



**DOPING
CONTROL**

Annual Report 2019

For the year ended 30 June 2019



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 was 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. DFSNZ is an Independent Crown Entity (ICE) under the Crown Entities Act 2004. 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 published on the DFSNZ website.

DFSNZ receives its principal funding from Government via Vote Sport \$3,239,000 in 2018-19 and its application of those funds is monitored by the Ministry for Culture and Heritage

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Front cover photo: Doping Control at the Tissot UCI Track Cycling World Cup 2019: DFSNZ



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HON WARWICK GENDALL QC AND NICK PATERSON

Report from the Chairman and the Chief Executive

Missed medals. Lost opportunities for funding and sponsorship. Sporting memories distorted by cheating. There's no way to restore the golden moments that doping takes away from clean athletes.



Board Chair:
Hon Warwick Gendall QC



Chief Executive:
Nick Paterson

But by protecting clean athletes, promoting clean sport, and advocating for international competitors to be held to the same high standards as our clean Kiwi athletes, Drug Free Sport NZ wants to preserve the values of clean and fair competition. Values which we think are shared by most Kiwis who watch sport or play sport at any level.

We aim to put clean athletes at the centre of all of our work. We respect athletes' efforts to compete with integrity, whether that involves checking medications and weighing the risks of supplements, providing Whereabouts information, or cooperating with our doping control officials with good humour. Through partnerships with national sports organisations we provide engaging and informative education programmes. In 2018-19 we again made sure NZ was a strong voice advocating for accountability and transparency by actively contributing to international anti-doping discussions and resolutions.

EDUCATION

We have educated nearly 9,000 athletes this year, and provided education outreach at 11 sports events. We have plans to significantly grow this programme in 2019/20 and beyond. We also launched a virtual reality doping control experience this year, to assist young and upcoming athletes gain experience of the testing process without being under the stress of a real event. We look forward to continuing to build on our partnerships

with national sports organisations to deliver targeted clean sport education.

The aim of all of our work, and in particular education, is to put Kiwi athletes at the centre of everything we do. Kiwi athletes are affected by every decision we make every day. Our team of 13 educators who deliver training are now completely made up of former or current athletes. We believe this is a world first for a national anti-doping agency. We have also held a number of athlete forums this year, so we can meet with our athletes and hear direct feedback of their experiences with us, their experience of anti-doping internationally and what they think of the cleanliness of the competition in which they participate. Feedback from athletes has provided invaluable insight for our team, and will allow us to improve our services to better meet clean athletes' needs.

DETERRENCE AND DETECTION

To deter and detect doping, we conducted 1,362 tests during the year. Of that total, 859 tests were conducted out of competition, which ensured our testing programme was robust and unpredictable. Our tests are informed by our intelligence and investigations capability, which is an increasingly important part of our work. It has been encouraging to see Kiwis supporting clean sport by reporting suspicious doping activity to us.

The NZ Clenbuterol investigation again dominated our year. Ultimately proceedings were commenced against 40 athletes who had purchased prohibited substances on-line from a website offering "clenbuterol for research purposes" and "other performance enhancing products". Almost half of these athletes had purchased anabolic steroids to complement their use of clenbuterol.

We have faced some significant criticism for taking action against athletes perceived to be "lower level", but we think that Kiwis playing sport for enjoyment, exercise and personal challenge would be dismayed to learn that their competitors were doping to win or achieve a personal best. We don't think doping is acceptable at any level of sport: it's the chemical equivalent of taking a short cut in a race.

While we know that the majority of these athletes who were sanctioned participated in sport at a relatively high level, most were not national representatives. Most had not received specific education or communication from DFSNZ. So this is an area in which we continue to invest and grow.

WADA AND RUSSIA

The Russian doping crisis continued to be a problem through the first half of the year for WADA and its stakeholders. It has been frustrating to yet again see questions asked about the leadership and governance within WADA, but we were proud to have seen the NZ Government take a principled position against the re-admission of Russia to the sporting fold. We believe that we all have a continued obligation to fully investigate athletes who doped and deprived clean athletes of medals in major competitions.

Part of Drug Free Sport's role is to speak up for Kiwi athletes overseas, and demand consistency in the application of the World Anti-Doping Code. As well as regular meetings with our international counterparts, DFSNZ joined athletes, other national anti-doping organisations and governments at an emergency White House Anti-Doping summit in November 2018 and demanded change within the system. Next year is a critical time for WADA, with a new President and Vice-President taking their positions, the chance to step out from the shadow of the Russian saga, and set the direction for the years ahead. We wish the president elect, Witold Bańka, and his team all the very best for the task ahead.

Our energetic advocacy with WADA, on Russia in particular, and our experience within NZ through the NZ Clenbuterol investigation, combined with the insights from Kiwi athletes fed directly into a DFSNZ two-day strategy retreat in February, in which the full DFSNZ Board and senior leadership team participated. This has led to a complete refresh of the DFSNZ strategy which will be launched in the coming year and ultimately form a new Statement of Intent for the year commencing July 2020.

Thanks to all Kiwi athletes for the support you give us. We know we encroach on your lives and that you accept that most of the time in a typically good-natured and welcoming way. We are determined to return that support, by delivering education so you know what you can and can't do, and what to expect at home and overseas. We advocate on your behalf, and demand that your competitors are held to the same high standards as you.

Thanks also to the national sports organisations for their support in the year, and we look forward to working with you more in the year ahead.

Finally thanks to the DFSNZ team, both in headquarters and also the educators, doping control officers and chaperones in the field. Your work and never-ending belief in the importance of clean sport is crucial. Thank you for helping us protect clean athletes and promote clean sport.



Hon Warwick Gendall QC, Board Chair



Nick Paterson, Chief Executive



Athletics. PHOTO CREDIT: Alisha Lovrich.



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

education



record +
7250

athletes and support
personnel educated via
face-to-face workshops

1559

completed
e-learning

30,000+

resources
distributed

12,864

text + website
medication checks

11

outreach programmes
including

Athletics National Track and Field Championships,
NZ Basketball Under 17 Championships,
NZ Secondary School Condor Rugby Sevens,
National School Roads Champs Cycling,
Horse of the Year, Maadi Cup Rowing,
NZ Secondary Schools Swimming,
NZ Secondary Schools Volleyball,
and NZ Secondary Schools Waka Ama.



communications

most visited DFSNZ
website pages:



1. Medication check

2. Consequences of doping

3. Prohibited list

top 10 medications checked:

1. Ventolin

6. Prednisone

2. Codeine

7. Probenecid

3. Oxynorm

8. Paracetamol

4. Augmentin

9. Ventolin inhaler

5. Kenacort

10. Tramadol





testing     

2018/19 testing numbers:



whereabouts athletes (as at 30 June 2019):



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





global clean sport advocacy

Our athletes have said that they are very supportive of our work, including the number of testing missions we complete on them personally, but they want their international competitors held to the same standards as they are.

Our undertaking to them is to represent the voices of Kiwi athletes on the world stage, insisting on global clean sport and a consistent approach to doping and international issues.

NADO LEADERS

At critical junctures in the year a group of up to 18 national anti-doping organisation (NADO) leaders, including DFSNZ, met to discuss acute issues within anti-doping. This has occurred three times in the year, responding to issues as they arose.

In September 2018 the NADO leaders issued a statement urging WADA not to compromise on the requirements for Russian reinstatement, repeated again in January 2019 when Russia failed to meet the deadline to deliver its lab data to WADA.

Further calls to action followed in March and May 2019, when the group voiced its strong support for athletes' inclusion within the WADA governance changes, and reaffirmed its commitment to the Copenhagen reforms. These declarations sought to support a strong and transparent WADA, independent from conflicts of interests with the sports that it polices.





Chief Executive Nick Paterson at iNado panel discussion in Lausanne, March 2019

EMERGENCY WHITEHOUSE SUMMIT OCTOBER 2018

In addition, we attended the emergency Anti-Doping Summit in Washington DC, convened by the US Government and USADA. DFSNZ joined athletes, other national anti-doping organisations and sports ministers from a number of countries, to identify the challenges currently faced in anti-doping and to discuss how we might better serve clean athletes.

INADO BOARD

In March this year the DFSNZ Chief Executive was elected to the Board of iNADO. iNADO represents the collective voices of all National Anti-Doping Organisations around the world and has a membership of around 70. iNADO’s purpose is to advocate on behalf of NADOs, build best practice, and to work with WADA to further international anti-doping. Through this work, we seek to exert influence on the anti-doping community and help to set the direction for future change.

INTERNATIONAL CONFERENCES AND SYMPOSIA

To help build consistent world-wide standards, we have also presented our work at the Australia and New Zealand Sports Law Conference, at the ASADA Leadership in Sport Conference in Australia, and at international investigation and science forums in Germany and Korea. Members of the DFSNZ team have also attended other international anti-doping symposia to build relationships with international peers and make sure we are at the forefront of best practice.

Finally, one of our Doping Control Officers assisted the Japan Anti-Doping Agency at the 2019 Rugby World Cup in Japan. This gave us great insight into the approach to anti-doping at the Olympics and Paralympics next year in Tokyo; we will share that knowledge with the NZ Olympic Committee, Paralympics NZ and our Kiwi athletes.



education

DFSNZ’s Education programme aims to promote clean sport by giving athletes and their support personnel all the information that they need to navigate the anti-doping rules in sport. Each year we educate thousands of athletes at our face to face workshops, which are offered free of charge to sports organisations up and down the country. All workshops are now being delivered by former national and international representative sports people, ensuring that we’re putting athletes’ perspectives at the heart of our work.

Last year saw a significant increase in the uptake of our e-Learning programmes, and we developed other online tools such as a social media video series and virtual reality doping experience to engage and inform our audiences.

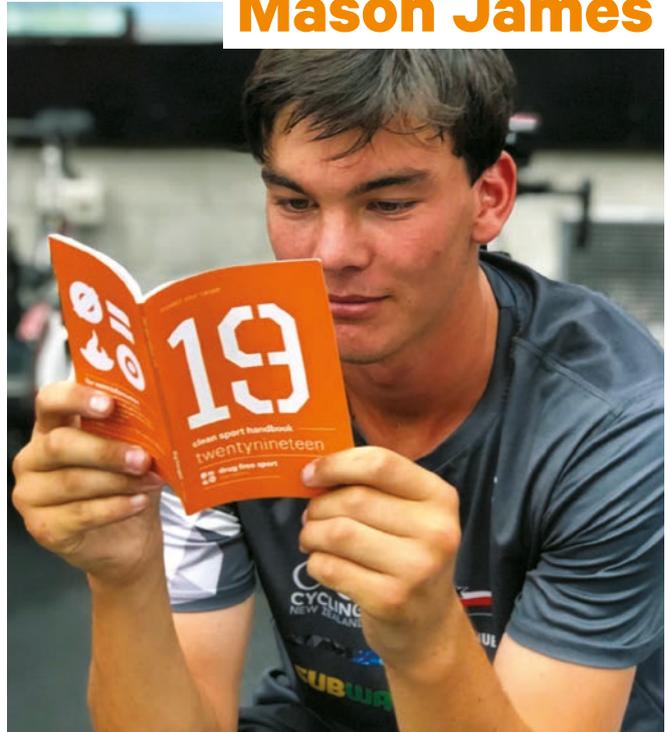
ATHLETE-CENTRED APPROACH

DFSNZ now has its largest ever team of educators around New Zealand. For the first time, our team of educators comprises former international and national representative sports people. This approach reflects feedback that we’ve had from athletes, and WADA best practice.

” “Love the more upbeat and relatable approach - especially since most players have attended these sessions before” – Super Rugby team representative

DFSNZ was delighted to welcome Ged Robinson to our team of educators. Ged played Super Rugby for seven seasons including 46 games for Melbourne Rebels and is currently coaching club rugby at Rolleston in Christchurch.

Mason James



Mason James from Cycling NZ’s BMX hub makes sure he’s up to date with clean sport. Credit: Matt Cameron



Ged Robinson

Ged Robinson, DFSNZ Educator and former Super Rugby player

KIWI ATHLETES EDUCATED IN FACE TO FACE CLEAN SPORT WORKSHOPS

Last year over 5000 athletes attended a clean sport workshop

Location

- Auckland
- Bay of Plenty
- Canterbury
- Gisborne Region
- Hawkes Bay
- Nelson
- Northland
- Otago
- Southland
- Taranaki
- Tasman
- Waikato
- Whanganui/Manawatu Region
- Wellington
- West Coast



GOOD CLEAN SPORT

Now in its third year, the Good Clean Sport - Youth programme has extended its reach throughout NZ. The Good Clean Sport - Youth programme is values-based and provides practical frameworks for decision making and behaviour, both within and beyond sporting contexts. Many secondary school educators have organised repeat workshops based on previous positive experiences.

Under our wider Good Clean Sport banner, 2018/19 was a significant year of collaboration. We first looked at the various education offerings which focussed on values in sport, which underpin our anti-doping message. As a result, we established a collective group of educators who currently develop and deliver values-based education throughout NZ's sporting sector. This collaborative group includes representatives from Sport NZ, the NZ Olympic Committee, and High Performance Sport NZ, as well as national sports organisations and regional sports trusts. Our goal is to strengthen shared values-based messages across the sector and work together to increase their reach throughout varied sporting communities. We look forward to developing this work and strengthening important partnerships in this area in 2019/20.



This was something our school had never done before. We had all of our premier teams attend this workshop and it was hugely beneficial for all. The DFSNZ Educator did an amazing job presenting to such a large group (around 70 students)."

> **Good Clean Sport** Youth workshop organiser



ONLINE EDUCATION AND E-LEARNING

Over 1500 athletes and support personnel completed anti-doping education, and our e-Learning completion numbers continue to grow year-on-year.

e-Learning completions > 1559 Compared to > 920 in 2018
> 624 in 2017



11 Outreach Programmes, including two new sports

Eleven Outreach Programmes were held throughout NZ in 2018/19. Using our newly developed virtual reality doping control experience, our team members and educators engaged with athletes and support personnel from a wider range of sports than Outreach Programmes have previously reached. In 2018/19, DFSNZ held Outreach Programmes with Swimming, Basketball, Cycling, Rugby Sevens, Athletics, Equestrian, Volleyball, Waka Ama and Rowing.

30,000 Resources distributed to NZ's sporting community

More anti-doping handbooks, parent guides, wallet cards and posters were distributed throughout NZ's sporting community in 2018/19 than in any previous year. DFSNZ posters are now being displayed in secondary schools and club rooms across various sporting codes throughout NZ.





Virtual reality being demonstrated at 2019 Horse of the Year outreach

NEW Virtual Reality Doping Control experience

Our Virtual Reality Doping Control Experience project was launched this year. It is aimed particularly at young and upcoming athletes, to give them the chance to experience the testing process without being under the stress of a real event. This state-of-the-art technology is an innovative addition to the DFSNZ suite of educational tools and is currently available at DFSNZ Outreach Programmes and online.

BESPOKE EDUCATION DELIVERS RESULTS FOR CYCLING NEW ZEALAND

Drug Free Sport NZ’s collaboration with Cycling New Zealand to create sport-specific education has begun to pay dividends in the quality of athlete engagement. DFSNZ worked closely with Cycling New Zealand to create a clear, comprehensive and tailored annual education plan that utilised the input of experienced riders, and had cycling-specific content. Cycling’s High Performance Operations Manager Hughie Castle said that partnering with Drug Free Sport NZ has been a great fit with the philosophy of Cycling New Zealand’s wider programme: “We’re all about creating better people on and off the bike”. She says tailored education has created better understanding for her athletes, “It creates a way of doing sport, not just a list of rules to follow” – Hughie Castle, Cycling New Zealand’s High Performance Operations Manager

We are hopeful that other national sporting organisations will follow Cycling New Zealand’s lead in future so we can work more closely with them for better quality athlete engagement.



‘The decisions you make can have a huge effect on your reputation. It’s a pretty big deal.’

Eric Murray.
 NZ Olympic rower, 2-time
 Olympic Gold Medallist, 8-time
 World Champion

Olympic rower Eric Murray featured in DFSNZ’s video campaign.

VIDEO CONTENT FEATURING ATHLETES’ STORIES

As part of our athlete-centred education approach, we developed and launched a series of videos featuring five Kiwi athletes who shared their stories and key messages about clean sport. This campaign saw 24 videos shared through a comprehensive social media campaign across 12 weeks. These videos attracted DFSNZ’s greatest engagement via social media to date and provided a great opportunity for key anti-doping messages to reach far and wide throughout NZ’s sporting community.

Research on factors influencing doping likelihood in adolescent athletes

In 2018/19, a second study was completed as a part of longitudinal research being conducted by our Education Manager, Sian Clancy. Numerous focus group discussions were conducted with adolescent athletes, recent adolescent athletes and adolescent support personnel throughout NZ. Based on the findings of a previous quantitative study, these discussions focused on the factors which influence doping among adolescent athletes in NZ and participant’s thoughts on the most effective ways to reduce the likelihood of these behaviours through education. The findings of this study are anticipated for release late in 2019 and will be implemented in the development of future education strategies and content.



It creates a way of doing sport, not just a list of rules to follow”

– Hughie Castle, Cycling New Zealand’s High Performance Operations Manager

testing

We focus our testing programme on high performance athletes, and those on a development pathway. In 2018-19 we completed just over 1350 tests across 36 different sports.

Cycling was the most tested sport, followed by rugby union and rowing. The statistics also include para-sports. We also completed a further 449 tests for our user pays clients – more than any other year.

None of this would be possible without our dedicated team of Doping Control Officials, Blood Collection Officers and Chaperones

– or of course, the cooperation of athletes. New energy has been injected into the Testing and Investigations Team this year after four changes in the team. While we are always sorry to say goodbye to team-members who have served us well, it's also great to re-energise with fresh faces and new ideas.



New Zealand Football. PHOTO CREDIT: Phototek.



testing by sport (DFSNZ funded)

DFSNZ FUNDED TESTING

Sport	Urine -Out of Competition Tests	Blood-Out of Competition Tests	Urine - In Competition Tests	Blood - In-Competition Tests	Total Urine Tests	Total Blood Tests
Archery	1	0	8	0	9	0
Athletics	41	14	30	0	71	14
Automobile Sports	0	0	6	0	6	0
Basketball	0	0	8	0	8	0
Canoe/Kayak	22	18	16	0	38	18
Cricket	18	0	8	0	26	0
Cycling	116	74	51	0	167	74
Equestrian	2	0	4	0	6	0
Field Hockey	22	0	26	0	48	0
Football	24	0	50	0	74	0
Gymnastics	1	0	0	0	1	0
Judo	0	0	8	0	8	0
Karate	4	0	0	0	4	0
Netball	32	0	20	0	52	0
Orienteering	2	0	0	0	2	0
Para-Alpine Skiing	3	0	0	0	3	0
Para-Athletics	0	0	1	0	1	0
Para-Swimming	12	4	1	0	13	4
Powerlifting	9	2	19	0	28	2
Rowing	90	38	13	0	103	38
Rugby League	57	0	29	0	86	0
Rugby Union	109	9	61	0	170	9
Sailing	6	0	8	0	14	0
Shooting	1	0	4	0	5	0
Skating	3	1	2	0	5	1
Skiing	14	0	0	0	14	0
Softball	0	0	8	0	8	0
Squash	4	0	4	0	8	0
Surf Life Saving	0	0	8	0	8	0
Surfing	0	0	4	0	4	0
Swimming	19	3	30	0	49	3
Tennis	0	0	4	0	4	0
Triathlon	43	25	35	0	78	25
Volleyball	0	0	4	0	4	0
Water Polo	8	0	0	0	8	0
Weightlifting	6	2	33	0	39	2
TOTAL	669	190	503	0	1172	190

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. DFSNZ carried out 449 user pays tests.

USER PAYS TESTING

Sport	Out-of-Competition		In-Competition		Totals	
	Urine	Blood	Urine	Blood	Urine	Blood
Athletics	3	3	0	0	3	3
Badminton	0	0	8	0	8	0
Basketball	0	0	6	0	6	0
Canoe/Kayak	4	2	0	0	4	2
Cricket	31	7	24	0	55	7
Cycling	7	5	40	0	47	5
Field Hockey	2	0	8	0	10	0
Football	2	0	0	0	2	0
Karate	1	0	0	0	1	0
Mixed Martial Arts	7	0	0	0	7	0
Netball	2	0	0	0	2	0
Para-Swimming	0	0	1	0	1	0
Roller Sports	0	0	2	0	2	0
Rowing	1	2	0	0	1	2
Rugby League	18	0	0	0	18	0
Rugby Union	115	52	47	0	162	52
Skiing	3	0	4	0	7	0
Surf Life Saving	3	0	0	0	3	0
Surfing	1	0	0	0	1	0
Triathlon	7	6	24	0	31	6
Weightlifting	1	0	0	0	1	0
TOTAL	208	77	164	0	372	77

THERAPEUTIC USE EXEMPTION STATISTICS

Year July-June	Total applications	Not distributed*	Approved	Declined	Systemic Glucocorticoids	ADHD Stimulant medications
2018-2019	101	51	49	1	39	8
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

* Not distributed includes applications that were received for substances that either aren't prohibited, or where the application needed to be made to the relevant international federation rather than DFSNZ. Planned retroactive TUEs, where the application would be activated only in the event of a positive test, are also included in this category.

new technology

PAPERLESS TESTING

One of the most exciting projects begun this year is the development of a paperless testing app in partnership with our counterparts in Canada, Switzerland, Sweden and Ireland. The five national anti-doping organisations have worked together to construct the core components of the app, which can then be customised to suit each organisation's individual operations.

We would struggle to justify the cost to develop this type of bespoke software on our own. Working with our partners not only makes it affordable – but combining our anti-doping experience and expertise will result in a better-quality product.

Paperless testing will enhance the entire testing process, from the athlete's sample collection session through to the laboratory receiving the samples for analysis. It will transform testing for athletes, and the DFSNZ team, providing more consistency and streamlining processing.

Canada was the first to roll out the new paperless testing app in July-August 2019 and DFSNZ looks forward to going paperless at the end of 2019. So, watch this space!

ANALYSIS OF BLOOD SAMPLES

DFSNZ ended its relationship with Labtests in Auckland at the end of May, finding greater efficiencies in sending our Athlete Biological Passport (ABP) samples for analysis to the same Sydney laboratory as all of our other samples. We are also trialling new containers for sending the blood samples which maintain a stable temperature range for longer, enabling an even longer delivery time frame and greater flexibility as to when and where we collect blood from athletes.

ATHLETE WHEREABOUTS ON SMARTPHONES

Last but not least on the technology front, DFSNZ has been testing out the new athlete whereabouts app developed by WADA, which will enable athletes included in a testing pool to update their whereabouts on their smartphone. A small number of New Zealand athletes have been involved in the testing – and feedback to date has been promising. WADA is aiming to roll out the new app by the end of the year and all going well DFSNZ will look to pick it up soon after.

SCIENCE AND ATHLETE PASSPORT MANAGEMENT UNIT

DFSNZ has had its own in-house science resource since 2012. Over time, the Science Manager role has proven increasingly invaluable

in providing real time advice to facilitate intelligent, targeted testing, as well as general advice to inform our testing and education programmes and expert evidence, where required, to support an allegation of an anti-doping rule violation.

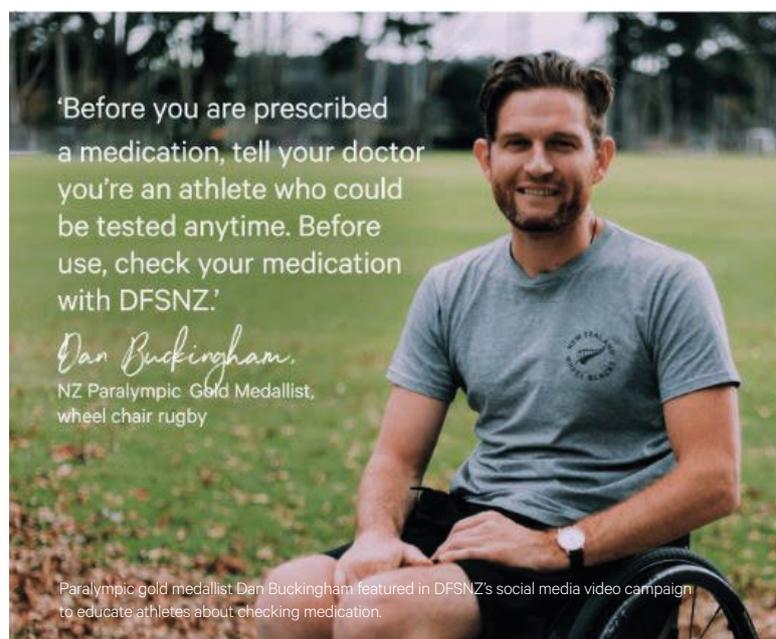
A key function of the science role is to act as our Athlete Passport Management Unit or APMU. The purpose of an APMU is to monitor, over time, selected athlete biological variables that indirectly reveal the effects of doping (rather than attempting to detect the doping substance or method itself through a positive test).

In the future, WADA requires APMUs to be laboratory led, which has prompted collaboration between the Australian Sports Drug Testing Laboratory, the Australian Sports Anti-Doping Authority and DFSNZ, to establish an APMU in Oceania. This will significantly enhance our in-house science capabilities through the sharing of knowledge and expertise in anti-doping science. We look forward to WADA approving our APMU set up later in 2019.

THERAPEUTIC USE EXEMPTIONS

The therapeutic use exemption (TUE) process allows athletes to take medication containing a prohibited substance if they need to for authentic and verifiable medical reasons. Athletes may need to apply for a TUE if they get sick or injured and require medication, or if they have an ongoing medical condition that requires treatment, such as diabetes or asthma. TUE applications are reviewed by our expert medical committee which is led by former Olympian David Gerrard, Emeritus Professor, from the University of Otago Dunedin School of Medicine.

Total TUE applications have increased slightly in the past year, which we believe reflects our investment in athlete education and work with the medical profession, but the number of approvals granted remains roughly the same as previous years.



Paralympic gold medallist Dan Buckingham featured in DFSNZ's social media video campaign to educate athletes about checking medication.



intelligence and investigations

Our intelligence gathering and investigative capabilities also continue to evolve, develop and add value. Intelligence and investigations are still relatively new concepts in anti-doping, particularly as their use relates predominantly to anti-doping rule violations not resulting from testing.

The NZ Clenbuterol Investigation has certainly helped us hone the application of these skills in the anti-doping sphere, as well as raising awareness around New Zealand of the role of intelligence and investigations. It's also attracted interest from national anti-doping organisations around the world. Findings from the NZ Clenbuterol Investigation were presented to a meeting of WADA's Anti-Doping Intelligence and Investigations Network (ADIIN) of which DFSNZ is a member; and, by invitation, to a forum hosted by the Korean Anti-Doping Authority. Both were received with great interest.

To truly capitalise on the effective use of intelligence and investigations in anti-doping requires a culture where reporting suspicious doping activity is encouraged and accepted. This will be a particular focus of DFSNZ in the next few years.

ANTI-DOPING RULE VIOLATIONS

Twenty-five anti-doping rule violations were determined in the 2018-19 year. Of these, only four were not as a result of the NZ Clenbuterol investigation.

Three of these cases involved intentional doping, which is indicative of the increasing role intelligence plays in successfully focussing our target testing. The other one involved cannabis use, which we do not consider to be intentional doping.

The lack of positive tests resulting from athletes not doing their due diligence on medications or supplements they were taking, especially when compared to prior years, is due, we hope, to our education messages getting through and athletes being extra careful about what they ingest.

NZ CLENBUTEROL INVESTIGATION

The last two years has seen a dramatic increase in the number of anti-doping rule violations committed in New Zealand compared to previous years (with 23 and 25 respectively). This is the result of a three-year investigation into 'NZ Clenbuterol', an online supplier of steroids and other prohibited substances, which resulted in 40 athletes facing proceedings for use or attempted use and possession of clenbuterol and other prohibited substances.

Of the 107 persons of interest initially identified, further investigative work reduced this number to 40 where DFSNZ was obligated to take action. Of these, ADRV allegations were proven against 37 people. Two allegations were unproven and at the time of writing, one allegation remains unresolved.

This investigation was unprecedented for DFSNZ, and indeed any national anti-doping organisation worldwide. It has raised awareness in terms of how the Sports Anti-Doping Rules apply (or are intended to apply) and provided lessons for future investigations, particularly any of a scale similar to NZ Clenbuterol.

Issues to be considered in future include:

- While the Sports Anti-Doping Rules have always applied to athletes at all levels, our growing intelligence and investigations capability mean we no longer rely solely on a testing programme (usually only aimed at high performance athletes) to identify potential anti-doping rule violations.
- The current approach that applies the same sanctions to lower level athletes as to their better-educated and better-supported high-performing counterparts can appear inequitable.
- New ways to approach complex investigations, including resourcing, to reflect the changing environment.

TESTING AND ANTI-DOPING RULE VIOLATIONS *

Year (Jul – Jun)	Out of competition	In competition	DFSNZ funded total	User Pays Tests	Total	ADRVs	Positive Tests	% positive no. of DFSNZ tests
2018-2019	859	503	1362	449	1811	25	3	0.22%
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	1643	3	2	0.12%

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

- The need to raise awareness across all levels of sport to the health dangers and risks from purchasing and using prohibited substances via the internet.
- Ensuring we communicate effectively with stakeholders and the media, to keep them appropriately informed.

WHAT IS CLENBUTEROL?

Clenbuterol is an anabolic agent and a bronchodilator. Clenbuterol is described by WADA as “a synthetic drug used in the treatment of asthma and respiratory diseases and also in veterinary

obstetrics. It also promotes the growth of muscle and has been used illegally by athletes to enhance performance”.

Clenbuterol can cause side effects such as nausea, vomiting, excessive sweating, abnormally high heart rate, and heart attack.

It is illegal to possess or use in NZ other than on prescription, or for research purposes.

Of the 37 athletes who were sanctioned, 13 also purchased additional prohibited substances, such as dianabol, nandrolone, testosterone (all anabolic steroids) and tamoxifen, which indicates intentional doping.

SUMMARY OF ANTI-DOPING RULE VIOLATIONS 2018-2019

Decision Date	Sport	Athlete	ADRV	Substance(s)	Sanction	Tribunal
5 July 2018	Powerlifting	Dylan Turner	Presence	GW 1516	4 years	ST
25 July 2018	Athletics	Brendan Keenan	Possession and Use	EPO	4 years	ST
26 July 2018	Hockey	Richard Brougham*	Possession and Use	Clenbuterol, metandienone, nandrolone	2 years	ST
27 August 2018	Cycling	Nicholas Byrne	Presence	Androsterone, Etiocholanone, Testosterone, 5BAdiol, anastrozole and hydroxy-anastrozole	4 years	ST
27 August 2018	Cricket	Harrisyn Jones*	Possession and Use	Clenbuterol	2 years	ST
11 October 2018	Rugby League	Kael McEnteer*	Possession and Use	Clenbuterol	2 years	ST
15 October 2018	Muay Thai	Zane Hopman*	Possession and Use	Testosterone propionate, trenbolone acetate, tamoxifen	2 years	ST
29 October 2018	Rugby League	Hayden Blackley*	Possession and Use	Clenbuterol	2 years	ST
15 November 2018	Rugby Union	Shanan Kapene*	Possession and Use	Testosterone enanthate, clenbuterol, tamoxifen	2 years	NZRJC
22 November 2018	Rugby Union	Sam Barton*	Possession and Use	Clenbuterol	4 years	NZRJC
26 November 2018	Rugby Union	Shane Laurence*	Possession and Use	Clenbuterol, testosterone enanthate, tamoxifen	2 years 6 months	NZRJC
26 November 2018	Rugby Union	Henry Boyhan*	Possession and Trafficking	Clenbuterol, metandienone	4 years	NZRJC
26 November 2018	Rugby Union	Nathaniel Walker*	Possession and Use	Clenbuterol	2 years	NZRJC
12 December 2018	Rugby Union	Blake Ensor*	Possession and Use	Clenbuterol, metandienone, tamoxifen	2 years	NZRJC
19 December 2018	Rugby Union	Heywood Kuka*	Possession and Use	Trenbolone enanthate	3 years	NZRJC
21 December 2018	Rugby Union	Conor Hirini*	Possession and Use	Clenbuterol	2 years	NZRJC
12 February 2019	Rugby Union	Chris Johnston*	Possession and Use	Clenbuterol	2 years	NZRJC
12 February 2019	Rugby Union	Blake Roff*	Possession and Use	Clenbuterol	2 years	NZRJC
25 February 2019	Rugby Union	Curtis Rountree*	Possession and Use	Clenbuterol	4 years	NZRJC
25 February 2019	Rugby Union	Carlos Rimene*	Possession and Use	Clenbuterol	2 years	NZRJC
25 February 2019	Rugby League	Samuel Henry	Presence	Cannabis	7 months	ST
27 February 2019	Rugby Union	Glen Beadle*	Possession and Use	Clenbuterol	2 years	NZRJC
21 March 2019	Rugby Union	Tautini Hopa*	Possession and Use	Testosterone enanthate	4 years	NZRJC
30 March 2019	Rugby Union	Mathew Jeffreys*	Possession and Use	Clenbuterol	2 years	NZRJC
3 April 2019	Surf Lifesaving	XYZ (name withheld)*	Possession and Use	Clenbuterol, metandienone	2 years	ST

*denotes ADRV cases derived from the NZ Clenbuterol Investigation.



DFSNZ as an employer

OUR COMMITMENT, AS AN EMPLOYER, TO THE LIVING STANDARDS FRAMEWORK.

DFSNZ has embraced the Four Capitals philosophy and now uses 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.

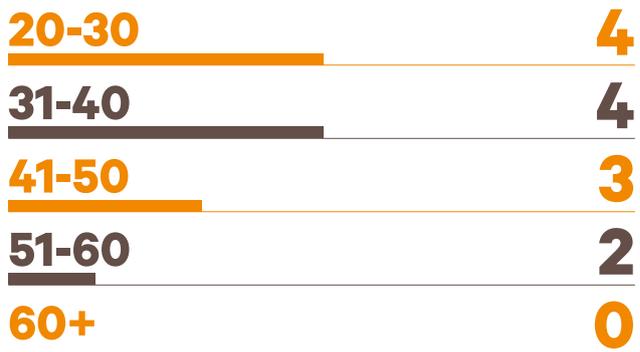


In the last 12 months, for example, we have:

1. Natural capital:
 - a. Completed a baseline assessment of Drug Free Sport's carbon footprint, which has allowed us to prioritise our carbon reduction efforts. We will revisit this exercise annually to assess our progress.
 - b. Implemented an office recycling programme.
 - c. Initiated several projects with the objective of replacing paper-based transactions with electronic forms and information.
2. Human capital:
 - a. Implemented a new performance assessment framework, with a focus on meaningful conversations to develop team talent to high performance through vision and inspiration, challenging expectations, constructive feedback, a development focus, and performance acknowledgement.
 - b. Signed up with the EAP Employee Assistance Programme to provide access to counselling and support services should these be needed by the team.
 - c. Committed professional development budgets for agreed development programmes for all our people.
3. Social capital:
 - a. Provided volunteer support, involving at times 40-50% of the office, in a local charity which provides fresh produce to communities in need.

Profile of our people	2018 2019	2017 2018	2016 2017
Number of employees	14	14	13
Full-time equivalents	13.0	13.0	11.7
Male	5	5	4
Female	8	7	9
Vacancy	1	2	-
NZ European	11	10	11
Maori	1	-	-
Pasifika	-	-	-
Other	1	2	2

Age profiles



Length of service profile



No staff identify as having a disability.

- b. Revitalised our strategy, placing enhanced engagement with athletes and key stakeholders, as the people and organisations we primarily serve, as the leading consideration in delivery of our services.
 - c. Developed and implemented, with the whole team, a common set of values which underpin the way we work together to achieve our objectives.
4. Financial capital:
- a. Made use of All-of-Government procurement opportunities to conclude supplier agreements which represent savings for DFSNZ, including travel, energy, vehicles, IT.
 - b. DFSNZ returned a surplus for the year to 30 June 2019, the first surplus for our organisation in six years.

OUR COMMITMENT TO BE A GOOD AND EQUAL OPPORTUNITY EMPLOYER:

- **Leadership and culture:** 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. With the wider team, we have developed a set of core values which are prominent in team meetings and are included as part of our performance assessment discussions.
- **Equal employment opportunities:** We have an EEO policy which commits us to promoting equal opportunities, albeit that finding different employment options for existing employees is difficult within the context of a small entity. This commitment applies to all areas of the work environment, all employment activities, resource allocation and all employment terms and conditions.
- **Recruitment, selection and induction:** As a small entity in a single location, we consider the most critical focus to be in establishing clear and consistent selection and recruitment criteria and procedures, aiming to ensure that employees are selected, promoted, and treated on the basis of their relevant merits and abilities. These are described in policy.
- **Employee development:** DFSNZ provides opportunities for personal development, and has a commitment to discussing development aspirations with team members throughout the year, and to funding agreed development programmes. Where possible within the limitations of a small entity, we endeavour to find opportunities to stretch and grow team member capabilities. Of note this year, we attended an "Improving Cultural Intelligence" programme to apply in the work place.
- **Flexibility and work design:** DFSNZ policies, supported by our secured virtual desktop IT environment, provide for flexibility in working hours and locations (including from home).
- **Harassment and bullying prevention:** DFSNZ policies support and enable a safe and healthy environment free from bullying and harassment. Policies provide team members with opportunities to raise any concerns outside of their immediate line management, and no such concerns have been raised in

recent years. DFSNZ is now a member of the EAP programme, providing support outside of work for any of the team with difficult issues.

- **Health and safety:** at work is promoted by way of a policy and supporting procedures, including quarterly sessions with all staff to review and update the health and safety risk register, and promote awareness and action to ensure a safe and healthy work environment is maintained. DFSNZ's health and safety policy and manual are consistent with the Health and Safety At Work Act 2015. There have been no health and safety issues at work in the last year.

These goals are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures. Policies are reviewed every few years, and are redesigned with feedback from staff and management taken into account.

Remuneration is negotiated individually, determined on an equitable basis, and reviewed annually.

A vital element of our engagement with, and commitment to, our employees is an engagement survey, which has given the team the opportunity to identify areas of concern which are important to them in the context of their employment and the success of the organisation as a whole. This is of course an incremental process, but it has been vital in identifying priority areas for change, and opportunities for ongoing review of policies, arrangements and initiatives. This survey will be continued at least annually.

Officials who collect samples and deliver education programmes on behalf of the organisation are independent contractors. There are approximately 140 such contractors.



SOCIAL CAPITAL: Local charity Kiwi Harvest collects food before it goes to waste, and distributes it to communities in need. Last year the Drug Free Sport NZ team regularly volunteered at Kiwi Harvest, re-packaging a total of 4.8 tonnes of potatoes and carrots for distribution in the community.

DFS NZ statement of service performance

DFS NZ developed a range of measures included in our Statement of Performance Expectations for 2018-19 which have informed our priorities, with performance updates reported to the Board throughout the year. These measures relate to 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. The survey was designed to be very quick to complete, with access available through athlete smartphones. 82 athletes responded (67%), which was a significant increase from 2018 (42 athletes, 32%).
- We also surveyed priority sports National Sporting Organisations (NSOs) and pinnacle sports bodies to assess their perspectives on DFS NZ leadership. We received 19 responses from 24 organisations.

Measure of performance	Target	Result	Comment
1. % of elite NZ athletes who believe that the outcomes of their sporting competitions in New Zealand are definitely or likely influenced by doping	2018/19 <5% 2017/18 <7%	2018/19 = 9%; Not achieved (2017/18 = 14%)	We believe athlete scepticism about the degree of doping in sport has increased as a result of the NZ Clenbuterol and Russian state sponsored doping issues of recent years. This is significantly shaping the direction of our work. It is pleasing however that the degree of scepticism has reduced from last year, and that our result for domestic competitions is significantly better than for international competitions.
2. % of CEOs of priority sport NSOs and pinnacle sport bodies that agree that DFS NZ provides good leadership, is expert and efficient.	2018/19 >90% 2017/18 >90%	2018/19 = 87%; Not achieved (2017/18 = 92%)	We surveyed 24 organisations and received 19 responses. We asked a range of questions, with results as follows (% who strongly agree or agree with the assessment criteria) for the 3 groupings of questions : 1. Leadership and relationships – 93.2% 2. Expertise in services – 84.2% 3. Communications – 75.4% 4. Overall average – 87.2% This result confirms that while there are many aspects of our leadership that are well regarded by our stakeholders, there are areas where we need to continue our focus on building productive relationships with leaders across Sport in NZ.

¹The 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 five 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 DFS NZ.

²DFS NZ use Survey Monkey to conduct their surveys, with access to results restricted, and management procedural controls in place to ensure that the integrity of raw survey data is maintained through to its presentation. However, 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.

³Survey ranges: Strongly agree, agree, neutral, disagree, strongly disagree or don't know, with "strongly agree" being the most favourable/positive rating for DFS NZ

Measure of performance	Target	Result	Comment
<p>3. Very high levels of confidence in the quality of everything we do</p> <p><i>(a self-assessment rating of: (1) compliance with WADA’s Code compliance regime; (2) 90% good or better feedback on education workshops; (3) <6 critical findings in the DCO audit process (all remediated); and (4) no adverse commentary from the Sports Tribunal of New Zealand / NZ Rugby Judicial Committee on the Doping Control Process.)</i></p>	<p>2018/19 = “High” or “very high” quality as assessed against criteria</p> <p><i>New measure</i></p>	<p>2018/19 = has been High or Very High for every bi-monthly Board report;</p> <p>Achieved</p> <p><i>(2017/18 = Not assessed)</i></p>	<p>We have maintained a high quality in our work, as a matter of professionalism for ourselves, and as a precondition for NSO and athlete confidence in what we do:</p> <ol style="list-style-type: none"> 1. Fully compliant with WADA’s regime 2. 99% satisfaction over 78 workshops 3. Averaging under 6 critical findings from Doping Control Officer audits 4. 1-2 instances of negative commentary from NZ Sports Tribunal relating to NZ Clenbuterol cases
<p>4. Maintain DFSNZ’s prominent role on the international stage.</p> <p><i>(a self-assessment using an internal DFSNZ Influence Index, including: (1) attendance at expert meetings (iNADO/ WADA), representing NZ athletes and views; (2) coordination of the World Anti-Doping Code review feedback from NZ.)</i></p> <p>The 2018/19 SPE had the following identified in “Target”: “attend annual Symposia, and all significant science/ education/ medical/ I&I meetings; contribute in plenary and present/lead sessions”. However we consider that the SPE description of these two elements as “targets” is misleading. We have instead developed, as described above, a self-assessment framework, with a challenging target, for the various areas we identified in the SPE as being key objectives for this measure, including the two elements originally included in our “target” section, so that our self-assessment framework now has four components.</p>	<p>2018/19 = “High” or “very high” quality via our agreed measure of an internally-developed self-assessment framework</p> <p><i>New measure</i></p>	<p>2018/19 – has been assessed as Very High for every bi-monthly Board report;</p> <p>Achieved</p> <p><i>(2017/18 = Not assessed)</i></p>	<p>We continue to maintain our prominent role on the international stage, to lift standards globally and provide a level playing field and thereby support clean NZ athletes. This also provides us with connections and information to enhance our own performance. We:</p> <ol style="list-style-type: none"> 1. Represented NZ athletes and their views at a range of international meetings and symposia throughout the year, including WADA events and meetings with other National Anti-Doping Organisations 2. Successfully co-ordinated and submitted NZ feedback on the WADA Code review, with many of our submissions accepted 3. Took a lead role in several sessions at international events

Measure of performance	Target	Result	Comment
5. % priority NSOs, athletes and support personnel aware of the NZ Sports Anti-Doping Rules and Code, aware of rights and responsibilities	2018/19 = 90% <i>New measure</i>	2018/19 = 90%; Achieved <i>(2017/18 = Not assessed)</i>	Prevention is the first line of defence against doping, and education is a vital component. Our athlete survey confirms 90% of athletes agree or strongly agree that they understand the NZ sports anti-doping rules. However we have not surveyed priority NSOs or support personnel on this measure
6. # of Anti-Doping Rule Violations for elite athletes determined by the Tribunal to be cases where there was no significant fault and where sanctions are less than 50%	2018/19 <=3 2017/18 <=3	2018/19 = 0; Achieved <i>(2017/18 = 0; Achieved)</i>	There have been nil cases of elite athletes being found not to know of their anti-doping responsibilities, which provides us with confidence in the quality of our education work.
7. # athletes receiving education through seminars and/or E-Learning	2018/19 >7,500 2017/18 >5,000	2018/19 = 6,581; Not Achieved <i>(2017/18 = 6,930; Achieved)</i>	The 2018/19 result was again strong but team changes meant the target was not met
8. Roll out GCS in the schools ("Good Clean Sport" workshops will be conducted in NZ high schools)	2018/19 >100 seminars to >2,500 youths 2017/18 >50 seminars to >1,000 youths	2018/19 = 67 seminars to 2,232; Not Achieved <i>(2017/18 = 64 seminars to 2,202; Achieved)</i>	The 2018/19 result was again strong, and comparable to the 2017/18 results, but team changes meant the higher target was not met.
9. Roll out GCS in the community; work with other providers of values-based education so that they adopt and use GCS messaging and branding in their educational material	2018/19 = 3 other education providers <i>New measure</i>	2018/19 = 6; Achieved <i>(2017/18 = Not assessed)</i>	In 2018/19 we have led the establishment of a group of like-minded, values-based education practitioners throughout NZ's sporting sector (including, for example: NZOC, Sport NZ, NZ Cricket, NZ Football, NZ Rugby and NZ Netball). The aims of this group include increasing co-operation and information sharing throughout sporting environments in NZ, and as a result are using GCS materials. The initiative continues to be a success, and we anticipate further significant progress in 2019/20
10. Maintain a culture where NZ athletes will not take prohibited substances because they know they may be caught, through a strong sample collection and testing presence using intelligence and risk assessment to inform our test plan	2018/19 = 1,300 – 1,450 tests 2017/18 = 1,350 tests	2018/19 = 1,362 tests; Achieved <i>(2017/18 = 1,369 tests; Achieved)</i>	We have maintained the quantity and quality of tests again this year

SUMMARY	
Performance on target	6
Measure not able to be developed	0
Performance not on target	4
Total	10

STATEMENT OF INTENT 2017-2021 (SOI) – ASSESSMENT OF PROGRESS IN RELATION TO STRATEGIC INTENTIONS:

In our SOI, we identified four key elements as essential to our overarching strategic objective that sport in New Zealand is free of doping:

1. **Deterrence – results of elite sporting competitions in NZ are not influenced by doping.** Our SPE measures #1, 3 and 10 reflect our achievements and progress in these areas. Of particular importance is the view of athletes whether their domestic competitions are definitely or likely influenced by doping. Our long term SOI target of <5% has not been met this year (9%), although this is an improvement over the 14% reported for 2017/18. Whilst we continue to improve our doping and education programmes, to maximise the confidence levels of NZ athletes, our athletes compete in the knowledge of a heightened doping threat environment, globally and in NZ (for example, as evidenced by the Russia state sponsored doping issues, the NZ Clenbuterol cases and the number of elite athletes exposed as contravening doping rules due to retrospective testing of their samples collected at major events in the past). That said, our new SOI will include a range of strategies which we envisage will have an ongoing positive effect on this measure.
2. **Leadership – DFSNZ is a Code-compliant, professional organisation which is respected, valued and trusted as a leader of clean sport.** Our SPE measures #2, 3 and 4 reflect our achievements in these areas. Of particular importance is whether leading NSOs assess DFSNZ to be a respected, valued and trusted leader of clean sport – our survey confirmed this view is held by 87% of NSOs and leaders of pinnacle sports bodies. Our aim will always be 100% confidence amongst these key stakeholders, and our new strategy will seek to move us closer to this aspiration with a strong focus on further enhancing positive partnerships.
3. **Values – NZ athletes and the sporting community are committed to clean sport.** Our SPE measures #8 and 9 reflect our achievements in these areas. Of note is that our elite athlete survey confirmed that only 67% considered DFSNZ does sufficient testing in their sport, and further over 75% of submissions to the Sport NZ Integrity review expressed the view that all athletes, including those at lower-level, should be subject to the sports anti-doping rules. Our NSO survey confirms they are strongly behind the work we do. The strategic focus of our values-based education programme has shifted; rather than “going it alone” we have led the establishment of a group of like-minded, values-based education practitioners throughout NZ’s sporting sector, to enhance co-operation and re-use of values-based education collateral, especially our own Good Clean Sport materials. We have already exceeded our SOI strategic objectives in the Values element (target over 1,000 athletes receiving CGS education – 2019 = 2,232, up from 2,202 in 2017/18), and will continue to build on our work as part of our new strategic plan.
4. **Knowledge – Athletes and support personnel know the anti-doping rules.** Our SPE measures #5, 6 and 7 reflect our achievements in these areas. Our progress against this element has seen us already exceed the SOI strategic objectives targets of:
 - a. over 5,000 athletes receiving formal education (2019 = 6,581; 2017/18 = 6,930), and
 - b. 80% have confidence they know the rules (2019 survey = 90%; 2017/18 not assessed).

Our new strategic plan will place even greater emphasis on education.

As noted above, DFSNZ has initiated a comprehensive review of our work, and is developing a new strategic plan which is reflective of the evolving world of anti-doping, and the priorities we envisage as critical for our continued success in our field. This will entail a range of new priorities, as well as changes to our existing focus. This has been signalled in our 2019/20 Statement of Performance Expectations, and a result of this will be a new Statement of Intent which we anticipate completing before 30 June 2020.



Athletics NZ - James Steyn. PHOTO CREDIT: Alisha Lovrich.



appropriations reconciliation

The appropriation to DFSNZ is limited to meeting a single output class – “Sports Anti-Doping” – including the costs of operating an effective anti-doping programme in New Zealand and for New Zealand athletes.

	Actual 12 months to 30 June 19	Budget 12 months to 30 June 19	Actual 12 months to 30 June 18
	\$	\$	\$
Appropriation revenue*	3,239,000	3,239,000	3,239,010
Other revenue	373,852	360,000	309,543
Total revenue	3,612,852	3,599,000	3,548,553
Expenditure	3,460,082	3,599,000	3,754,155
Surplus/(Deficit)	152,770	0	(205,602)

* 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 2019	Budget standard of performance to 30 June 2019	Actual standard of performance to 30 June 2018
Total samples collected (urine and blood)	1,362	1,350	1,369
Elite athletes believe their sporting contests in NZ are NOT influenced by doping.	Strongly agree 23.4% Agree 27.3% Neutral 13.0% Disagree 5.2% Strongly disagree 3.9% Don't know 27.3%	> 90%	Strongly agree 21.4% Agree 26.2% Neutral 7.1% Disagree 7.1% Strongly disagree 7.1% Don't know 30.9%
	While only 50.7% of athletes surveyed believe their domestic event was NOT influenced by doping, a highly significant 40.3% are neutral or don't know. Notably only 9% believe doping WAS a factor – an improvement from last year ⁴		While only 47.6% of athletes surveyed believe their domestic event was NOT influenced by doping, 38% are neutral or don't know, and 14.2% believe doping WAS a factor

⁴ The “not influenced by doping” measure has been treated inconsistently, and last year we reported in this Appropriations Reconciliation against the measure “% of elite athletes who believe their sporting event in NZ **WAS** influenced by doping”. However the standard in the Budget Appropriations has been “Elite athletes believe their sporting contests in New Zealand are **NOT** influenced by doping (90%)”, and this is the standard against which we are reporting this year. To ensure a sound basis for comparative reporting, we have re-stated the survey results from 30 June 2018, as shown above. The “**WAS** influenced by doping” result is reported in our Statement of Service Performance as an SPE measure, and this approach has been consistent in this timeframe.



directory

AS AT 30 JUNE, 2019

DFSNZ BOARD

Hon. J. Warwick Gendall QC, CNZM (Chairperson)
Tim Castle
Dr. John Mayhew ONZM – term expired 31 July 2018
Dr. Ruth Highet – term commenced 1 September 2018
Keven Mealamu MNZM
Sarah Ulmer ONZM

CHIEF EXECUTIVE

Nick Paterson

AUDITORS

Audit New Zealand on behalf of the Auditor General

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 2019.

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

24 October 2019

Sarah Ulmer
Board Member

24 October 2019



statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
		\$	\$	\$
Revenue				
Funding from the Crown		3,239,000	3,239,000	3,239,010
Interest revenue		16,310	10,000	8,289
Contract Income		357,541	350,000	301,254
Total revenue		3,612,852	3,599,000	3,548,553
Expenditure				
Testing/investigation programme		2,541,621	2,645,000	2,809,932
Education and research		437,768	479,000	485,198
International		238,312	215,000	217,996
Contract testing		242,381	260,000	241,029
Total expenditure	3	3,460,082	3,599,000	3,754,155
Surplus/(deficit)		152,770	0	-205,602
Total comprehensive revenue and expense		152,770	0	-205,602



statement of changes in equity

For the year ended 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
		\$	\$	\$
Balance at 1 July		239,692	250,000	445,294
Total comprehensive revenue and expense for the year		152,770	0	-205,602
Balance at 30 June	12	392,462	250,000	239,692



statement of financial position

As at 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents	4	381,874	287,000	426,209
Investments	6	125,685	44,616	75,685
Receivables	5	77,306	19,081	32,369
Inventories	7	55,315	15,411	26,142
Prepayments		83,352	26,326	44,658
GST receivable		35,573	19,567	33,192
Total current assets		759,106	412,000	638,255
Non-current assets				
Property, plant and equipment	8	64,551	47,300	77,640
Intangible assets	9	91,527	52,700	86,504
Investments	6	0	0	0
Total non current assets		156,078	100,000	164,144
Total assets		915,184	512,000	802,399
LIABILITIES				
Current liabilities				
Payables	10	453,785	227,894	489,458
Employee entitlements	11	68,937	34,106	73,251
Total current liabilities		522,722	262,000	562,709
Total liabilities		522,722	262,000	562,709
NET ASSETS		392,462	250,000	239,692
Equity				
Accumulated surplus/(deficit)	12	392,462	250,000	239,692
Total equity		392,462	250,000	239,692



statement of cash flows

For the year ended 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
		\$	\$	\$
Cash flows from operating activities				
Receipts from the Crown		3,239,000	3,239,000	3,239,000
Interest received		16,310	10,000	8,289
Receipts from other revenue		330,892	350,000	294,485
Payments to suppliers		-2,379,420	-2,239,000	-2,359,703
Payments to employees		-1,156,251	-1,250,000	-1,154,612
GST (net)		12,459	-100,000	45,396
Net cash flow from operating activities	13	62,990	10,000	72,855
Cash flows from investing activities				
Purchase of property, plant and equipment, motor vehicle		-14,274	0	-7,749
Increase in funds placed on Term Deposit > 3 months		-50,000	0	0
Purchase of intangible assets		-43,051	0	-11,000
Net cash flow from investing activities		-107,325	0	-18,749
Net (decrease)/increase in cash and cash equivalents		-44,335	10,000	54,106
Cash and cash equivalents at the beginning of the year		426,209	277,000	372,102
Cash and cash equivalents at the end of the year	4	381,874	287,000	426,208

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 2019, and were approved by the Board on 24 October 2019.

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 and rounding

The financial statements are presented in New Zealand dollars. There may be minor calculation anomalies in totals; this is due to rounding to the nearest dollar.

Standard early adopted

In line with the Financial Statements of the Government, DFSNZ has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments; Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 22.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Accounting policies do not relate to a specific note are outlined below.

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.

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 costs that cannot be attributed to a specific output in an economically feasible manner.

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%.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

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.



notes to the financial statements

(continued)

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 or amortisation 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.

REVENUE

Drug Free Sport is primarily funded from the Crown. This funding is restricted in its use for the purpose of Drug Free Sport meeting the objectives specified in the Sports Anti-Doping Act 2006 and the scope of the relevant appropriations of the funder. Drug Free Sport considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement, which is considered to be the start of the appropriations period to which the funding relates. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding.

PERSONNEL COSTS (NOTES 2 AND 18)

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

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.

Employee entitlements (Note 11)

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.

CASH AND CASH EQUIVALENTS (NOTE 4)

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

Under a policy change in 2019, Cash and Cash Equivalents are now subject to PBE IFRS 9, with an impairment loss allowance determined by applying an expected credit loss model. However, DFSNZ's Cash and Cash Equivalents are held with the ANZ, a bank with a credit rating of AA-. There is no history of losses in the past three years, and accordingly no loss allowance has been recognised at 30 June 2019 as any loss allowance provision would be immaterial.

RECEIVABLES (NOTE 5)

Short-term receivables are recorded at the amount due, less an allowance for credit losses. DFSNZ applies the simplified expected



notes to the financial statements

(continued)

credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short term receivables are written off when there is no reasonable expectation of recovery; indicators of which include the debtor being in liquidation. In the previous year, an allowance for impairment was recognised only when there was objective evidence that DFSNZ would not be able to collect the amount due.

With the adoption of PBE IFRS 9 this year, the expected credit loss rates for receivables at 30 June 2019 is based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced in that time. Given the short period of credit risk exposure, the potential impact of macroeconomic factors is not considered significant.

For the prior two years, there is no history of credit losses. All receivables are with New Zealand sporting organisations or International Federations with whom DFSNZ has established and long-standing relationships. Based on previous payment profiles and no historical credit losses recorded, no allowance has been made for estimated losses because this is immaterial.

INVESTMENTS (NOTE 6)

Other than Bank Term Deposits, DFSNZ does not hold any cash-generating investments such as Equity Investments or non-bank term deposits. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. Principal and interest is normally repaid into operating bank accounts on maturity. An extended term investment of \$75,685 is required to support a bank guarantee in relation to a property lease agreement.

In previous years, after initial recognition, investments in bank deposits were measured at amortised cost using the effective interest method, less any provision for impairment.

Under a policy change in 2019, Investments are now subject to PBE IFRS 9, with an impairment loss allowance determined by applying an expected credit loss model. However, all investments are Term Deposits, which are held with a bank that has a long term AA- investment grade credit rating (indicating that the bank has a very strong capacity to meet its financial commitments). Accordingly no loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is immaterial.

INVENTORIES (NOTE 7)

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 (NOTE 8)

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.

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 (NOTE 9)

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.



notes to the financial statements (continued)

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

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 (NOTE 10)

Short-term payables are recorded at their face value.

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 (NOTE 12)

Equity is measured as the difference between total assets and total liabilities. Given we are an Independent Crown Entity, with no contributed capital, all equity is disclosed as Accumulated Surplus/ (deficit)



New Zealand Football. PHOTO CREDIT: Phototek.



notes to the financial statements

(continued)

2. PERSONNEL COSTS

	Actual 2019	Actual 2018
	\$	\$
Salaries and wages	1,100,017	1,051,830
Defined contribution plan employer contributions	33,598	24,682
Increase/(decrease) in employee entitlements	-4,314	25,376
Total personnel costs	1,129,301	1,101,888

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

3. EXPENDITURE BY NATURE

	Actual 2019	Actual 2018
	\$	\$
Fees to auditor:		
– fees to Audit New Zealand for audit of financial statements	23,517	22,366
– fees to Audit New Zealand for other services	0	0
Board fees and expenses	60,754	59,798
Depreciation and amortisation	67,299	69,901
Loss on disposal	183	0
Doping Control Official fees	192,394	182,728
Laboratory fees	467,245	516,205
Operating lease expense	103,013	111,630
Personnel costs	1,129,301	1,101,888
Legal costs	271,088	297,631
Contract testing costs	242,381	241,029
International Fees and contributions	98,313	96,098
International Travel	81,826	65,364
Information Technology – Testing Programme	45,031	68,177
Intelligence and Investigations	2,306	93,778
Education Programme	124,350	159,739
Testing Programme – other	129,140	255,287
Administration costs – other	421,942	412,536
Total other expenses	3,460,082	3,754,155

4. CASH AND CASH EQUIVALENTS

	Actual 2019	Actual 2018
	\$	\$
Cash at bank and on hand	81,874	426,209
Term deposits with maturities less than three months	300,000	0
Total cash and cash equivalents	381,874	426,209



notes to the financial statements (continued)

5. RECEIVABLES

	Actual 2019	Actual 2018
	\$	\$
Receivables (gross)	77,306	32,369
Less: provision for impairment	0	0
Total receivables	77,306	32,369
Receivables from the sale of goods and services (exchange transactions)	77,306	32,369

Total receivables are from the provision of contract testing.

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

	2019			2018		
	\$	\$	\$	\$	\$	\$
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	67,834	0	67,834	24,466	0	24,466
Past due	9,472	0	9,472	7,903	0	7,903
Total	77,306	0	77,306	32,369	0	32,369

6. INVESTMENTS

	Actual 2019	Actual 2018
	\$	\$
Current portion		
Term deposits	125,685	75,685
Total current portion	125,685	75,685
Non-current portion		
Term deposits	0	0
Total non-current portion	0	0
Total investments	125,685	75,685

7. INVENTORIES

	Actual 2019	Actual 2018
	\$	\$
Testing equipment	55,315	26,142
Total inventories	55,315	26,142



notes to the financial statements

(continued)

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Motor Vehicle	Total
	\$	\$	\$	\$
Cost or valuation				
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
Balance at 30 June 2018	66,438	115,416	21,662	203,516
Balance at 1 July 2018	66,438	115,416	21,662	203,516
Additions	4,410	9,864	0	14,274
Disposals	-70	-112	0	-183
Balance at 30 June 2019	70,778	125,168	21,662	217,608
Accumulated depreciation				
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
Balance at 30 June 2018	32,364	93,512	0	125,876
Balance at 1 July 2018	32,364	93,512	0	125,876
Depreciation expense	11,174	12,757	3,248	27,179
Elimination on disposal	0	0	0	0
Balance at 30 June 2019	43,538	106,269	3,248	153,055
Carrying amounts				
At 1 July 2017	39,449	33,172	0	72,621
At 1 July 2018	34,074	21,904	21,662	77,640
At 30 June 2019	27,239	18,899	18,414	64,552



notes to the financial statements

(continued)

9. INTANGIBLE ASSETS

	Acquired software
	\$
Cost	
Balance at 30 June 2017	452,912
Additions	29,970
Disposals	0
Balance at 30 June 2018	482,882
Additions	45,142
Disposals	0
Balance at 30 June 2019	528,024
Accumulated amortisation	
Balance at 30 June 2017	350,742
Amortisation expense	45,636
Disposals	0
Balance at 30 June 2018	396,378
Amortisation expense	40,119
Disposals	0
Balance at 30 June 2019	436,497
Carrying amounts	
At 1 July 2017	102,170
At 1 July 2018	86,504
At 30 June 2019	91,527

10. PAYABLES

	Actual 2019	Actual 2018
	\$	\$
Payables		
Creditors	176,074	147,714
Accrued expenses	277,711	341,744
Total payables	453,785	489,458

11. EMPLOYEE ENTITLEMENTS

	Actual 2019	Actual 2018
	\$	\$
Accrued salaries and wages	21,482	38,917
Annual leave	47,455	34,333
Total employee entitlements	68,937	73,251



notes to the financial statements (continued)

12. EQUITY

	Actual 2019	Actual 2018
	\$	\$
Accumulated surplus /(deficit)		
Balance at 1st July	239,692	445,294
Surplus/(deficit) for the year	152,770	-205,602
Balance at 30 June	392,462	239,692
Total equity	392,462	239,692

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

	Actual 2019	Actual 2018
	\$	\$
Net surplus/(deficit)	152,770	-205,602
Add/(less) non-cash items		
Depreciation and amortisation expense	67,299	69,901
Total non-cash items	67,299	69,901
Add/(less) items classified as investing or financing activities		
(Gains)/losses on disposal of property, plant and equipment	183	0
Total items classified as investing or financing activities	183	0
Add/(less) movements in statement of financial position items		
(Increase)/Decrease in receivables	-44,937	-8,058
(Increase)/Decrease in inventories	-29,173	-2,789
Increase/(Decrease) in payables	-37,762	231,444
Increase/(Decrease) in employee entitlements	-4,314	-26,940
(Increase)/Decrease in prepaid expenses	-38,694	-1,346
(Increase)/Decrease in GST receivable	-2,381	16,246
Net movements in working capital items	-157,262	208,557
Net cash flow from operating activities	62,990	72,855



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 2019	Actual 2018
	\$	\$
Not later than one year	42,922	104,682
Later than one year and not later than five years	0	42,922
Later than five years	0	0
Total non cancellable operating leases	42,922	147,604

There are no capital commitments at balance date (2018: 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 at the end of November 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 at the time of the commencement of the lease)

15. CONTINGENCIES

DFSNZ, at balance date, has no contingent assets or liabilities (2018: 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 2019	Actual 2018
Board Members		
Remuneration	45,232	59,798
Full-time equivalent members	0.3	0.3
Leadership Team		
Remuneration	556,976	494,637
Full-time equivalent members	4	3.5
Total key management personnel remuneration	602,208	554,435
Total full time equivalent personnel	4.3	3.8

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 2019	Actual 2018
	\$	\$
J Warwick Gendall	16,109	17,504
Dr Ruth Highet	6,660	0
Sarah Ulmer	8,232	7,150
Tim Castle	5,536	15,766
Keven Mealamu	7,400	7,602
John Mayhew	1,295	8,145
Total Board member remuneration	45,232	56,167
Plus Board Expenses	15,522	3,632
Board fees plus expenses (see note 3)	60,754	59,798

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 \$7,500 (2018: \$6,000); Members, Dr Rob Campbell \$5,750 (2018: \$4,500), Dr Tony Edwards \$5,750 (2018: \$4,500), Dr Jake Pearson \$5,750 (2018: \$0).

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 (2018: nil).

18. EMPLOYEE REMUNERATION

	Actual 2019	Actual 2018
Total remuneration paid or payable		
\$100,000 - \$109,999	1	
\$110,000 - \$119,999	1	
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999		
\$140,000 - \$149,999		
\$150,000 - \$159,999		
\$160,000 - \$169,999		
\$170,000 - \$179,999		
\$180,000 - \$189,999		
\$190,000 - \$199,999		1
\$200,000 - \$209,999		
\$210,000 - \$219,999	1	
Total employees	4	2

During the year ended 30 June 2019: 0 employees (2018: 1; value \$15,713) received compensation and other benefits in relation to cessation.



notes to the financial statements

(continued)

19. EVENTS AFTER THE BALANCE DATE

At the time of approval of these accounts, Drug Free Sport was in the process of concluding a new 6-year lease agreement for premises at Central Park, Ellerslie. The agreement, which is for approximately 300sqm of floor space at an annual per square metre rental of \$285, is expected to be executed before the end of October 2019. The initial annual gross rent commitment is approximately \$85,500, which brings the total commitment over 6 years to approximately \$513,000. Note that the agreement includes biennial rental reviews.

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 2019	Actual 2018
	\$	\$
Financial Assets measured at amortised cost (2018: Loans and Receivables)		
Cash and cash equivalents	381,874	426,209
Investments – current	125,685	75,685
Investments – non current	0	0
Receivables	77,306	32,369
Total financial assets measured at amortised cost	584,865	534,263
Financial liabilities measured at amortised cost		
Payables	453,785	489,458
Total financial liabilities measured at amortised cost	453,785	489,458

Drug Free Sport NZ has no derivative financial instruments at 30 June 2019.

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 2019	Actual 2018
	\$	\$
COUNTERPARTIES WITH CREDIT RATINGS		
<i>Cash at bank and term deposits</i>		
AA-	507,559	501,894
Total cash at bank and term deposits	507,559	501,894
COUNTERPARTIES WITHOUT CREDIT RATINGS		
<i>Receivables</i>		
Existing counterparty with no defaults in the past	77,306	32,369
Existing counterparty with defaults in the past	0	0
Total receivables	77,306	32,369

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
	\$	\$	\$	\$	\$
2018					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	489,458	489,458	489,458	0	0
Total	489,458	489,458	489,458	0	0
2019					
Payables (excluding income in advance, taxes payable and grants received subject to conditions)	453,785	453,785	453,785	0	0
Total	453,785	453,785	453,785	0	0



notes to the financial statements

(continued)

21. CAPITAL MANAGEMENT

DFSNZ's capital is its equity, which comprises accumulated funds. 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. ADOPTION OF PBE IFRS 9 FINANCIAL INSTRUMENTS:

In accordance with the transition provisions of PBE IFRS 9, Drug Free Sport NZ has elected not to restate the information for previous years to comply with PBE IFRS 9. There are no adjustments arising from the adoption of PBE IFRS 9 for previous years.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- Note 4 - Cash and cash equivalents. The Policy has been updated to reflect that impairment of cash and cash equivalents is determined by applying an expected credit loss model.
- Note 5 - Receivables. The Policy has been updated to reflect that impairment of cash and cash equivalents is determined by applying an expected credit loss model.
- Note 6 - Investments. All investments are Term Deposits. The policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not immaterial.

The initial application of PBE IFRS 9 at 1 July 2018 is as follows:

	Original PBE IPSAS 29 category	New PBE IFRS 9 category	Closing balance 30 June 2018 (PBE IPSAS 29)	Adoption of PBE IFRS 9 adjustment	Opening balance 1 July 2018 (PBE IFRS 9)
Cash and cash equivalents	Loans and receivables	Amortised cost	426,209	0	426,209
Receivables	Loans and receivables	Amortised cost	32,369	0	32,369
Term Deposits	Loans and receivables	Amortised cost	75,685	0	75,685
Total financial assets			534,263	0	534,263

The measurement categories and carrying amounts for financial liabilities have not changed from 30 June 2018 to 1 July 2018 as a result of the transition to PBE IFRS 9.



notes to the financial statements

(continued)

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET:

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

The financial results for the current year show that DFSNZ has returned a surplus for the first time since the 2012-13 financial year. The erosion of equity in the intervening years has significantly influenced the financial management framework and decision making this financial year, and this has been an overarching influence on a number of the variances in this year's accounts. Additionally, the enhanced management focus has entailed some changes to our accounting system and cost allocations, so some spending may not be directly comparable to previous year's results for analysis purposes. Positively, these changes have not reduced our outputs - we have met our target of performing the same number of tests as last year, and have delivered more education than last year, although not achieving our elevated targets this year.

Specific issues include:

1. The 2019 Budget figures are from the 2018/19 Statement of Performance Expectations, approved in June 2018. The figures in that SPE's Prospective Statement of Financial Position were developed at a more granular level than the figures included in the 30 June 2019 actual Statement of Financial Position, and readers of the accounts should bear this in mind when assessing our position.
2. The overall improvement in financial performance this year is attributable to a greater focus on cost management, and the identification of opportunities to secure value in procurement, for example through greater use of the All-of-Government procurement capabilities.
3. A more active approach to managing cash surpluses through the use of short- and medium-term deposits has had a positive impact on revenue, and accounts for the increase in Investments in the Statement of Financial Position.
4. Contract (user-pays) revenue increased significantly as offshore NADOs and International Federations requested our help with more user-pays tests - 449 in this year vs 399 in the past year. We changed the way we attribute costs to user-pays testing, and were able to gain the benefit of lower lab fees than in 2017/18, so attributable costs are at the same level as the previous year, despite the increase in test numbers.
5. Testing and investigations costs reduced significantly as we had much lower costs attributable to overseas appeals (to the Court of Arbitration for Sport), and the high legal and investigative costs associated with our work on the NZ Clenbuterol cases reduced as that programme of work completed. In addition, we were able to secure better value pricing for our laboratory testing work.
6. International costs slightly increased due to rising World Anti-Doping Agency fees and an increase in our international travel to ensure we attended and contributed actively to important international anti-doping events reflecting DFSNZ's decision to be visible in joining with other Anti-Doping Organisations in a united front in an effort to effect change.
7. Education and research costs reduced slightly, in the main due to reduced salary costs (vacancy in the team for several months); as a result, planning for the number of workshops held was lower than budget.



independent auditor's report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Drug Free Sport New Zealand's financial statements and performance information for the year ended 30 June 2019

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 29 to 46, that comprise the statement of financial position as at 30 June 2019, 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 22 to 25, and 27.

In our opinion:

- the financial statements of DFSNZ on pages 29 to 46:
 - present fairly, in all material respects:
 - » its financial position as at 30 June 2019; 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 on pages 22 to 25, and 27:
 - presents fairly, in all material respects, DFSNZ's performance for the year ended 30 June 2019, 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; and
 - » 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 25 October 2019. 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 21, 26, and 28, 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



Surfing NZ, Caleb Cutmore. PHOTO CREDIT: PhotoCPL.



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