO conference and assists in the ongoing training of DFSNZ contractors.

Chief Operating Officer Scott Tibbutt visited our North American colleagues at the United States Anti-Doping Agency (USADA) and CCES during a trip to attend a WADA meeting in Montreal. The collaboration with USADA and CCES on values based education programmes was hugely beneficial to the development of our own values.

Science Manager Dr Bridget Leonard attended the USADA annual science symposium which assembles scientists and researchers from around the world. Discussions focused on the latest developments in the anti-doping space from a scientific perspective. Dr Leonard also fosters close relationships with our Australian colleagues at the Australian Anti-doping Agency (ASADA) and the World Anti-Doping Agency accredited laboratory.

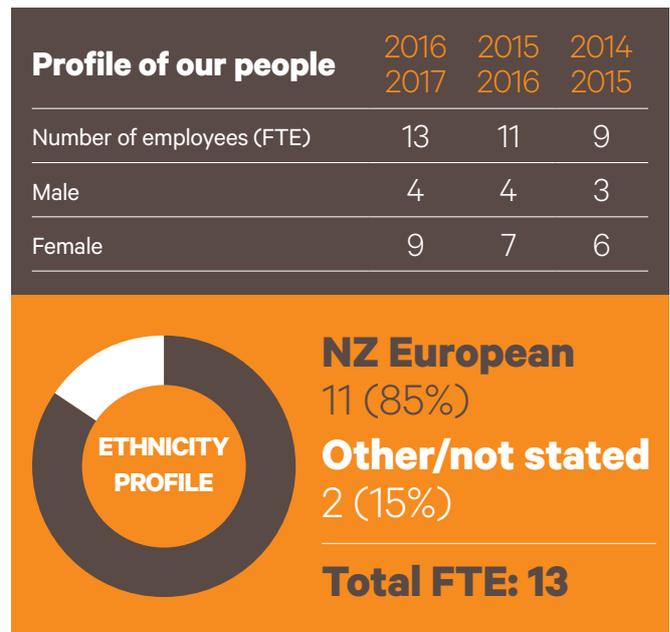
DFSNZ AS AN EMPLOYER

DFSNZ is committed to providing the right environment, tools, support and leadership to enable our people to do their jobs effectively and grow our capability as an organisation. We aim to be an equal opportunity employer and we're committed to promoting equal opportunities. 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.

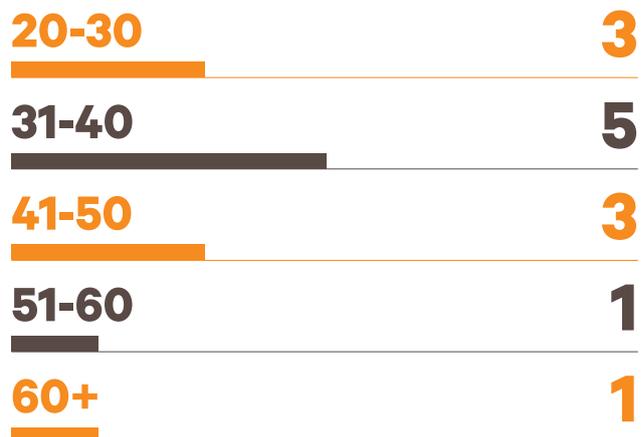
DFSNZ provides opportunities for staff personal development; flexibility in working hours and locations (including from home); and providing a safe and healthy environment free from harassment. These goals are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures. The staff handbook 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. DFSNZ's health and safety policy and manual are consistent with the Health and Safety At Work Act 2015.

Officials who collect samples and deliver education programmes on behalf of the organisation are independent contractors. There are approx. 150 such contractors.



Age profiles





athlete feedback

Every year DFSNZ asks questions of elite athletes in our testing pools in an independent, confidential survey. This year 46 of 113 athletes responded.

TESTING PROGRAMME:

Measure	Satisfied %	Neutral/Don't know %	Dissatisfied %
Effectiveness of the programme as a deterrent	94	2	4
Effectiveness of the programme in detection	89	9	2
Whereabouts website is easy to use	63	17	20
Information on DFSNZ website is easy to find	89	8	3
DFSNZ website information was helpful	92	5	3

Measure	Yes %	No%
Responsibility to compete as a clean athlete?	100	0

Measure	Agree %	Neutral/Don't know %	Disagree %
NZ sporting community supports clean sport	100	0	0

Doping affected outcome of event in which I competed during the year:	Definitely %	Likely %	Don't know %	Unlikely %	Definitely not %
Domestic competition	0	2	13	28	57
International competition	17	24	37	13	9





DFSNZ statement of service performance

Phoenix Research conducted an independent telephone survey, obtaining 46 responses from athletes in the Registered and National Testing Pools. The small sample size may impact on the reliability of the survey results. These elite athletes are identified as being in high risk categories. Targets are for the 2016-17 year.

OUTCOME 1 – EDUCATION IMPACT MEASURES

A1	Target	Result	Comment
Percentage of elite NZ athletes who accept responsibility to be clean.	99%	100% Target MET (2015/16 99%)	Elite athletes accepting this responsibility provides a sound basis for achieving clean sport
A2	Target	Result	Comment
Number of athletes who commit offences through ignorance/inadvertence	<3	4 Target NOT MET (2015/16 – 4)	Due to increased testing, this measure stresses the importance of educating athletes at lower levels on how to avoid breaking the Rules
A3	Target	Result	Comment
Percentage of athletes and sport CEOs who agree that sport should be clean	100%	100% Target MET (2015/16 100%)	It is easier for athletes to make good choices when there is clear support for that position from the sport community

OUTCOME 1 – EDUCATION OUTPUT MEASURES

1.1	Target	Result	Comment
Percentage of athletes in the RTP and NTP (as well as those attending the 2016 Olympic and Paralympic Games) supplied with current information on how to comply with the Anti-Doping programme	100%	100% Target MET Includes seminars, E-Learning and resources (2015/16 100%)	It is important that NZ athletes do not commit rule violations at events where public interest is greatest
1.2	Target	Result	Comment
Number of seminars delivered to priority groups	180	255 Target MET (2015/16 151)	Seminars remain the preferred method of delivery of education due to the opportunity for interaction and 'recruitment' of athletes into supporting clean sport
1.3	Target	Result	Comment
Percentage of elite athletes who used the website who are satisfied it was helpful to them	90%	92% Target MET (2015/16 90%)	The website is the primary source of clean sport information for athletes and others

OUTCOME 2 – TESTING & INVESTIGATIONS IMPACT MEASURES

B1	Target	Result	Comment
Percentage of athletes believe that programme is effective in deterring doping	96%	94% Target NOT MET (2015/16 97%)	Increased awareness of the issue and international events have impacted this measure
B2	Target	Result	Comment
Percentage of athletes who believe programme is effective in detecting doping	96%	89% Target NOT MET (2015/16 91%)	Increased awareness of the issue domestically and international events have impacted this measure

OUTCOME 2 – TESTING & INVESTIGATIONS OUTPUT MEASURE

2.1	Target	Result	Comment
Minimum number of urine tests conducted	1350	1421 Target MET (2015/16 927)	DFSNZ increased its urine testing by 50% in the 2016-17 year, enabling more testing across more sports
2.2	Target	Result	Comment
Minimum number of blood samples taken	250	199 Target NOT MET (2015/16 192)	Having qualified Blood Collection Officers and challenges with blood testing equipment meant the blood sample target was not met
2.3	Target	Result	Comment
Conduct a compliant and accurately targeted blood and urine testing programme	ISO Certification maintained	MET (2015/16 Certified)	ISO Certification ensures that testing processes have been independently audited and conform to International Standards which fall under the World Anti-Doping Code
2.4	Target	Result	Comment
Annual report summarising and assessing impact of all investigative activity	Complete	MET (2015/16 Presented)	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	Result	Comment
DFSNZ participates in meetings convened by WADA (Annual Symposium), IADA and INADO	International commitments met	MET (2015/16 Met)	Quantification of attendance is always difficult but attendance is the first step and can be measured

OUTCOME 3 – INFLUENCE OUTPUT MEASURES:

3.1	Target	Result	Comment
DFSNZ is compliant with the Code (except where non-compliance arises from matters outside DFSNZ jurisdiction) and the UNESCO convention	Code Compliance	MET (2015/16 Met)	DFSNZ is compliant with the code and the UNESCO convention
3.2	Target	Result	Comment
DFSNZ makes submissions in all relevant Code and International Standard consultation rounds	Complete submissions	MET (2015/16 Met)	DFSNZ made a submission on the 2017 Prohibited List and supported the Minister for Sport and Recreation and/or his representative at WADA meetings

PRIMARY OUTCOME MEASURE:

	Target	Result	Comment
Less than 5% of elite athletes believe the outcomes of their sporting contests in NZ are influenced by doping	Less than 5%	2% Target MET (2015/16 1%)	Indicates a strong belief NZ domestic competition is largely doping free

SUMMARY	Target
Performance on target	12
Performance not on target	4
Total	16

SPECIAL OUTPUT CLASS – PROCEEDS OF CRIME:

	Target	Result	Comment
Compliance with Letter of Agreement re application of Proceeds of Crime Funds	Comply with terms of agreement	DFSNZ substantially delivered on required milestones to meet compliance requirements Target MET (new measure)	Programmes developed from this fund now form an integral part of our normal activity

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 17	Budget 12 months to 30 June 17	Actual 12 months to 30 June 16
	\$	\$	\$
Appropriation revenue*	3,239,000	3,239,000	2,239,000
Other revenue	286,941	335,000	650,893
Total revenue	3,525,941	3,574,000	2,889,893
Expenditure	3,773,518	3,702,000	2,962,808
(Deficit)	(247,577)	(128,000)	(72,915)

* 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.

Assessment of performance	Actual standard of performance to 30 June 2017	Budget standard of performance to 30 June 2017	Actual standard of performance to 30 June 2016
Urine tests administered	1,421	1,350*	927
Blood samples collected	199	250**	192
% of elite athletes who believe their sporting event in NZ was influenced by doping.	2%	<5%	1%

* This target was reduced from 1,450 during the year.

** This target was reduced from 270 during the year.





directory

AS AT 30 JUNE, 2017

DFSNZ BOARD

Hon Warwick Gendall QC, CNZM (Chairperson)

Tim Castle

Stephen Cottrell (term completed)

Dr. John Mayhew ONZM

Keven Mealamu MNZM

Sarah Ulmer ONZM

CHIEF EXECUTIVE

Nick Paterson (started 31 July, 2017)

Graeme Steel ONZM (ended 28 July, 2017)

BANKERS

Bank of New Zealand

AUDITORS

Audit New Zealand on behalf of the Auditor General

LEGAL COUNSEL

Paul David QC

Isaac Hikaka, LeeSalmonLong

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 2017.

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 Warwick Gendall QC, CNZM
Chairperson

30 October, 2017

Tim Castle
Board Member

30 October, 2017



statement of comprehensive revenue and expense

For the year ended 30 June 2017

	Notes	Actual 2017	Budget 2017	Actual 2016
		\$	\$	\$
Revenue				
Funding from the Crown		3,239,000	3,239,000	2,239,000
Interest revenue		23,167	35,000	24,008
Contract Income		263,774	300,000	317,242
Proceeds of Crime		0	0	300,000
NZ Rugby		0	0	9,643
Total revenue		3,525,941	3,574,000	2,889,893
Expenditure	3			
Testing/investigation programme		2,757,990	2,711,450	2,143,402
Education and research		586,167	473,700	305,724
International		217,011	216,850	237,625
Contract testing		212,350	300,000	276,057
Total expenditure		3,773,518	3,702,000	2,962,808
Surplus/(deficit)		(247,577)	(128,000)	(72,915)
Total comprehensive revenue and expense		(247,577)	(128,000)	(72,915)



statement of changes in equity

For the year ended 30 June 2017

	Notes	Actual 2017	Budget 2017	Actual 2016
		\$	\$	\$
Balance at 1 July		692,871	865,786	765,786
Total comprehensive revenue and expense for the year		(247,577)	(128,000)	(72,915)
Balance at 30 June	12	445,294	737,786	692,871



statement of financial position

As at 30 June 2017

	Notes	Actual 2017	Budget 2017	Actual 2016
		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents	4	372,102	673,786	661,611
Receivables	5	24,311	50,000	73,119
Inventories	7	23,353	8,000	22,321
Prepayments		43,312	36,000	43,573
GST receivable		49,438	20,000	22,277
Total current assets		512,516	787,786	822,901
Non-current assets				
Investments	6	75,685	0	75,685
Property, plant and equipment	8	72,621	70,000	70,000
Intangible assets	9	102,170	125,000	122,386
Total non current assets		250,476	195,000	268,071
Total assets		762,992	982,786	1,090,972
LIABILITIES				
Current liabilities				
Payables	10	217,507	200,000	345,785
Employee entitlements	11	100,191	45,000	52,316
Total current liabilities		317,698	245,000	398,101
Total liabilities		317,698	245,000	398,101
NET ASSETS		445,294	737,786	692,871
Equity				
Contributed capital		0	0	0
Accumulated surplus/(deficit)	12	445,294	737,786	692,871
Total equity		445,294	737,786	692,871



statement of cash flows

For the year ended 30 June 2017

	Notes	Actual 2017	Budget 2017	Actual 2016
		\$	\$	\$
Cash flows from operating activities				
Receipts from the Crown		3,239,000	3,239,000	2,239,000
Interest received		23,167	35,000	24,008
Receipts from other revenue		306,216	300,000	601,788
Payments to suppliers		(2,831,542)	(2,566,874)	(1,978,741)
Payments to employees		(932,558)	(1,015,000)	(789,860)
GST (net)		(37,493)	0	13,514
Net cash flow from operating activities	13	(233,210)	(7,874)	109,709
Cash flows from investing activities				
Purchase of property, plant and equipment		(24,799)	(15,000)	(8,453)
Purchase of intangible assets		(31,500)	(10,000)	(96,305)
Net cash flow from investing activities		(56,299)	(25,000)	(104,758)
Net (decrease)/increase in cash and cash equivalents		(289,509)	(32,874)	4,951
Cash and cash equivalents at the beginning of the year		661,611	706,660	656,660
Cash and cash equivalents at the end of the year	4	372,102	673,786	661,611

The accompanying notes form part of these financial statements.





notes to the financial statements

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

The financial statements for DFSNZ are for the year ended 30 June 2017, and were approved by the board on 17 October 2017.

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 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 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

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

DFSNZ 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.

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 DFSNZ 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.

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.



notes to the financial statements

(continued)

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.

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



notes to the financial statements

(continued)

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 previously determined the cost of outputs using the cost allocation system as follows. 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 2017	Actual 2016
	\$	\$
Salaries and wages	899,124	724,202
Defined contribution plan employer contributions	33,434	28,348
Increase/(decrease) in employee entitlements	47,875	8,962
Total personnel costs	980,433	761,512

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

3. EXPENDITURE BY NATURE

	Actual 2017	Actual 2016
	\$	\$
Fees to auditor:		
– fees to Audit New Zealand for audit of financial statements	21,833	21,322
– fees to Audit New Zealand for other services	0	0
Board fees and expenses	93,206	63,127
Depreciation and amortisation	73,894	65,829
Loss on disposal	0	0
Doping Control Official fees	184,640	131,919
Laboratory fees	521,477	388,947
Operating lease expense	104,656	89,970
Personnel costs	980,433	761,512
Legal costs	253,774	106,331
Contract testing costs	212,349	276,057
International Fees and contributions	101,888	123,842
International Travel	53,582	65,859
Information Technology – Testing Programme	63,429	98,595
Intelligence and Investigations	86,516	54,682
Education Programme	316,020	130,267
Testing Programme – other	438,747	419,586
Administration costs – other	267,054	164,963
Total other expenses	3,773,518	2,962,808

4. CASH AND CASH EQUIVALENTS

	Actual 2017	Actual 2016
	\$	\$
Cash at bank and on hand	372,102	661,611
Term deposits with maturities less than three months	0	0
Total cash and cash equivalents	372,102	661,611



notes to the financial statements (continued)

5. RECEIVABLES

	Actual 2017	Actual 2016
	\$	\$
Receivables (gross)	24,311	73,119
Less: provision for impairment	0	0
Total receivables	24,311	73,119
Receivables from the sale of goods and services (exchange transactions)	24,311	73,119

Total receivables are from the provision of contract testing.

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

	2017			2016		
	\$	\$	\$	\$	\$	\$
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	21,540	0	21,540	73,119	0	73,119
Past due	2,771	0	2,771		0	0
Total	24,311	0	24,311	73,119	0	73,119

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

The past due amount was paid August 2017.

6. INVESTMENTS

	Actual 2017	Actual 2016
	\$	\$
Current portion		
Term deposits	0	0
Total current portion	0	0
Non-current portion		
Term deposits	75,685	75,685
Total non-current portion	75,685	75,685
Total investments	75,685	75,685

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 \$75,685 is required to support a bank guarantee in relation to a property lease agreement.

7. INVENTORIES

	Actual 2017	Actual 2016
	\$	\$
Testing equipment	23,353	22,321
Total inventories	23,353	22,321



notes to the financial statements (continued)

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Total
	\$	\$	\$
Cost or valuation			
Balance at 1 July 2015	49,200	99,057	148,257
Additions	0	8,450	8,450
Disposals	0	0	0
Balance at 30 June 2016	49,200	107,507	156,707
Balance at 1 July 2016	49,200	107,507	156,707
Additions	17,238	7,560	24,798
Disposals	0	7,273	7,273
Balance at 30 June 2017	66,438	107,794	174,232
Accumulated depreciation			
Balance at 1 July 2015	17,699	44,390	62,089
Depreciation expense	4,440	20,178	24,618
Elimination on disposal	0	0	0
Balance at 30 June 2016	22,139	64,568	86,707
Balance at 1 July 2016	22,139	64,568	86,707
Depreciation expense	4,850	17,327	22,177
Elimination on disposal	0	7,273	7,273
Balance at 30 June 2017	26,989	74,622	101,611
Carrying amounts			
At 1 July 2015	31,501	54,667	86,168
At 1 July 2016	27,061	42,939	70,000
At 30 June 2017	39,449	33,172	72,621



notes to the financial statements (continued)

9. INTANGIBLE ASSETS

	Acquired software
	\$
Cost	
Balance at 1 July 2015	325,107
Additions	96,305
Disposals	0
Balance at 30 June 2016	421,412
Additions	31,500
Disposals	0
Balance at 30 June 2017	452,912
Accumulated amortisation	
Balance at 1 July 2015	257,815
Amortisation expense	41,211
Disposals	0
Balance at 30 June 2016	299,026
Amortisation expense	51,716
Disposals	0
Balance at 30 June 2017	350,742
Carrying amounts	
At 1 July 2015	67,292
At 1 July 2016	122,386
At 30 June 2017	102,170

10. PAYABLES

	Actual 2017	Actual 2016
	\$	\$
Payables		
Creditors	94,629	99,452
Accrued expenses	122,878	246,333
Total payables	217,507	345,785

11. EMPLOYEE ENTITLEMENTS

	Actual 2017	Actual 2016
	\$	\$
Accrued salaries and wages	47,023	25,300
Annual leave	53,168	27,016
Total employee entitlements	100,191	52,316



notes to the financial statements (continued)

12. EQUITY

	Actual 2017	Actual 2016
	\$	\$
Contributed capital		
Balance at 1st July	0	0
Capital contribution	0	0
Balance at 30 June	0	0
Accumulated surplus /(deficit)		
Balance at 1st July	692,871	765,786
Surplus/(deficit) for the year	(247,577)	(72,915)
Balance at 30 June	445,294	692,871
Total equity	445,294	692,871

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

	Actual 2017	Actual 2016
	\$	\$
Net surplus/(deficit)	(247,577)	(72,915)
Add/(less) non-cash items		
Depreciation and amortisation expense	73,894	65,829
Total non-cash items	73,894	65,829
Add/(less) items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant and equipment	0	0
Total items classified as investing or financing activities	0	0
Add/(less) movements in statement of financial position items		
(Increase)/Decrease in receivables	48,808	(28,861)
(Increase)/Decrease in inventories	(1,032)	(9,707)
Increase/(Decrease) in payables	(128,278)	152,900
Increase/(Decrease) in employee entitlements	47,875	8,962
(Increase)/Decrease in prepaid expenses	261	(4,411)
(Increase)/Decrease in GST receivable	(27,161)	(2,088)
Net movements in working capital items	(59,527)	116,795
Net cash flow from operating activities	(233,210)	109,709



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 2017	Actual 2016
	\$	\$
Not later than one year	103,593	104,256
Later than one year and not later than five years	131,625	235,218
Later than five years	0	0
Total non cancellable operating leases	235,218	339,474

There are no capital commitments at balance date (2016: 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 (2016: 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 arm's 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 2017	Actual 2016
	\$	\$
Board Members		
Remuneration	92,478	62,044
Full-time equivalent members	5	5
Leadership Team		
Remuneration	483,601	455,814
Full-time equivalent members	4	4
Total key management personnel remuneration	576,079	517,858
Total full time equivalent personnel	9	9

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 2017	Actual 2016
	\$	\$
J Warwick Gendall	35,779	26,130
Stephen Cottrell	10,937	9,195
Sarah Ulmer	13,125	9,195
Tim Castle	22,400	8,848
John Mayhew	10,237	8,676
Total Board member remuneration	92,478	62,044
Plus Board Expenses	728	1,083
Board fees plus expenses (see note 3)	93,206	63,127

The following payments have been made to members of the Therapeutic Use Exemption Committee who are not Board members: Chair, Associate Professor David Gerrard \$6,000 (\$5,000); Members, Dr Rob Campbell \$4,500 (\$3,500), Dr Tony Edwards \$4,500 (\$3,500).

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 (2016: nil).

18. EMPLOYEE REMUNERATION

	Actual 2017	Actual 2016
	\$	\$
Total remuneration paid or payable		
\$100,000 - \$109,999		1
\$110,000 - \$119,999		1
\$120,000 - \$129,999	2	
\$130,000 - \$139,999		
\$140,000 - \$149,999		1
\$150,000 - \$159,000		
\$160,000 - \$169,000	1	
\$170,000 - \$179,000		
Total employees	3	3

During the year ended 30 June 2017: 0 (2016: 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 2017	Actual 2016
	\$	\$
<i>Loans and receivables</i>		
Cash and cash equivalents	372,102	661,611
Investments – current	0	0
Investments – non current	75,685	75,685
Receivables	24,311	73,119
Total loans and receivables	472,098	810,415
<i>Financial liabilities measured at amortised cost</i>		
Payables	217,507	345,785
Total financial liabilities measured at amortised cost	217,507	345,785

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 2017	Actual 2016
	\$	\$
COUNTERPARTIES WITH CREDIT RATINGS		
<i>Cash at bank and term deposits</i>		
AA-	447,787	737,296
Total cash at bank and term deposits	447,787	737,296
COUNTERPARTIES WITHOUT CREDIT RATINGS		
<i>Receivables</i>		
Existing counterparty with no defaults in the past	24,311	73,119
Existing counterparty with defaults in the past	0	0
Total receivables	24,311	73,119

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
	\$	\$	\$	\$	\$
2016					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	345,785	345,785	345,785	0	0
Total	345,785	345,785	345,785	0	0
2017					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	217,507	217,507	217,507	0	0
Total	217,507	217,507	217,507	0	0



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

Contract Testing (Net position)

A budgeted break even position did not occur due to reduced demand for contract testing. As a result both income and expenditure did not meet budgeted figures.

Testing/ Investigations:

The majority of overspend in the testing and investigations programme is attributed to a single unexpected case relating to one athlete. Substantial costs over and above budget were incurred relating to lawyers' fees and lodgement at the Court of Arbitration for sport.

Education:

DFSNZ signalled in its discussion document 'Achieving Clean Sport in NZ towards 2020' that it needed to address concerns it saw in our operating environment. One way DFSNZ sought to address these issues was to 'undertake a youth engagement programme designed to better engage and educate youth in Anti-Doping matters. A substantial one off investment was made to set up this platform for DFSNZ to achieve this.



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 2017

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 his behalf.

Opinion

We have audited:

- the financial statements of DFSNZ on pages 21 to 36, that comprise the statement of financial position as at 30 June 2017, 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 including a summary of significant accounting policies and other explanatory information; and
- the performance information of DFSNZ on pages 17 to 19.

In our opinion:

- the financial statements of DFSNZ on pages 21 to 36:
 - present fairly, in all material respects:
 - » its financial position as at 30 June 2017; and
 - » its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information on pages 17 to 19:
 - presents fairly, in all material respects, DFSNZ's performance for the year ended 30 June 2017, including:
 - » for each class of reportable outputs:
 - » its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - » 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; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



independent auditor's report

(continued)

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of DFSNZ for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of DFSNZ for assessing DFSNZ's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of DFSNZ, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to DFSNZ's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within DFSNZ's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on DFSNZ's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause DFSNZ to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.



independent auditor's report

(continued)

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 16, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of DFSNZ in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, 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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