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# Annual Report 2018

For the year ended 30 June 2018

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  **drug free sport**  
  new zealand



# introduction

Drug Free Sport NZ (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 (the Act). 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 2017-18] and its application of those funds is monitored by the Ministry of Culture and Heritage.

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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.

*Front cover photo: Alex Maloney and Molly Meech (49erFX): Sailing Energy / World Sailing*



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HON WARWICK GENDALL QC

## report of the chair

It has been another turbulent year for international sport with the ban of Russia from the Winter Olympic Games, in addition to the existing ban from the Paralympic Winter games.



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

However, the IOC ban lasted just 86 days before Russia was readmitted to the Olympic fold, despite two of the four positive tests at the games coming from Russian athletes.

This issue continues to challenge the World Anti-Doping Agency (WADA) and its stakeholders, and has been a contributing factor to high-powered tensions between the public authorities and sports bodies that run WADA. Ultimately we all want the same thing - a robust and transparent anti-doping regime that everyone can follow.

To try and raise world standards, we work closely with WADA and also with other National Anti-Doping Organisations. The DFSNZ team attend international forums and meetings as leaders and subject matter experts. Domestically we continue to build close partnerships with our key sporting stakeholders and national sporting organisations. This includes sharing and collaborating on our education programme, beginning in schools with values-based education and progressing through to our elite athletes, such as those who represented NZ at the Commonwealth games.

The success of NZ athletes worldwide, and very low level of anti-doping rule violations in NZ underscores the positive attitudes of NZ athletes to competing clean, underpinned by DFSNZ's deterrence programme. We know that our education programme is good and our approach to testing is robust. Our obligation to our athletes is to ensure that NZ's "A" level programme is not undermined by athletes competing from countries who are operating to different standards.

Last year saw a lot of interest in our NZ Clenbuterol investigation which culminated in anti-doping proceedings against athletes who had purchased prohibited substances online, including some lower level athletes. The Board has had some debate about whether lower level athletes should be subject to the same sanctions as elite athletes, but the World Anti-Doping Code and the NZ Sports Anti-Doping Rules do not give DFSNZ any discretion about who to bring proceedings against. Doping is not acceptable at any level of sport. I am firm on the fact that we must strictly stick to our obligations, as we want to maintain the very high standards of integrity that New Zealanders are well known for throughout the world and across many areas of society, from commerce to sport.

We have watched with interest the review into Integrity in Sport in Australia, and Sport New Zealand is looking at something similar here. Integrity across the sporting arena is a fundamental tenet of any game or competition, for the athletes/players, for the administrators and for the fans. Our levels are high in NZ, but now is the time to ask what we can do to maintain that.

My Board wishes to acknowledge and thank the Hon Grant Robertson, Minister of Sport, for his support and work in furthering the interests of clean athletes. The Minister holds the Oceania seat on the 12-person WADA Executive Committee for 2018 as part of the rotation annually with Australia. Minister Robertson, through his delegate Hon Clayton Cosgrove, has presented a strong independent voice from the South Pacific.

Finally, I would also like to acknowledge the hard work of the entire team at DFSNZ. With a new chief executive and the biggest investigation we have ever faced, it has been a challenging, changing and very busy year, and yet the output from DFSNZ has not faltered. We're grateful for their work of protecting and promoting a culture of clean, drug-free sport.

**HON WARWICK GENDALL QC, CNZM** | Board Chair - DFSNZ



NICK PATERSON

## report of the chief executive

This is my first annual report as Chief Executive and I feel very privileged to have taken on an organisation built on such solid foundations by my predecessor. I have joined a group of people, passionate and dedicated to their work, all believing very strongly in our mission of protecting and promoting a culture of clean, drug-free sport.



**DFSNZ Chief Executive:**  
Nick Paterson

This has been a year of change: CEO Graeme Steel departed overseas after 27 years of leading the anti-doping movement in New Zealand. His valuable contribution to anti-doping will continue through his new role as Chief Executive of the Institute of National Anti-Doping Organisations based in Bonn. We also saw the departure of Scott Tibbutt, Chief Operating Officer and Kim Taylor, Communications Manager, who both played a big part in our work in the last few years. We have welcomed John Williams as Corporate

Services Manager, who brings a wealth of knowledge from the private sector, and Hayden Tapper as Intelligence and Investigations Manager who joined from the Serious Fraud Office. We continue to build on our experience and knowledge base.

### CONSOLIDATION AND COLLABORATION

Given the organisational changes, this year we have taken stock and planned for the future. We have worked hard to understand how best we want to operate as a high-performing team, acknowledging and building on our organisational history.

We are also building long-lasting, collaborative relationships with our key sporting stakeholders and national sporting organisations to form true partners where we support each other in our respective aims. I am very grateful in particular to the team from Sport New Zealand for this support during the year. All our work is ultimately about the clean Kiwi athletes. We want to earn their vocal support, and to have them join us in the drive for clean sport and clean competition.

This year we have also developed a closer relationship with the Australian Sports Anti-Doping Authority. We have shared resources and personnel during the year, such as in the lead up to the Commonwealth Games which saw one of our programme managers sent to Canberra on very short notice to assist in the planning of their Games testing programme. The respective senior teams from

both organisations met in June, for the first of what will be an annual meeting aimed at sharing best practice and thinking.

### EXPANDING OUR EDUCATION PROGRAMMES

Education is a critical part of our work, and last year over 8500 athletes and support personnel have attended face-to-face anti-doping education. This is an increase of more than 1000 people on 2016-17. We've continued with our outreach programmes at key sporting events, and distributed over 30 000 educational resources. We also held our first athlete forum, attended by around 50 athletes from various sports.

As part of this, we have made a significant push into secondary schools, educating over 4 000 youths across approximately 80 schools. The aim is to support our children to make good decisions, in sport and in life through our values-based education. For the first time we also successfully carried out education and limited testing within the Secondary School 1st XV rugby competition.

### USING INTELLIGENCE TO GET RESULTS

During the year we were provided with intelligence arising from an investigation into the NZ Clenbuterol website selling prohibited substances online. As a result, we started proceedings against a significant number of athletes coming from many areas of life and across different sporting codes. To date, the vast majority of these were playing sport at national or international levels, but we know there have also been some lower level athletes caught too. The World Anti-Doping code, upon which the NZ Sports Anti-Doping Rules are based, is aimed at harmonising anti-doping work across the world, and to support clean sport at all levels. We believe they do not give discretion to allow doping at any level of sport, nor to allow the Sports Tribunal to apply different sanctions to lower level athletes.

The NZ Clenbuterol investigation has required a significant amount of committed personnel and financial resource to properly investigate and prepare files on what we estimated to be about 60 athletes. Anti-doping work has historically relied on testing, and this was one of few cases internationally that stemmed from considerable intelligence and evidence gathering, rather than a urine or blood sample.

Results only come because of the dedication of the team at DFSNZ and I would like to acknowledge the high workload all the team here has carried this year, typically with good humour and without fuss. Similarly, our field staff - the educators, doping control officers and

chaperones who represent us every day interacting with athletes - need recognition for the work they do. We could not achieve our success without them, and I am very grateful.

### FINANCIAL PERFORMANCE

Financially, we have returned a significant deficit for the second year running. While it was not budgeted at the start of the year, it was forecast very early on in the year due to the NZ Clenbuterol cases, and some of the internal consolidation work we were doing. I anticipate returning closer to break-even for the 2018/19 year as our case-load returns to "normal" levels.

### INTERNATIONAL

Another year of crisis in the international arena: the anti-doping space continues to be challenged, and held back, by the ongoing unresolved issues around state sponsored doping in Russia. On a number of occasions, we have joined National Anti-Doping Organisations around the world to call for action. While Russia was banned from the Winter Olympic Games, the ban was brief. I find it very difficult to explain to clean Kiwi athletes how that is fair or just, and all I can do is undertake to actively work with like-minded people

and individuals to advocate and fight for athletes' rights, for clean sport, and for a level playing field across nations.

### PROTECTING CLEAN SPORT

We will always have high standards in New Zealand when it comes to honesty and integrity, and as the national anti-doping organisation I will never apologise for those standards nor the amount of testing we carry out. My aim is to get international competitors tested and held to the same standards as often and with as much rigour as our Kiwi athletes.

I undertake to do our best to hold other countries to account, so that clean athletes do not lose their well-earned moment of glory, taking part in a race, standing on the podium or winning their game.

**NICK PATERSON** | Chief Executive - DFSNZ





## strategic goals

### **Leadership:**

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

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### **Values:**

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

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### **Knowledge:**

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

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### **Deterrence:**

Doping in NZ sport is prevented or detected



## education



record +  
**8500** | athletes and support  
personnel educated via  
face-to-face seminars

**920** | completed  
e-learning

**30,000+** | resources  
distributed

**9289** | text + website  
medication checks

**14** | outreach programmes  
including

National 1st XV Final Series ("Top 4")  
NZ Secondary School Volleyball  
Championships  
NZ Secondary School Athletics  
Championships  
NZ Secondary School Condor  
Sevens Finals  
National Canoe Sprint  
Championships



## communications

most visited DFSNZ  
website pages:



1. Medication check
2. Consequences of doping
3. Prohibited list

top 10 medications checked:

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







**testing**     

**2017/18 testing numbers:**



**whereabouts athletes** (as at 30 June 2018):



**top three most tested sports (by DFSNZ) in NZ:**





## education

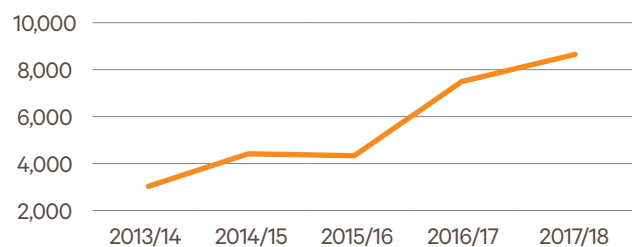
Part of our role is to educate and support athletes to position them well to take on the world. Based on WADA's education guidelines, we identified a heightened need to prevent doping through early education to secondary school age athletes. This was a key focus of our education programme last year.

In 2017-2018 we tailored the development and delivery of our educational content to meet the various needs and learning styles of specific athlete and support personnel communities. Last year's education activities have aimed to have a greater impact on clean sport, particularly for NZ's athletes and those who are influential to them.

### SEMINARS

Last year DFSNZ provided face-to-face education to the highest number of athletes and support personnel in our history (see Table).

In person education seminar attendees 2013-2018



Over 8500 athletes and support personnel attended DFSNZ's seminars, an increase of over 1200 people on the previous year. This year, DFSNZ seminar content has undergone significant development to better meet the needs of our various audiences as underpinned by current evidence. DFSNZ seminars continue to receive positive feedback following their delivery and remain a key method to support NZ athletes compete clean.

*"Your educator gave an excellent presentation, knowledgeable, vibrant and up-to-date. Her talk was very engaging and the attendees all spoke very highly of her. It is special to hear someone speak with so much passion and energy."* – Athlete support person and pharmacist

### EDUCATION IN SCHOOLS

In its second year of implementation, our Good Clean Sport – Youth programme has expanded its reach to over 2200 athletes in 88 secondary schools. The Good Clean Sport – Youth programme provides values-based education with a goal to support young athletes to make good decisions, on and off the sporting field. The content used in these workshops is underpinned by current evidence



and based on best practices which result in interactive, athlete centred delivery methods.

The feedback received on this values-based programme has been incredibly positive with many schools requesting DFSNZ workshops for consecutive years.

*"Educator was fantastic. Absolutely captured attention of the boys. Very well pitched."* – NZU19 Men's underwater hockey administrator

### E-LEARNING

DFSNZ e-learning level one, level two and athlete support courses have again been a popular method of education in 2017-2018, with 920 recorded e-learning completions in 2017-2018. These programmes have been of benefit to athletes and support personnel who are based internationally and not able to attend face-to-face education opportunities.

### RESOURCES

Last year DFSNZ has distributed a record +30,000 resources throughout NZ's sporting community which include a resource specifically for parents and their role of supporting their young athletes to compete clean.

### OUTREACH

Fourteen outreach programmes were held in 2017-2018 at key sporting events throughout NZ. Athletes and support personnel at these events were provided unique opportunities to engage with DFSNZ team members and learn more about clean sport through interactive activities. Highlights of the 2017-2018 outreach programme calendar included the National 1st XV Championships and NZ Secondary Schools Condor Sevens events, where athletes and support persons had the pleasure of learning more about clean sport with DFSNZ Board Member, Keven Mealamu.

### RESEARCH

In early 2018, a nationwide quantitative study was launched as part of a larger thesis conducted by DFSNZ's Education Manager at AUT University. The anonymous, electronic questionnaire investigates the factors which influence supplement use and doping among adolescent athletes in NZ across all sporting codes. The findings of this study will be available late 2018 and will inform additional phases of research in 2018/19. The collective findings of this research will inform the development of interventions to effectively reduce the likelihood of doping in the next generation of NZ athletes.

### ATHLETE FORUM

DFSNZ's inaugural athlete forum was held in Cambridge and attended by approximately 50 attendees from various sporting codes. DFSNZ provided athletes with key information, and an opportunity to ask questions of DFSNZ team members and discuss current issues both internationally and here in NZ.





# testing and investigations

With over 1350 tests completed in 2017-2018 DFSNZ has been able to maintain a good anti-doping presence across a wide range of sports through its testing programme. We had initially planned on 1,500 tests, but additional World Anti-Doping Code compliance costs and an increased focus on intelligence-led testing (targeted tests) has meant higher testing costs. This changed the balance of testing, delivering a high-quality testing regime but a lower quantity.

## THERAPEUTIC USE EXEMPTION (TUE) STATISTICS

Year July-June	Total applications	*Not distributed	Approved	Declined	Systemic Glucocorticoids	ADHD Methylphenidate
2017-2018	91	50	37	4	12	10
2016-2017	86	35	49	2	21	7
2015-2016	86	35	50	1	26	10
2014-2015	72	31	41	3	20	4

We take a risk-based approach to how we allocate testing across the different sports and disciplines and the level of risk is reviewed annually, which has a downstream effect on who we test and in what sports. For example, last year saw those athletes competing in snow and ice sports receive some extra attention from DFSNZ in the lead up to the 2018 Winter Olympic Games in PyeongChang.

Our Doping Control Officials (DCOs) Blood Collection Officers and Chaperones continue to do a great job for us at the coal face of the testing programme, collecting samples from athletes during training, competitions and in the athletes’ homes. It’s appropriate here to recognise and thank those athletes who have given blood and/or urine over the year (many on a number of occasions) in the interests of clean sport. We know that testing doesn’t always happen at times that are convenient, so thank you for your cooperation.

Just like athletes, coaches and officials, DCOs also aspire to ply their skills at pinnacle sporting events and DFSNZ was well represented in 2017-2018. One DFSNZ DCO attended the 2018 Winter Olympics in PyeongChang and two others assisted with the testing programme at the 2018 Oceania Weightlifting Championships held in Noumea.

DFSNZ was particularly well represented at the 2018 Commonwealth Games on the Gold Coast. This included a team member assisting the Australian Sports Anti-Doping Authority (ASADA) in the lead up to the Games with the detailed planning of the testing programme; one of our team was one of a small number of international DCOs invited to join the ASADA team to carry out the testing at the Games; and another team member was invited to join the World Anti-Doping Agency’s Independent Observer Team at the Games. Being part of the Independent Observer Team was a great opportunity to get a behind the scenes look at the broader testing programme in action. This included the back-room operations hub and the real time tactical planning that informed the testing that took place on the

ground. It quickly became apparent that our Australian counterparts were setting a new benchmark in how they cooperated with the Commonwealth Games Organisation to deliver a world-class, intelligence-led testing programme. We aspire to replicate or even improve on the ASADA model when the opportunity arises in New Zealand.

## NZ CLENBUTEROL INVESTIGATION

The number of anti-doping rule violations has remained consistent over recent years – usually less than 10 per year. However, the 2017-2018 and 2018-2019 years show a noticeable spike in proceedings, related to an investigation into ‘NZ Clenbuterol’, an online supplier of steroids and other prohibited substances. This investigation will ultimately result in approximately 40 athletes (14 in 2017-2018) facing proceedings for use or attempted use and possession of clenbuterol and other prohibited substances. The scale of this investigation within a national anti-doping organisation is unprecedented and has placed a huge demand on our resources.

We focus our resources and testing on professional or high performance athletes and, perhaps as a result, a number of athletes caught up in the NZ Clenbuterol investigation said they didn’t know that the anti-doping rules applied to them. Doping is, and should be, banned at all levels of sport and hence it is appropriate that the Sports Anti-Doping Rules should apply to all athletes.

The consequences for breaking the Sports Anti-Doping Rules can be severe. The starting point in terms of the sanction for an athlete who has purchased 1 x 10ml bottle of Clenbuterol under the current rules is a 4-year ban. While there is provision within the rules for this to be reduced, for example by admitting to a violation, where an ill-informed low-level athlete has made a genuine mistake and had no intention to dope the sanction could be viewed as unduly harsh.

Even more so when compared to high-performance athletes who are generally well educated, aware of their anti-doping responsibilities and have support to help them meet those responsibilities.

We have received legal advice which confirms that no discretion may be applied when considering the pursuit of and sanctions for low-level athletes, when compared to high-performance athletes. However, we believe this is an area which requires deeper consideration, and our views will be fed into DFSNZ feedback on the current review of the World Anti-Doping Code and hopefully into the drafting for a future version. We have also adapted our education programme to try and reach lower-level athletes too.

Over and above the breaking of any rules, what is perhaps of more concern relating to the NZ Clenbuterol investigation is that athletes - and the general public - are purchasing and ingesting prescription medications from an underground supplier/manufacturer without any apparent awareness or regard for the potential risk to their health.

Historically, anti-doping was largely all about whether you tested positive or negative. However, the game has changed, as our survey results confirm (refer Statement of Service Performance). Intelligence and investigations plays an increasing role in uncovering anti-doping rule violations, and we have employed a full time Investigations and Intelligence Manager to lead this for us. The reach of the anti-doping rules now goes beyond just those athletes who are subject to testing, to encompass athletes and support personnel at all levels of sport.

## ANTI-DOPING RULE VIOLATIONS

As well as the NZ Clenbuterol results, we have also had eight other anti-doping rule violations, of which six came from positive tests. As in prior years, it continues to be very disappointing that the vast majority (seven) were due to the athlete not carrying out sufficient checks on their medication or supplements.

## TESTING AND ANTI-DOPING RULE VIOLATIONS \*

Year July – June	Out of competition	In competition	DFSNZ funded total	User Pays Tests	Total	ADRVs	Positive Tests	% positive no. of DFSNZ tests
2017-2018	939	430	1369	399	1768	23	6	0.44%
2016-2017	1098	522	1620	394	2014	8	6	0.37%
2015-2016	627	300	927	524	1451	3	2	0.12%

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

## SUMMARY OF ANTI-DOPING RULE VIOLATIONS 2017/2018

Decision Date	Sport	Athlete	Anti-Doping Rule Violation	Substance / Offence	Sanction	Tribunal
8 Nov 2017	Basketball	Jordan Mills	Presence	Terbutaline	1 year ban	NZST
4 Dec 2017	Ice Hockey	Lachlan Frear	Possession and Use	Clenbuterol	2 year ban	NZST
4 Dec 2017	Ice Hockey	Mitchell Frear	Possession and Use	Clenbuterol	2 year ban	NZST
15 Dec 2017	Basketball	Gareth Dawson	Presence	Higenamine	4 year ban	NZST
15 Dec 2017	Cycling	Karl Murray	Participation during period of ineligibility	N/A	2 year ban	CAS
21 Dec 2017	Cricket	Chris Ware	Possession and Use	Clenbuterol	2 year ban	NZST
21 Dec 2017	Rugby Union	Zoey Berry	Possession and Use	Clenbuterol	4 year ban	NZRJC
21 Dec 2017	Rugby Union	Rhys Pedersen	Possession and Use	Clenbuterol	1 year 9 month ban	NZRJC
21 Dec 2017	Rugby Union	Ben Quaque-Dodds	Possession and Use	Dianabol	2 year ban	NZRJC
21 Dec 2017	Rugby Union	Glen Robertson	Possession and Use	Clenbuterol	4 year ban	NZRJC
16 Jan 2018	Rugby League	Siliga Kepaoa	Presence	Higenamine	1 year 6 month ban	NZST
1 Feb 2018	Rugby Union	Jacob Nield	Possession and Use	Clenbuterol	4 year ban	NZRJC
12 Mar 2018	Rugby League	Nohorua Parata	Complicity	N/A	1 year ban	NZST
16 Mar 2018	Rugby League	Travell Ngatoko	Participation during period of ineligibility	N/A	4 month ban	NZST
2 April 2018	Rugby Union	Kalib Whakataka	Possession and Use	Clenbuterol	2 year ban	NZRJC
8 May 2018	Cycling	Karl Murray	Presence	Clenbuterol	8 year ban	NZST
14 May 2018	Rugby Union	Name withheld	Possession and Use	Clenbuterol	4 year ban	NZRJC
18 May 2018	Rugby League	Michael Strickland	Possession and Use	Clenbuterol	2 year ban	NZST
18 May 2018	Rugby Union	Aroha Nuku	Presence	Methamphetamine	2 year ban	NZRJC
21 May 2018	Sport withheld	Name withheld	Presence	Dimethylpentylamine	4 month ban	NZST
8 June 2018	Rugby Union	Brandyn Laursen	Possession and Use	Clenbuterol	2 year ban	NZRJC
30 June 2018	Rugby Union	Tukiterangi Raimona	Possession and Use	Dianabol	2 year ban	NZRJC
30 June 2018	Rugby Union	Lionel Skipworth	Possession and Use	Clenbuterol	2 year ban	NZRJC

## testing by sport (DFSNZ funded)

Athletes from 35 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

Sport	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Athletics	57	24	32	0	89	24
Badminton	1	0	4	0	5	0
Basketball	19	0	24	0	43	0
Boxing	4	0	8	0	12	0
Canoe/Kayak	23	17	11	0	34	17
Cricket	14	0	8	0	22	0
Cycling	133	75	54	0	187	75
Diving	0	0	3	0	3	0
Field Hockey	16	3	28	0	44	3
Football	22	0	47	0	69	0
Gymnastics	5	0	4	0	9	0
Judo	0	0	4	0	4	0
Netball	13	0	13	0	26	0
Para-Alpine Skiing	3	0	0	0	3	0
Para-Athletics	11	1	0	0	11	1
Para-Powerlifting	1	0	0	0	1	0
Para-Swimming	9	3	0	0	9	3
Powerlifting	3	0	16	0	19	0
Roller Sports	0	0	4	0	4	0
Rowing	91	30	16	0	107	30
Rugby League	53	4	16	0	69	4
Rugby Union	137	14	51	0	188	14
Sailing	0	0	5	0	5	0
Shooting	2	0	0	0	2	0
Skating	3	1	0	0	3	1
Skiing	18	2	0	0	18	2
Softball	4	0	12	0	16	0
Squash	13	0	4	0	17	0
Surf Life Saving	0	0	4	0	4	0
Swimming	21	7	19	0	40	7
Tennis	0	0	4	0	4	0
Triathlon	29	18	21	0	50	18
Volleyball	4	0	4	0	8	0
Weightlifting	24	4	14	0	38	4
Wrestling	3	0	0	0	3	0
<b>TOTAL</b>	<b>736</b>	<b>203</b>	<b>430</b>	<b>0</b>	<b>1166</b>	<b>203</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

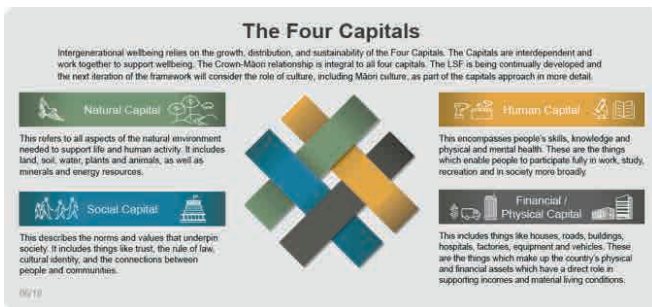
Sport	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Athletics	9	6	5	0	14	6
Badminton	0	0	21	0	21	0
Cricket	18	2	18	0	36	2
Cycling	1	1	1	0	2	1
Field Hockey	3	0	12	2	15	2
Gymnastics	2	0	0	0	2	0
Mixed Martial Arts	19	0	4	0	23	0
Rowing	3	6	0	0	3	6
Rugby League	16	2	0	0	16	2
Rugby Union	106	31	53	1	159	32
Shooting	2	0	0	0	2	0
Skiing	11	0	8	0	19	0
Squash	0	0	6	0	6	0
Surf Life Saving	0	0	1	0	1	0
Triathlon	1	1	16	0	17	1
Water Polo	0	0	8	0	8	0
Weightlifting	2	1	0	0	2	1
<b>TOTAL</b>	<b>193</b>	<b>50</b>	<b>153</b>	<b>3</b>	<b>346</b>	<b>53</b>



# Drug Free Sport NZ as an employer

New Zealand enjoys an outstanding international reputation for our anti-doping programme, in terms of the robustness of our processes, the long-established integrity of our athletes, and our world-leading education work. We owe a substantial debt of gratitude to our expert and highly committed staff internally (and similarly dedicated field staff) for all they do; thank you all for your invaluable efforts and professionalism.

DFSNZ have embraced the Four Capitals philosophy and are now actively using this framework to inform our choices as an organisation, an employer, and a contributor to New Zealand. Over time we will build a matrix of initiatives which will contribute in their various ways to making a difference in each of the four areas – human, social, natural and financial capital – a process which has already commenced.



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.

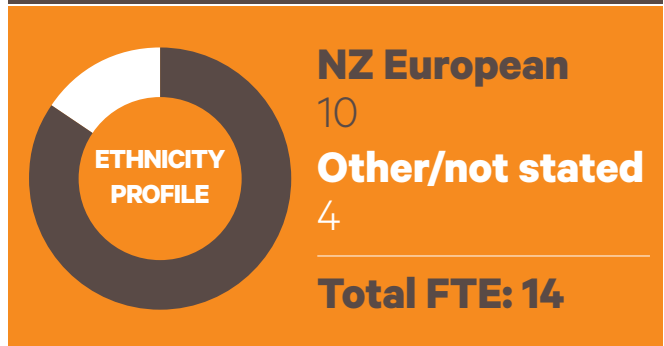
DFSNZ provides opportunities for staff personal development; flexibility in working hours; and providing a safe and healthy environment free from harassment. These goals are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures.

Remuneration is negotiated individually 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.

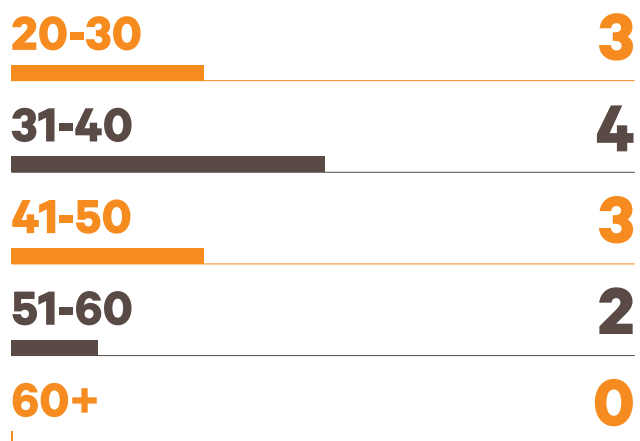
DFSNZ's health and safety policy and manual are consistent with the Health and Safety At Work Act 2015.

Officials who collect samples and deliver education programmes on behalf of the organisation are independent contractors. There are approx. 120 such contractors.

Profile of our people	2017 2018	2016 2017	2015 2016
Number of employees (FTE)	14	13	11
Male	5	4	4
Female	7	9	7
Vacancy	2	–	–



## Age profiles







# DFSNZ statement of service performance

DFS NZ developed a range of measures for 2017-18 which have been used and updated throughout the year. These measures inform us about the quality of the work we do, and the impact of our work.

- An important tool is our survey of athletes in the RTP and NTP testing pools<sup>1</sup>. The survey<sup>2</sup> was 100% electronic, designed to be very quick to complete, with access available through athlete smartphones. 42 athletes responded (from a total of 133 – 32% response rate); accordingly the sample size may impact on the results. The results reported in measures K3 and D1 are direct rather than weighted calculations from the individual responses to this survey. Targets are for the 2017-18 year.
- We also surveyed priority sports NSOs and pinnacle sports bodies to assess their perspectives on DFSNZ leadership, specifically measures L2 and L3. We only received 5 responses to the survey, and accordingly we have weighted the responses to present a more rounded perspective.  
We have consolidated the various measures into four categories, reflecting the key elements identified as crucial to achievement of our strategic objective.

## MEASURES RELATING TO LEADERSHIP:

	Target	Result	Comment
L1. DFSNZ meets WADA compliance requirements	Compliant	Compliant (2016/17 compliant)	Compliance is a necessary foundation for the international credibility of DFSNZ and our athletes. In early 2018, WADA formally certified our compliance.
L2. Percentage of Chief Executives of priority sport NSOs and pinnacle sport bodies reporting by survey that DFSNZ provides high quality leadership towards the goal of clean sport	90%	92% (new measure)	DFSNZ's credibility with these CEs is vital to our ability to be an effective leader for and champion of clean sport in New Zealand. Result endorses our efforts to build positive relationships with leaders across Sport in NZ, but low response rate means the result is not definitive.
L3. NSO liaison staff from priority sports agree that DFSNZ staff are expert and efficient	90%	80% (new measure)	Liaison staff are critical to our ability to work effectively in NSOs and with their athletes; this result affirms the positive and constructive nature of our day-to-day working relationships with critical NSO staff.

<sup>1</sup> The Registered Testing Pool (RTP) includes athletes who compete in sports deemed to have a high risk of doping AND who demonstrate the potential to finish in a top 5 position at an Olympic Games or World Championship. The National Testing Pool (NTP) includes athletes where there are clear risks relating to doping, across one or a number of considerations, but this in aggregate is at a level lower than the RTP threshold. These higher risk RTP and NTP athletes are prioritised in our testing programme, and are therefore in the best position to respond to survey questions about the work of DFSNZ.

<sup>2</sup> All electronic surveys are influenced by how the survey administrator sets up survey parameters such as number of responses per user, when and to whom the survey link is sent, and the collation of the outcome. With the design of this survey, there are no electronic controls to ensure that participants can complete the survey only once, and that all responses received have been included in the final results calculation.

**MEASURES RELATING TO VALUES**

	Target	Result	Comment
V1. Percentage of priority sports that implement at least 80% of expected measures (relating to giving effect to Good Clean Sport (GCS) – e.g. website information, internet linkages, GCS signage at major events, GCS outreach opportunities, presentation and information opportunities)	80%	Not applicable (new measure)	The Good Clean Sport programme was temporarily suspended during 2017-2018, and therefore this measure was not pursued. However, most sports now have information on their websites regarding integrity issues, and DFSNZ have delivered many values workshops to elite age group athletes.
V2. Research to identify baseline measurements of commitment to clean sport from which changes can be assessed over time	Not set	- (new measure)	Research is being undertaken as part of a PhD programme but results from this are unlikely to be available until 2019/20.
V3. DFSNZ staff will hold at least 3 formal meetings with NSO staff from priority sports to support implementation of new measures	3 per sport	Achieved (new measure)	At least three meetings have been held with all priority sports.
V4. 50 or more “Good Clean Sport” workshops including at least 1000 athletes and their supporters will be conducted in NZ high schools	50 / 1000	64 / 2202 (new measure)	Measure comfortably exceeded
V5. Workshops will be regarded of good quality by the school liaison person	90%	25 responses; 100% good or better quality (new measure)	All responses received reflected high quality delivery.



Cameron Leslie. PHOTO CREDIT: Getty images.

## MEASURES RELATING TO KNOWLEDGE

	Target	Result	Comment
K1. Number of Anti-Doping Rule Violations determined by Tribunal to be cases where there was "no significant fault" and where sanctions are less than 50%	< 3	None (2016/17 = 4)	If knowledge levels are high, Tribunal decisions will not reduce sanction levels due to athlete being unaware of responsibilities.
K2. Number of athletes who receive formal education by attending a DFSNZ seminar or completing the level 1 e-learning programme	> 5000	6,930 (new measure)	The 2017-2018 results again exceed targets and continue strong patterns of recent delivery to athletes
K3. Number of surveyed athletes who have completed formal education who agree that they have confidence in their knowledge of the rules and how to stay within them	80%	90% (new measure)	The survey results confirm that there are very high levels of confidence in their knowledge of the rules

## MEASURES RELATING TO DETERRENCE

	Target	Result	Comment
D1. Percentage of elite NZ athletes who believe that outcomes of their sporting competitions in NZ are definitely or likely influenced by doping	< 7%	14%** (2016/17 2%)	This measure has been met in past years; this year's survey shows athletes are much less confident in the integrity of NZ competitions despite retaining very high levels of confidence in the work of DFSNZ. <b>See note below</b>
D2. Research will establish baseline measurements from which changes to perceptions of the effectiveness of deterrence programmes and support for clean sport can be assessed over time	Not set	- (new measure)	Research is being undertaken as part of a PhD programme but results from this are unlikely to be available until 2019/20.
D3. Number of samples (blood or urine) to be collected from athletes according to intelligence-based distribution plan	1,500	1,369 (2016/17 1620)	Target was set initially in response to the intelligence-led plan, but target was reduced to 1,350 during the year due to reprioritisation of resource to the NZ Clenbuterol cases
D4. ISO certification against relevant WADA international standards is maintained	Certified	Certified (2016/17 certified)	ISO certification was maintained for the current year.

SUMMARY	
Performance on target	10
Measure not able to be developed	2
Performance not on target	3
Total	15

\*\* This year we have used a new survey technique to get information from athletes in a way that was easy for them to use around their training schedules and competitions. The result of 14% (measure D1 above) is higher than recent years and this may be due to a number of factors. The international climate, specifically around Russia, combined with the domestic NZ Clenbuterol investigation means that awareness of doping issues is potentially higher than ever, and comfort levels in the systems correspondingly lower. Furthermore our increased education programme is likely to have had an additional impact on awareness levels. We are looking into these issues further and will implement a work programme specifically to address this in 2018/19.





## 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 18	Budget 12 months to 30 June 18	Actual 12 months to 30 June 17
	\$	\$	\$
Appropriation revenue*	3,239,010	3,239,000	3,239,000
Other revenue	309,543	325,000	286,941
Total revenue	3,548,553	3,564,000	3,525,941
Expenditure	3,754,155	3,539,000	3,773,518
<b>Surplus/(Deficit)</b>	<b>(205,602)</b>	<b>25,000</b>	<b>(247,577)</b>

\* 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 2018	Budget standard of performance to 30 June 2018	Actual standard of performance to 30 June 2017
Urine tests administered	1,166*	1,350	1,421
Blood samples collected	203*	200	199
% of elite athletes who believe their sporting event in NZ was influenced by doping.	14%	<5%	2%

\* These targets were reduced with Board approval to a mix of 1,350 tests during the year (see Testing and Investigations Report).

Output	Deterrence		Education and Values Development		Leadership		Contract Services	
	Budgeted \$	Actual \$	Budgeted \$	Actual \$	Budgeted \$	Actual \$	Budgeted \$	Actual \$
Revenue	1,714,000	1,714,000	450,000	450,000	1,075,000	1,075,000	300,000	301,254
Expenditure	1,714,000	1,848,849	450,000	485,198	1,075,000	1,179,079	300,000	241,029
<b>Net</b>	<b>0</b>	<b>(134,849)</b>	<b>0</b>	<b>(35,198)</b>	<b>0</b>	<b>(104,079)</b>	<b>0</b>	<b>60,225</b>



# directory

AS AT 30 JUNE, 2018

## DFSNZ BOARD

Hon. J. Warwick Gendall QC, CNZM (Chairperson)  
Tim Castle  
Dr. John Mayhew ONZM  
Keven Mealamu MNZM  
Sarah Ulmer ONZM

## CHIEF EXECUTIVE

Nick Paterson (started 31 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 2018.

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 2018

Sarah Ulmer  
Board Member

30 October 2018



## statement of comprehensive revenue and expense

For the year ended 30 June 2018

	Notes	Actual 2018	Budget 2018	Actual 2017
		\$	\$	\$
<b>Revenue</b>				
Funding from the Crown		3,239,010	3,239,000	3,239,000
Interest revenue		8,289	25,000	23,167
Contract Income		301,254	300,000	263,774
<b>Total revenue</b>		<b>3,548,553</b>	<b>3,564,000</b>	<b>3,525,941</b>
<b>Expenditure</b>	3			
Testing/investigation programme		2,809,932	2,589,000	2,757,990
Education and research		485,198	450,000	586,167
International		217,996	200,000	217,011
Contract testing		241,029	300,000	212,350
Total expenditure		3,754,155	3,539,000	3,773,518
Surplus/(deficit)		(205,602)	25,000	(247,577)
<b>Total comprehensive revenue and expense</b>		<b>(205,602)</b>	<b>25,000</b>	<b>(247,577)</b>



## statement of changes in equity

For the year ended 30 June 2018

	Notes	Actual 2018	Budget 2018	Actual 2017
		\$	\$	\$
Balance at 1 July		445,294	592,871	692,871
Total comprehensive revenue and expense for the year		(205,602)	25,000	(247,577)
<b>Balance at 30 June</b>	<b>12</b>	<b>239,692</b>	<b>617,871</b>	<b>445,294</b>



# statement of financial position

As at 30 June 2018

	Notes	Actual 2018	Budget 2018	Actual 2017
		\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	4	426,209	700,871	372,102
Investments	6	75,685	0	0
Receivables	5	32,369	70,000	24,311
Inventories	7	26,142	30,000	23,353
Prepayments		44,658	45,000	43,312
GST receivable		33,192	20,000	49,438
<b>Total current assets</b>		<b>638,255</b>	<b>865,871</b>	<b>512,516</b>
<b>Non-current assets</b>				
Property, plant and equipment	8	77,640	42,000	72,621
Intangible assets	9	86,504	110,000	102,170
Investments	6	0	0	75,685
<b>Total non current assets</b>		<b>164,144</b>	<b>152,000</b>	<b>250,476</b>
<b>Total assets</b>		<b>802,399</b>	<b>1,017,871</b>	<b>762,992</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	10	489,458	350,000	217,507
Employee entitlements	11	73,251	50,000	100,191
<b>Total current liabilities</b>		<b>562,709</b>	<b>400,000</b>	<b>317,698</b>
<b>Total liabilities</b>		<b>562,709</b>	<b>400,000</b>	<b>317,698</b>
<b>NET ASSETS</b>		<b>239,692</b>	<b>617,871</b>	<b>445,294</b>
<b>Equity</b>				
Contributed capital		0	0	0
Accumulated surplus/(deficit)	12	239,692	617,871	445,294
<b>Total equity</b>		<b>239,692</b>	<b>617,871</b>	<b>445,294</b>





# statement of cash flows

For the year ended 30 June 2018

	Notes	Actual 2018	Budget 2018	Actual 2017
		\$	\$	\$
<b>Cash flows from operating activities</b>				
Receipts from the Crown		3,239,000	3,239,000	3,239,000
Interest received		8,289	25,000	23,167
Receipts from other revenue		294,485	300,000	306,216
Payments to suppliers		(2,359,703)	(2,439,740)	(2,831,542)
Payments to employees		(1,154,612)	(1,015,000)	(932,558)
GST (net)		45,396	0	(37,493)
<b>Net cash flow from operating activities</b>	13	<b>72,855</b>	<b>109,260</b>	<b>(233,210)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment, motor vehicle		(7,749)	(20,000)	(24,799)
Purchase of intangible assets		(11,000)	(50,000)	(31,500)
<b>Net cash flow from investing activities</b>		<b>(18,749)</b>	<b>(70,000)</b>	<b>(56,299)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>54,106</b>	<b>39,260</b>	<b>(289,509)</b>
Cash and cash equivalents at the beginning of the year		372,102	661,611	661,611
<b>Cash and cash equivalents at the end of the year</b>	4	<b>426,209</b>	<b>700,871</b>	<b>372,102</b>

The accompanying notes form part of these financial statements.





# notes to the financial statements

## 1. 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 2018, and were approved by the Board on 18 October 2018.

### 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, electronic equipment and a motor vehicle.

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

#### Additions

The cost of these items 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.



# notes to the financial statements

## (continued)

### *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 these items are recognised in the surplus or deficit as they are incurred.

### *Depreciation*

Depreciation is provided on a straight-line basis for all items at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Furniture 10 years (10%)
- Electronic equipment 4 years (25%)
- Motor vehicle (15%)

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 non-current assets**

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

Non-current 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



# notes to the financial statements

## (continued)

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 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 non-current assets*

At each balance date, the useful lives and residual values of non-current assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of these assets 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 the 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 2018	Actual 2017
	\$	\$
Salaries and wages	1,051,830	899,124
Defined contribution plan employer contributions	24,682	33,434
Increase/(decrease) in employee entitlements	25,376	47,875
<b>Total personnel costs</b>	<b>1,101,888</b>	<b>980,433</b>

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

### 3. EXPENDITURE BY NATURE

	Actual 2018	Actual 2017
	\$	\$
Fees to auditor:		
– fees to Audit New Zealand for audit of financial statements	22,366	21,833
– fees to Audit New Zealand for other services	0	0
Board fees and expenses	59,798	93,206
Depreciation and amortisation	69,901	73,894
Loss on disposal	0	0
Doping Control Official fees	182,728	184,640
Laboratory fees	516,205	521,477
Operating lease expense	111,630	104,656
Personnel costs	1,101,888	980,433
Legal costs	297,631	253,774
Contract testing costs	241,029	212,349
International Fees and contributions	96,098	101,888
International Travel	65,364	53,582
Information Technology – Testing Programme	68,177	63,429
Intelligence and Investigations	93,778	86,516
Education Programme	159,739	316,020
Testing Programme – other	255,287	438,747
Administration costs – other	412,536	267,054
<b>Total other expenses</b>	<b>3,754,155</b>	<b>3,773,518</b>

### 4. CASH AND CASH EQUIVALENTS

	Actual 2018	Actual 2017
	\$	\$
Cash at bank and on hand	426,209	372,102
Term deposits with maturities less than three months	0	0
<b>Total cash and cash equivalents</b>	<b>426,209</b>	<b>372,102</b>



## notes to the financial statements (continued)

### 5. RECEIVABLES

	Actual 2018	Actual 2017
	\$	\$
Receivables (gross)	32,369	24,311
Less: provision for impairment	0	0
<b>Total receivables</b>	<b>32,369</b>	<b>24,311</b>
Receivables from the sale of goods and services (exchange transactions)	32,369	24,311

Total receivables are from the provision of contract testing.

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

	2018			2017		
	\$	\$	\$	\$	\$	\$
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	24,466	0	24,466	21,540	0	21,540
Past due	7,903	0	7,903	2,771	0	2,771
<b>Total</b>	<b>32,369</b>	<b>0</b>	<b>32,369</b>	<b>24,311</b>	<b>0</b>	<b>24,311</b>

All receivables greater than 90 days in age are considered to be past due. All receivables are with New Zealand or International federations with whom DFSNZ has established relationships, and accordingly no provision for impairment is considered necessary for these debts.

### 6. INVESTMENTS

	Actual 2018	Actual 2017
	\$	\$
<b>Current portion</b>		
Term deposits	75,685	0
<b>Total current portion</b>	<b>75,685</b>	<b>0</b>
<b>Non-current portion</b>		
Term deposits	0	75,685
<b>Total non-current portion</b>	<b>0</b>	<b>75,685</b>
<b>Total investments</b>	<b>75,685</b>	<b>75,685</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 \$75,685 is required to support a bank guarantee in relation to a property lease agreement.

### 7. INVENTORIES

	Actual 2018	Actual 2017
	\$	\$
Testing equipment	26,142	23,353
<b>Total inventories</b>	<b>26,142</b>	<b>23,353</b>



# notes to the financial statements

## (continued)

### 8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
<b>Cost or valuation</b>				
Balance at 1 July 2016	49,200	107,507	0	156,707
Additions	17,238	7,560	0	24,798
Disposals	0	7,273	0	7,273
Balance at 30 June 2017	66,438	107,794	0	174,232
Balance at 1 July 2017	66,438	107,794	0	174,232
Additions	0	7,622	21,662	29,284
Disposals	0	0	0	0
<b>Balance at 30 June 2018</b>	<b>66,438</b>	<b>115,416</b>	<b>21,662</b>	<b>203,516</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2016	22,139	64,568	0	86,707
Depreciation expense	4,850	17,327	0	22,177
Elimination on disposal	0	7,273	0	7,273
Balance at 30 June 2017	26,989	74,622	0	101,611
Balance at 1 July 2017	26,989	74,622	0	101,611
Depreciation expense	5,375	18,890	0	24,265
Elimination on disposal	0	0	0	0
<b>Balance at 30 June 2018</b>	<b>32,364</b>	<b>93,512</b>	<b>0</b>	<b>125,876</b>
<b>Carrying amounts</b>				
At 1 July 2016	27,061	42,939	0	70,000
At 1 July 2017	39,449	33,172	0	72,621
<b>At 30 June 2018</b>	<b>34,074</b>	<b>21,904</b>	<b>21,662</b>	<b>77,640</b>



# notes to the financial statements

## (continued)

### 9. INTANGIBLE ASSETS

	Acquired software
	\$
<b>Cost</b>	
Balance at 30 June 2016	421,412
Additions	31,500
Disposals	0
Balance at 30 June 2017	452,912
Additions	29,970
Disposals	0
<b>Balance at 30 June 2018</b>	<b>482,882</b>
<b>Accumulated amortisation</b>	
Balance at 30 June 2016	299,026
Amortisation expense	51,716
Disposals	0
Balance at 30 June 2017	350,742
Amortisation expense	45,636
Disposals	0
<b>Balance at 30 June 2018</b>	<b>396,378</b>
<b>Carrying amounts</b>	
At 1 July 2016	122,386
At 1 July 2017	102,170
<b>At 30 June 2018</b>	<b>86,504</b>

### 10. PAYABLES

	Actual 2018	Actual 2017
	\$	\$
<b>Payables</b>		
Creditors	147,714	94,629
Accrued expenses	341,744	122,878
<b>Total payables</b>	<b>489,458</b>	<b>217,507</b>

### 11. EMPLOYEE ENTITLEMENTS

	Actual 2018	Actual 2017
	\$	\$
Accrued salaries and wages	38,917	47,023
Annual leave	34,333	53,168
<b>Total employee entitlements</b>	<b>73,251</b>	<b>100,191</b>





## notes to the financial statements (continued)

### 12. EQUITY

	Actual 2018	Actual 2017
	\$	\$
<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	445,294	692,871
Surplus/(deficit) for the year	(205,602)	(247,577)
Balance at 30 June	239,692	445,294
<b>Total equity</b>	<b>239,692</b>	<b>445,294</b>

Two consecutive years of significant deficits have had the effect of considerably reducing equity levels. As explained in Note 22, the primary driver for this has been significant unbudgeted expenditure on two extraordinary and abnormal matters: the appeal to the Court of Arbitration in Sport in relation to a matter concerning a single athlete, and the pursuit of the NZ Clenbuterol investigation. A return to balanced financial performance is anticipated, and budgeted, for the 2018/19 financial year.

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

	Actual 2018	Actual 2017
	\$	\$
<b>Net surplus/(deficit)</b>	(205,602)	(247,577)
Add/(less) non-cash items		
Depreciation and amortisation expense	69,901	73,894
<b>Total non-cash items</b>	<b>69,901</b>	<b>73,894</b>
<b>Add/(less) items classified as investing or financing activities</b>		
(Gains)/losses on disposal of property, plant and equipment	0	0
<b>Total items classified as investing or financing activities</b>	<b>0</b>	<b>0</b>
<b>Add/(less) movements in statement of financial position items</b>		
(Increase)/Decrease in receivables	(8,058)	48,808
(Increase)/Decrease in inventories	(2,789)	(1,032)
Increase/(Decrease) in payables	231,444	(128,278)
Increase/(Decrease) in employee entitlements	(26,940)	47,875
(Increase)/Decrease in prepaid expenses	(1,346)	261
(Increase)/Decrease in GST receivable	16,246	(27,161)
Net movements in working capital items	208,557	(59,527)
<b>Net cash flow from operating activities</b>	<b>72,855</b>	<b>(233,210)</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 2018	Actual 2017
	\$	\$
Not later than one year	104,682	103,593
Later than one year and not later than five years	42,922	131,625
Later than five years	0	0
<b>Total non cancellable operating leases</b>	<b>147,604</b>	<b>235,218</b>

There are no capital commitments at balance date (2017: 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 (2017: 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 2018	Actual 2017
<b>Board Members</b>		
Remuneration	\$59,798	\$92,478
Full-time equivalent members	0.3	0.5
<b>Leadership Team</b>		
Remuneration	\$494,637	\$483,601
Full-time equivalent members	3.5	4
<b>Total key management personnel remuneration</b>	<b>\$554,435</b>	<b>\$576,079</b>
<b>Total full time equivalent personnel</b>	<b>3.8</b>	<b>4.5</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 2018	Actual 2017
	\$	\$
J Warwick Gendall	17,504	35,779
Stephen Cottrell	0	10,937
Sarah Ulmer	7,150	13,125
Tim Castle	15,766	22,400
Keven Mealamu	7,602	0
John Mayhew	8,145	10,237
<b>Total Board member remuneration</b>	<b>56,167</b>	<b>92,478</b>
Plus Board Expenses	3,632	728
<b>Board fees plus expenses (see note 3)</b>	<b>59,798</b>	<b>93,206</b>

The following payments have been made to non-Board members for work in relation to the Therapeutic Use Exemption Committee: Chair, Associate Professor David Gerrard \$6,000 (\$6,000); Members, Dr Rob Campbell \$4,500 (\$4,500), Dr Tony Edwards \$4,500 (\$4,500).

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 (2017: nil).

### 18. EMPLOYEE REMUNERATION

	Actual 2018	Actual 2017
Total remuneration paid or payable		
\$100,000 - \$109,999		
\$110,000 - \$119,999		
\$120,000 - \$129,999	1	2
\$130,000 - \$139,999		
\$140,000 - \$149,999		
\$150,000 - \$159,999		
\$160,000 - \$169,999		1
\$170,000 - \$179,999		
\$180,000 - \$189,999		
\$190,000 - \$199,999	1	
<b>Total employees</b>	<b>2</b>	<b>3</b>

During the year ended 30 June 2018: 1 employee (2017: 0) received compensation and other benefits in relation to cessation (\$15,713).

### 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 2018	Actual 2017
	\$	\$
<i>Loans and receivables</i>		
Cash and cash equivalents	426,209	372,102
Investments – current	75,685	0
Investments – non current	0	75,685
Receivables	32,369	24,311
<b>Total loans and receivables</b>	<b>534,263</b>	<b>472,098</b>
<i>Financial liabilities measured at amortised cost</i>		
Payables	489,458	217,507
<b>Total financial liabilities measured at amortised cost</b>	<b>489,458</b>	<b>217,507</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 2018	Actual 2017
	\$	\$
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>		
<i>Cash at bank and term deposits</i>		
AA-	501,894	447,787
<b>Total cash at bank and term deposits</b>	<b>501,894</b>	<b>447,787</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>		
<i>Receivables</i>		
Existing counterparty with no defaults in the past	32,369	24,311
Existing counterparty with defaults in the past	0	0
<b>Total receivables</b>	<b>32,369</b>	<b>24,311</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>2017</b>					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	217,507	217,507	217,507	0	0
<b>Total</b>	<b>217,507</b>	<b>217,507</b>	<b>217,507</b>	<b>0</b>	<b>0</b>
<b>2018</b>					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	489,458	489,458	489,458	0	0
<b>Total</b>	<b>489,458</b>	<b>489,458</b>	<b>489,458</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

1. The 2018 Budget figures entered are from the 2017/18 Statement of Performance Expectations, which was approved in June 2017. Since then a number of significant matters came to light that materially affected forecasts and, ultimately, results. In particular these related to the appeal to the Court of Arbitration in Sport in relation to a matter concerning a single athlete, and the pursuit of the NZ Clenbuterol investigation (\$292,322 external costs in the 2017/18 financial year).
2. Whilst there was no separated provision in the SPE budget for international spending, this was incorporated in the testing and investigation category. For clarity and to facilitate comparisons across past years, the international spend budget has been extracted and shown as a separate line item in the Statement of Financial Performance. Actual spending in 2017/18 compared almost exactly to the actual spending in 2016/17.
3. Spending on Education was ahead of budget, and education targets in terms of athletes educated, seminars held and quality measures all exceeded SPE targets.
4. Testing and investigation expenditure was significantly over budget due to the major matters mentioned in note 1 above. Nonetheless, actual test numbers (1,369) met the revised target of 1,350 (from 1,500).
5. Contract testing financials – both income and expenditure – were maintained within ratios that were consistent with actual results to 30 June 2017.



# 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 2018

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 2018, 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 16 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 2018; 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; and
- the performance information of DFSNZ on pages 16 to 19:
  - presents fairly, in all material respects, DFSNZ's performance for the year ended 30 June 2018, 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 2018. 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 15, and 20, 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







**drug free sport**

new zealand

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