

STRONG
ENOUGH
TO BE
CLEAN



ANNUAL REPORT

2013 / 2014



DRUG FREE SPORT NZ

DRUG FREE SPORT NZ – Contents

ANNUAL REPORT 2013/2014

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



As Chair of the Board of Drug Free Sport NZ I am pleased to provide the report for the year 2013-14.

The highlight of the past year was the WADA World Conference held in Johannesburg where the new WADA Code was settled and agreed to by world governments and sporting organisations. All reaffirmed their commitment to clean sport and

the comprehensive measures necessary to protect the majority of athletes who compete drug free. The main themes of the new Code are:

- the introduction of lengthy periods of ineligibility for real cheats
- an increased focus on investigations and intelligence to fight doping in sports
- the introduction of provisions to better catch athlete support personnel (coaches, trainers, etc.) who are involved in doping
- a concentration on smart testing to identify prohibited substances or methods that are most likely to be used in a particular sport
- a balance between the interests of international federations and anti-doping organisations
- an emphasis on the principles of proportionality and human rights

Not every element of the Code suits everybody, and we would have preferred some alterations, but WADA is to be commended for its consultation process which achieved such a strong and impressive consensus for the final document.

New Zealand is entitled to be proud of its contribution, made through submissions by its Chief Executive Officer supported by the Board, and its participation and contribution at the international level. Interventions made at the World Conference by the Chief Executive and me as Chair of the Board were well received. I was privileged to be asked by WADA to be part of a nine-person committee (which comprised representatives from the International Olympic Committee; Governments of the United States of America, France, New Zealand; and some sporting bodies) to draft the Conference Declaration. The Declaration is known as the Johannesburg Declaration of 2013 and was unanimously adopted and endorsed by all delegates at the World Conference.

I have been appointed by the Minister of Sport to act as his deputy at two WADA Foundation Board meetings in order to represent New Zealand and Oceania interests. The collaborative approach, with the Australian representative on the Executive Committee as well as the Foundation Board, has been greatly appreciated. From 2015, New Zealand will represent Oceania on the Executive Committee. In this capacity, we'll have the opportunity to actively advance our experience and recommendations.

On a national scale, I am pleased to report that Drug Free Sport NZ has fully met 11 of its 15 performance measures, with the remaining four close to being met. The year has reinforced the need for more

experienced staff. This has been achieved and the team is of high-quality and is very effective in its day-to-day work. The work of Ms Jude Ellis, the new Programme Director, is particularly noteworthy. She has brought together an efficient team and has dealt with some particularly complex and difficult cases. She and other senior staff members have shared their experience and learnt from overseas experts by participating in programmes and exchanges in the Oceania region and more widely.

New programmes have been instituted which are necessary for the effectiveness of Drug Free Sport NZ. The Board has also continued to emphasise its desire to see investigative work adequately resourced and progressed efficiently. An increase in staff resources is being advanced to meet this need. These programmes include commissioning a research report to look at elite high school rugby players and their attitudes to performance enhancing drugs and supplements. Our education programme has increased with the development of online learning, including anti-doping seminars and cannabis education. We have advanced three primary objectives namely, regulation, education and influence in collaboration with other national and international bodies.

A record low number of rule violations (only two) occurred this year which may reflect the strong support for clean sport among New Zealand athletes, but the increased use of supplements in all areas of sporting activity requires continued vigilance.

The support and collaboration that Drug Free Sport NZ has received from the Ministry of Culture and Heritage as well as Sport New Zealand, and other bodies that form part of the "integrity group" continues to be an important feature in the work of the Board, Chief Executive and staff of Drug Free Sport NZ.

I acknowledge the outstanding contributions made by John Fahey, retiring president of WADA, and the strong relationship that New Zealand has developed with the new President Sir Craig Reedie (CBE), a member of the International Olympic Committee.

It has been a rewarding and busy year for the Board of Drug Free Sport NZ. I wish to commend the staff and Chief Executive who have worked tirelessly and effectively across a wide range of measures to assist the vast majority of athletes who are committed to clean sport and to contribute to anti-doping work globally which is so vital given the international ambit of all sports.

May I conclude in expressing the Board's thanks to the Minister for Sport and Recreation, Hon Murray McCully, for his support of the Board and Executive of this organisation.

My Board looks forward to the challenges of successfully implementing the new WADA Code in 2015 through the Sports Anti-Doping Rules which are implemented to meet the amendments of the WADA Anti-Doping Code provisions.

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

REPORT OF THE CHIEF EXECUTIVE – Graeme Steel



This was certainly an interesting year as new staff were bedded in and we began to understand what a programme looks like when it places less priority on broad scale testing and more on intelligence, science, investigations, and preventative education. Some important lessons were learned; notably the critical need to have a person skilled at

generating intelligence and driving responses based on that.

STAFFING

This year was predominantly one of re-building and settling a largely new staff into work. We are now in a position to move forward with a new skill set and a growing level of experience. We continued to lack specific expertise around intelligence analysis and investigative experience and this did inhibit our work. We will be better placed in the new year when a newly-created specialist intelligence position will be filled. We also look forward to the arrival of a half-time communications expert in the new year to ensure we are both modern and proactive in that critical field.

We received resignations from the following staff:

Maia Jackman left us to follow her passion working at New Zealand Football. Although with us for a short time, Maia ensured that our Education programme progressed in a practical and athlete-focused manner.

The following staff joined us:

- Jude Ellis brought an extraordinary breadth of experience and level of capability to her role directing the Testing and Investigations programme. She had previous involvement across the full spectrum of anti-doping activity as an elite athlete, doping control official for many years, and assistant to a Sports Minister heavily engaged in international anti-doping politics.
- Nadine Fromont came with an athlete and sports administration pedigree to apply to her programme manager's role. She had previously worked at Athletics New Zealand and for Australian University Sport.

Drug Free Sport NZ as an employer

DFS works hard to meet its obligations to be a "good employer". It's committed to staff personal development, flexibility in working hours and locations, and providing a safe and healthy environment free from harassment. These goals are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures. A staff manual incorporates relevant information and policies to assist staff understand employment-related matters.

There are equal opportunities for all to both seek employment and progress through the organisation based on the quality of work. Remuneration is negotiated and determined on an

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

At July 1 2013, DFSNZ employed seven full-time or part-time staff (with one vacancy) three male and four female. On June 30 2014, DFSNZ employed eight full or part-time staff – three male and five female with one position vacant.

TESTING PROGRAMME

The year got off to a relatively slow start with highest priority testing continuing, but giving the new Programme Director time to work with her team to generate the best informed programme possible for the remainder of the year. In the end, the annual minimum target of 850 tests was comfortably exceeded with 925 tests conducted (893 the previous year).

The establishment of a more comprehensive and carefully considered test distribution plan than had been in place previously gave the programme an increased focus. The opportunity to plan ahead for the 2014/15 year based on this year's experience should further enhance the quality of the programme.

Bridget Leonard is providing increasingly expert analysis of the additional data being generated through both the haematological and steroidal components of the Athlete Biological Passport (ABP) programme. This means there is much greater potential to pinpoint suspicious or unusual results. This allows us to target test accordingly.

The limitations on blood testing imposed by the short time frames to get samples to the Sydney Laboratory continued to be a serious inhibitor to the programme. There has been significant progress made with an Auckland-based laboratory and approval to conduct at least Athlete Biological Passport-related analysis here in New Zealand is now a genuine prospect within the 2014/15 year.

The significant challenges which the whereabouts programme places on athletes and also DFSNZ and its staff were again apparent during the year with a number of athletes falling into the two "strike" territory. Three "strikes," where athletes in the Registered Testing Pool fail to provide accurate information or be available for testing at a nominated time and place, constitute a rule violation.

As part of our annual confidential athlete survey we ask those in the whereabouts programme whether or not it is reasonable to require athletes to submit to it. Given its onerous nature, it is perhaps surprising that more than 80 per cent of athletes in the programme agree that it is.

RESULTS

A record low number of rule violations were committed during the year.

- One rugby league player refused to be tested and received a two-year ban. This was a disappointing case as the athlete

had not previously been tested and in our view was effectively abandoned by his team support staff. Had he been counselled by someone he was close to about the importance of submitting to testing, the problem may easily have been averted.

- A basketball player received a one-year ban for the use of tamoxifen, a medication which the Sports Tribunal of New Zealand considered was used in response to a genuine medical condition rather than as a masking agent (for which it also has application). The athlete had attended an anti-doping seminar but did not follow the clear advice provided and sought to firstly obtain the medication over the internet and subsequently from a doctor without attempting to check its status. Again it is clear that the athlete was poorly served by the doctor who did not provide adequate support and advice to him.

The outcome of the case of cricketer Jesse Ryder was released this year but the test occurred in the previous year.

Two additional cases had not been resolved at the time of writing.

It is encouraging to note that no positive tests resulted from either cannabis or supplement use.

Our testing officials, both Drug Control Officials and chaperones, remain the crucial interface between us and athletes. The athletes continue to rate their approach highly. In a confidential survey of 99 of our most tested athletes, not a single one recorded dissatisfaction with the "attitude" of these officials.

INTELLIGENCE GATHERING AND INVESTIGATIONS

DFSNZ has carried out a substantial amount of investigative work on a number of cases. One has been brought before the Sports Tribunal of New Zealand with a decision being deferred pending consideration of another matter. Two others will be placed before the Tribunal early in 2014/15.

We greatly appreciate the legal guidance provided by Paul David QC and Isaac Hikaka in relation to these investigations and other matters. Phil Jones of Omega Investigations also provides a high quality service, gathering information and evidence in the field.

As referred to earlier, the lack of a dedicated in-house intelligence analyst has restricted our ability to move some cases ahead with the speed we would like and we look forward to an appointment in this role in 2014/15.

Following the release of the Australian Crime Commission Report into doping in Australian sport, an inter-agency group was formed to monitor indications of doping and other sport integrity-related matters, and to better facilitate communications. There remains more work to do to ensure that the flow of information and support is optimised but significant progress has been made in relationship building. In particular, valuable assistance has been provided by both the New Zealand Police and Medsafe.

A critical role for the new intelligence analyst will be to further develop those communication and collaboration channels.

EDUCATION / COMMUNICATIONS

Maia Jackman resigned as Education Manager during the year after providing excellent service and a remarkable ability to connect easily with the sports community and athletes. Maia's contribution has been greatly appreciated. Juliette Robb maintained core functions after Maia's departure and Sian Clancy was appointed to the role late in June (commencing July). Sian has been tasked with developing a comprehensive plan for the content and delivery of our Education Programme to target groups.

A record 124 seminars were conducted, far exceeding the minimum target of 80. These seminars remain the primary tool for ensuring athletes and support personnel are properly grounded in the values and requirements associated with anti-doping work.

We have continued with our Outreach programme to connect with young athletes at large events. This has historically been a worthwhile programme, but there's a need for it to continue to evolve to remain attractive and relevant. We are looking forward to the next generation of Outreach.

Progress was made on the development of a more effective online learning tool. The first module was related to cannabis use by athletes and was trialled within the sport of basketball. We believe the conceptual approach remains valid, but this pilot trial indicated that further improvements need to be made to the approach and its ease of use.

Given the ongoing examples of doctors being associated in cases where athletes commit rule violations, a strong emphasis has been placed on improving educational initiatives in the medical community. A specific plan to address this has been developed.

As well as developing our education programme we have recognised the need to implement a more comprehensive communications plan. To that end, preparations have been made to appoint a half-time communications manager and to take advantage of the expertise of external consultants to review the overall manner in which the organisation presents itself.

THE INTERNATIONAL ENVIRONMENT AND WADA

Undoubtedly the most significant event on the International scene was the World Conference held in Johannesburg, South Africa in November 2013. The obvious achievement of this conference was the unanimous agreement to approve the 2015 World Anti-Doping Code. More importantly, however, was the recommitment and determination across the broad spectrum of stakeholders to ensure the new Code worked effectively.

The conference was the final significant involvement for outgoing WADA President John Fahey of Australia. John has been impressive in the manner he has carried out the role during his term, providing a firm and fair hand on the tiller. Arguably more significant was the retirement of Vice-President Arne Ljunqvist of Sweden. Arne has been possibly the single most influential figure in anti-doping for many decades. His contribution has been second-to-none and all those committed to clean sport should be grateful to Arne.

New Zealand was vocal in seeking changes to the Code: many of which came about, but the most significant did not. A proper definition of doping has not been included in the Code and consequently WADA will continue to have a less than clear mandate which does not focus as plainly on preventing cheating as we would wish.

WADA's staff worked extremely hard to ensure that consultations were fair and comprehensive, however the reliance on submissions to magically produce solutions to difficult philosophical problems was not ideal. Submissions invariably seek to hold strongly to ideas and are not effective in finding areas of common ground around which satisfactory compromise positions can be drawn.

There are some extremely challenging elements which arise from the new Code which will certainly stretch WADA's capacity. It will be important for NADO's such as DFSNZ to work with and assist WADA to meet those challenges.

The work of the Institute of National Anti-Doping Organisations (INADO) and its CEO Joseph de Pencier continues to be of great benefit. A meeting of the ten nation IADA group was held prior to the WADA Conference, but there was no subsequent activity.

THE NATIONAL ENVIRONMENT

We have continued to update stakeholders throughout the country on developments around the code and the implications for 2015 onwards. A concerted effort is necessary over the second half of 2014 to ensure that New Zealand is prepared for the new Code.

The long-delayed release of a decision on the penalty for shot putter Ostapchuk from Belarus attracted considerable attention given the implications for our own athlete Valerie Adams. In particular, the Minister for Sport was highly critical of both the International Association of Athletics Federations (IAAF) and WADA for the apparent lightness of the four-year penalty. While DFSNZ agreed that the decision was delayed too long and that it was on the face of it very light we could not agree that the IAAF and WADA had failed to do all they could under the rules. The sequence of events prevented the application of a life ban which many would see as being appropriate in those circumstances.

As indicated previously, the establishment of a multi-agency group to review what is happening across a variety of jurisdictions, while not necessarily optimising the opportunity, has certainly provided some benefit. DFSNZ has neither the resources nor the powers to fully address all manifestations of doping and the creation of this group enables us to call on and use the resources and powers of others where appropriate.

The Board received, at the end of the year, a preliminary report on a pilot piece of research, conducted by Otago University, into the attitudes and behaviours to doping among top secondary school rugby players. While the full results of the research are not yet published it is clear that they are of sufficient interest to warrant the extension of this research into a broader group of young athletes. This will occur in the new year.

FINANCE

Given the incremental surpluses recorded by DFSNZ over successive years the budget for the 2013/14 was set to operate at a deficit of \$100,000. The final position saw a deficit of \$37,333. It is clear, however that it is only through the accumulation of some reserves that DFSNZ has been able to invest in the tools it needs to remain at the leading edge of anti-doping work. The establishment of an approved lab to analyse blood and the need for more advanced software to manage the testing programme are just two examples of items which will require substantial capital investment. More detail around the financial position can be seen in the accounts published in this report.

My thanks go to our dedicated staff and supportive Board for continuing to ensure that DFSNZ constantly improves the quality of its work enhancing its very good reputation amongst its stakeholders and international peers.



Graeme Steel
Chief Executive – Drug Free Sport NZ

PROGRAMME SUMMARIES

(12/13 year numbers in brackets)

Testing:

- A total of 1281 (1216) urine based tests were conducted.
- 925 (893) constituted the DFSNZ programme, 390 (332) in competition and 535 (561) out of competition.
- 13 (35) blood samples were taken for direct testing and a further 117 (106) as part of the Athlete Biological Passport programme.
- 139 (48) DFSNZ programme samples were screened for EPO.
- 356 (323) urine samples and 32 (40) blood samples were collected under contract.
- All tests were conducted at no notice to the athlete.
- ISO certification was maintained against the International Standards for; Testing, Prohibited List, Laboratory and Therapeutic Use Exemptions.
- The “whereabouts” programme had 45 (48) athletes in the “Registered Testing Pool” at year end. During the year there were 9 (7) “missed tests” (athletes not at agreed locations) and 5 (2) “filing failures” (athletes failing to provide necessary information).

Anti-Doping Rule Violations:

- 4 allegations of rule violations were brought before the Sports Tribunal. The 2 resolved cases refer to a refusal to submit and presence of a prohibited substance. 2 are yet to be resolved.

Therapeutic Use Exemptions:

- 77 (80) Standard Therapeutic Use Exemption (TUE) applications were received
- 23 (23) were unnecessary (non-national level athlete), withdrawn or referred to IF
- 51 (56) were approved and 3 (1) declined
- 22 (20) of the applications included systemic glucocorticosteroids such as prednisone for severe asthma or allergic reaction.

Education:

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

International Activity:

Chair - Hon Warwick Gendall QC

- WADA World Conference Johannesburg November 13-15. Also in South Africa: IADA meeting November 9, Sports Law Conference November 10-11, INADO Meeting November 12.
- WADA Foundation Board Meetings (representing the Sports Minister) Johannesburg Nov 13 and 15.

- WADA Foundation Board Meeting (representing the Sports Minister) Montreal May 18.

Board Member – Stephen Cottrell

- WADA World Conference Johannesburg November 13-15. Also in South Africa: IADA meeting November 9, Sports Law Conference November 10-11, INADO Meeting November 12.

Chief Executive – Graeme Steel

- ANZSLA Conference, Brisbane October 16-18.
- WADA World Conference Johannesburg November 13-15. Also in South Africa: IADA meeting November 9, Sports Law Conference November 10-11, INADO Meeting November 12.
- ORADO – UNSECO funded regional development Symposium, Nadi Nov 26-29.
- Tackling Doping in Sport Conference – London, March 19-20
- INADO AGM and Workshop March 24, Lausanne.
- WADA Symposium Lausanne March 25-26
- ORADO Board Meeting – Port Moresby, Monday June 30 to Wednesday July 2, 2014

Programme Director – Jude Ellis

- WADA Code implementation conference, Netherlands January 15-17. (Associated visits to UK and Netherlands NADOs.)

Programme Manager - B Leonard

- USADA Science Conference October 5,6 with associated visits to Canadian Centre for Ethics and Sport and WADA

DRUG FREE SPORT NEW ZEALAND

Statement of Service Performance

PERIOD 1/07/2013 – 30/06/2014

This year saw us meet 11 of our 15 performance targets. Of the 4 targets missed two were narrowly shy of ambitious levels established around athlete perceptions of our effectiveness. We targetted a 95% level of agreement amongst athletes that our programmes were effective in deterring and detecting doping. Our survey revealed lower but still impressive numbers of 93% and 91% respectively, well within the margin of error for the survey. A third target not met related to the preparation of a report on our investigations which was to have been completed prior to June 30 but was not ready until after that date. The fourth target not met was as a result of a failure to adequately document the delivery of current anti-doping information to targetted groups.

Given the massive changes in both the DFSNZ environment and in anti-doping work generally the results for the year were very satisfactory.

As part of an effort to generate some international benchmarks to compare and assess the effectiveness of doping practises we repeated the questions first asked last year with respect to the impact of doping on results. Responses were very similar and are shown below with the previous year in brackets.

Doping influenced the outcome of one or more competitions in which I competed in the last 12 months		
	Domestic %	International %
Definitely	2 (2)	8 (11)
Likely	1 (2)	12 (9)
Not sure / Don't know	22 (14)	25 (22)
Unlikely	25 (19)	28 (30)
Definitely not	49 (62)	26 (28)
Mean - 1=Definitely, 5=Definitely not	4.2 (4.4)	3.5 (3.5)

As the largely new staff came to grips with the work a firm basis for a concerted and strategic approach to further improving our performance standards has been established. We already have a much more focussed and robust methodology of establishing our test distribution plan and working systematically towards implementing it.

The year presented a raft of new challenges to our ability to generate intelligence and effectively investigate potential doping rule violations. This has resulted in the preparation of a number of files, covering potential violations not previously dealt with, which have been or will be placed before the Sports Tribunal. While the lack of a dedicated intelligence officer was a weakness the establishment of a new role for the new year will see that addressed. Crucially this will pave the way for the development of clearer performance targets for the intelligence/ investigations functions which have been given elevated emphasis.

Our work is becoming increasingly technology driven as bespoke software dealing with things such as athlete whereabouts, paperless testing, data analysis for intelligence gathering etc. becomes more crucial. It is a challenge for a small organisation to stay up with the play in such a field but we are confident that we are near the leading edge of anti-doping organisations in this regard.

A major focus for the year has been contributing to the consultation phase for the new 2015 World Anti-Doping Code and preparation for its implementation. There is a significant task both to ensure procedures are updated internally but also in communicating new requirements and standards to stakeholders. This has implications for a number of our performance measures.

The highly concerning emergence of other "integrity" related issues within sport, notably corruption as a result of gambling, are significant to the anti-doping community. There are some elements of commonality in the nature of the issues and the potential means to address them but doping remains a discrete issue for now. How this widening area of concern is addressed within the sporting community will impact on anti-doping work and organisations but the extent of that impact is unknown at this point.

PROGRESS TOWARDS GOALS

The core outcome for DFSNZ – that New Zealand sport is doping free – remains a difficult goal for the foreseeable future. Responses from athletes regarding the impact of doping on national level competition is gratifying with only 3% concluding that it definitely or likely influenced results.

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

Education:

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

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

There is strong support for clean sport, as reported by both NZ athletes and leading sports administrators, which sets the critical context for our work. While disregard for rules rather than intention to cheat explained both confirmed violations in the year the very low total number is encouraging.

Enforcement:

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

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

Athletes' perceptions of DFSNZ's ability to deter and detect doping have improved slightly from last year (both a little over 90%). It is significant that even in an age of growing cynicism around levels of doping in sport the perception of athletes who perceive our programmes to be effective has grown.

Influence:

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

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

DFSNZ has worked hard to be influential and the changes to the Code are largely consistent with the positions adopted by us.

DRUG FREE SPORT NEW ZEALAND

Performance Summary

YEAR 1/07/2013 – 30/06/2014

(2012/13 numbers in brackets where applicable)

(Note that responses relating to "athletes" result from a survey of 144 elite athletes identified as being in high risk categories and so included in our Registered Testing Pool ("RTP") and National Testing Pool ("NTP"). The telephone survey attempted to make contact with all 144 athletes however responses were obtained from 99 of that group.)

OUTCOME 1 – EDUCATION IMPACT MEASURES:

A1 Target:	99% Elite NZ athletes (those in the RTP and NTP) accept a responsibility to be "clean".
Result:	100% (98%) of Elite NZ athletes accept a responsibility to be "clean". (Based on 99 responses from 144 athletes in the RTP and NTP pools.)
Target	Met If current elite athletes do not accept the responsibility to be clean, the challenge to establish clean sport for the future is doubly difficult. It is expected that there should be universal acceptance of this position. Nevertheless in the previous year two athletes did not agree and it is pleasing that there is 100% acceptance from the current survey.
A2 Target:	Elite NZ athletes and Support Personnel know the Rules, how to comply and the consequences of non-compliance. We will track the number of Anti-Doping Rule Violations which can be attributed to inadvertence or ignorance. Target is less than 3.
Result:	There has been 1 (3) case which can be attributed to inadvertence from a total of 2 (7) Anti-Doping Rule Violations which have been determined based on the years testing and investigations.

Target	<p>Met</p> <p>While there has only been a single incident of inadvertent doping identified during the year the circumstances remain unsatisfactory. An experienced athlete who had access to education material and had attended a seminar still failed to meet minimum standards in how he sought to treat a medical condition. In this case the doctor was also seriously at fault.</p> <p>Changes to the status of two previously commonly identified substances were undoubtedly of assistance in ensuring this number remained low. (The reporting threshold for cannabis has been raised significantly and methylhexanamine (DMAA) is now illegal in New Zealand.)</p>
A3 Target:	The Sporting Community supports clean sport. We will ask athletes and the NSO Chief Executives to assess whether or not the sporting community supports clean sport. Target 100% of athletes and 95% of NSOs Chief Executives.
Result:	<p>100% (100%) of Elite NZ athletes agree that the sporting community supports “clean” sport. (Based on 99 responses from 144 athletes in the RTP and NTP pools.)</p> <p>100% (100%) of NSO CEOs agree that the sporting community supports “clean” sport. (Based on year end survey.)</p>
Target	<p>Met</p> <p>A critical factor in ensuring athletes compete cleanly is the level of support for that position within the sporting community is high. When it is high athletes know they will be supported in taking a drug free stance and, on the contrary, they understand they will not be supported if they choose to dope.</p> <p>DFSNZ determined that a good and efficient method of assessing that is to ask the people who have the best overview of the sporting environment, as it relates to their particular sport, being the NSO Chief Executives along with the athletes themselves.</p> <p>100% in both groups reported the level of support for “clean sport” within their sport was good or excellent</p>

OUTCOME 1 – EDUCATION – OUTPUT MEASURES:

A4 Target:	100% of athletes in the “Registered Testing Pool” and the “National Testing Pool”, as well as those attending defined major international events, will be supplied with current information on how to comply with the Anti-doping Programme. Target - 100% of “elite” athletes (as defined) are provided with current information.
Result	Unable to verify 100% provision.
Target	<p>Not Met</p> <p>DFSNZ does what it can to ensure anti-doping information is provided to all relevant athletes through distribution by NSOs, availability at major events and through other channels.</p> <p>Athletes in the “Registered Testing Pool” and the “National Testing Pool” (a total of approx. 140 athletes in June 2014) along with those attending major international sporting events are those most likely to be subject to doping control.</p> <p>DFSNZ staff report that all new RTP and NTP athletes who have been added to the lists were sent current resources and all RTP/NTP athletes received updated 2014 resources in mid-December. Clear records of delivery and receipt are not in place however. The NSOs and/or the NZOC/PNZ were provided with resources for the purpose of provision to the athletes attending the events listed below. DFSNZ is not able to verify that all athletes received those resources.</p> <p>Given that DFSNZ is unable to verify that 100% of these athletes were provided with current information it has been determined that this measure is not met.</p> <p>* Major events are determined annually by the Board and in the current year were:</p> <ol style="list-style-type: none"> 1. Sochi Olympic Winter Games 2. Sochi Paralympic Games 3. Athletics - World Championships 4. Swimming – World Championships 5. Rugby League – World Cup 6. Hockey – World Cup

A5 Target:	A minimum of 80 seminars will be delivered to priority groups.
Result for Period:	124 (106)
Target	<p>Met</p> <p>DFSNZ provides seminars to groups of athletes and athlete support personnel on a regular basis. The intent of the seminars is to provide direct and necessary information to those within the testing programme as well as raise the level of awareness of anti-doping work to a wider group. Whenever possible, these are delivered to the highest priority groups on demand and to other groups with lower priorities as resources allow. Priority groups are those athletes and individuals most likely to be subject to testing, currently or in the foreseeable future, and those who provide advice/services to them (e.g. coaches and doctors). A particular focus group are athletes in the “academy” stage within priority sports. These seminars are provided by authorised education providers based in the main centres, who travel as required.</p> <p>Seminars were presented to groups from 25 (39) different sports as well as multi sport groups. 3079 (2292) attended of whom 2687 (2125) were athletes.</p>

A6 Target:	Percentage of users of website who are satisfied it was helpful to them - >80%
Result:	<p>The on line survey receives very low response but of 42 responses to date 86% were either very satisfied or satisfied.</p> <p>85% (82%) of athletes surveyed who had used the DFSNZ website (73 of 99 respondents) in the last 12 months were either ‘Very satisfied’ or ‘Satisfied’ ‘that the website was helpful’. (Based on 99 responses from 144 athletes in the RTP and NTP pools.)</p>
Target	<p>Met</p> <p>Our annual athlete survey shows us that the website is the most used information source by athletes and in many cases it is the only source of information for those not directly involved in our programmes. As it is arguably our most critical information tool it is important it meets the needs of users, consequently this measure has been introduced.</p> <p>Weaknesses in the web site have become apparent leading to a substantial rebuild in 2014/15. It is therefore comforting to see that athletes nonetheless predominantly find it to be of assistance.</p>

OUTCOME 2 - TESTING AND INVESTIGATION- IMPACT MEASURES:

B1 Target:	95% of athletes consider the likelihood of being caught doping is too high to risk. Elite athletes (those in our core Testing Programmes) will be asked, by way of a confidential survey, whether or not they are satisfied our programmes provide an effective deterrent.
Result:	93% (93%) are satisfied that our programmes provide an effective deterrent. (Based on 99 responses from 144 athletes in the RTP and NTP pools.)
Target	<p>Not Met</p> <p>Deterrence is the primary goal of an anti-doping programme. In other words the programme, including testing, should be sufficient to ensure athletes, who may contemplate doping to perceive the risk of being caught (along with associated health risks) so high that it is not worth the risk.</p> <p>A deliberately high target has been set in order to stretch performance above what was achieved in the previous year. While the result remains encouragingly high it has dropped marginally and remains below the target set. Given the slow start to the programme this year our ability to maintain this figure at a comparable level is pleasing.</p>
B2 Target:	95% of Athletes and Support Personnel believe that DFSNZ programmes are effective in detecting doping. Elite athletes (those in our core Testing Programmes) will be asked, by way of a confidential survey, whether or not they are satisfied that our programmes are effective in detecting doping.
Result:	91% (87%) are satisfied that our programmes are effective in detecting doping. (Based on 99 responses from 144 athletes in the RTP and NTP pools.)

Target	<p>Not Met</p> <p>For anti-doping work to succeed, athletes must have confidence that the programmes are effective in detecting doping. This goes beyond just the testing programme. There are a variety of influences on athletes' perceptions of effectiveness.</p> <p>This year's result has not met the elevated standard set but is a clear increase on the previous year. DFSNZ has, over recent years, broadened its approach from the traditional testing centred programme. The approach which relies heavily on intelligence lead investigations will hopefully continue to demonstrate to athletes that it will be more difficult to evade detection, whether by a test or other means, than ever before.</p>
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OUTCOME 2 - TESTING AND INVESTIGATION- OUTPUT MEASURES:

B3 Target:	A minimum of 850 urine tests will be conducted.
Result for period:	<p>925 (893)</p> <p>535 (561) out of competition, 390 (332) in competition. In addition to the 925 tests conducted in the DFSNZ programme a further 356 (323) tests were conducted under contract.</p> <p>139 samples were analysed for erythropoietin.</p>
Target	<p>Met</p> <p>DFSNZ established a lower target number of tests as part of a broader plan to enable the application of more resources to intelligence gathering and investigative work. Ultimately it proved possible to exceed the target number of tests within budget and this should assist in maintaining a high perceived risk of being tested. Establishing the optimum number of tests to be conducted, within the resource base available, will continue to be a critical consideration in the light of the additional guidance provided by increased intelligence gathering.</p>
B4 Target:	Minimum number of blood samples taken – 120.
Result	130 (132) samples were collected - 117 (102) "Athlete Biological Passport" and 13 (30) full blood.
Target	<p>Met</p> <p>The target for blood sample collection does not provide any particular insight other than to demonstrate that DFSNZ is active in this area of growing importance. The ability to optimise the blood programme will, for the foreseeable future, continue to be limited by the logistics of getting samples to the Sydney laboratory. The nature of athlete biological passports is that profiles take time to develop and it is unusual to see instant results. DFSNZ has made further progress towards having an Auckland based lab approved for blood analysis. This will not be easy but, if achieved, will be a considerable boost to this programme.</p>
B5 Target:	Conduct a compliant and accurately targeted blood and urine testing programme. ISO Certification against the relevant World Anti-Doping Agency International Standards will be maintained.
Result:	A valid certificate is in place.
Target	<p>Met</p> <p>ISO certification is a method used by a number of the best performed anti-doping organisations around the world to demonstrate their adherence to the mandatory International Standards, established under the World Anti-Doping Code. This process provides for independent and expert verification that procedures being applied meet those Standards and, consequently, athletes can be confident they are being treated correctly and consistently.</p>

B6 Target:	Annual report summarizing and assessing impact of all investigative activity will be completed. (Note – completion and presentation to DFSNZ Board by June 30 2014.)
Result	Report prepared for August 21 Board meeting.
Target	<p>Not Met (report produced in August 2014)</p> <p>DFSNZ has, over a number of years, developed the capacity to investigate a variety of circumstances that may relate to doping. Some investigations are simply inquiries that are unproductive, while others can involve significant work and may lead to Rule Violation allegations.</p> <p>How to properly measure the success or effectiveness of these investigations remains an evasive goal. In order to move towards an effective tool for this purpose, it is necessary to quantify the work conducted and qualitatively assess its impact over time.</p> <p>In place of a specific performance target DFSNZ has therefore chosen to provide a report that sets out and comments on the activity over the year. As such reports are accumulated DFSNZ will be better placed to determine more objective measurement tools of progress.</p> <p>The Report was produced soon after year end so did not meet the requirement of completion by June 30 2014.</p>

OUTCOME 3 - INFLUENCE- IMPACT MEASURE:

C1 Target:	DFSNZ is influential in the development and implementation of international policy and best practises. DFSNZ participates in prioritised international forums.
Result:	<p>DFSNZ has participated in meetings of the following organisations which have been prioritised by the Board:</p> <p>International Anti-Doping Arrangement (IADA)</p> <p>World Anti-Doping Agency (WADA)</p> <p>Institute of National Anti-Doping Organisations (INADO)</p> <p>Oceania Regional Anti-Doping Organisation (ORADO)</p>
Target	<p>Met</p> <p>DFSNZ must comply with all mandatory requirements established by WADA. It is therefore important that we do what we can to influence the nature of those requirements so they meet New Zealand's needs. DFSNZ is one of more than 700 Code signatories and the ability to measure real influence is very difficult. However it is clear it is not possible to influence WADA without participating in the debates. DFSNZ has prioritised the forums it believes give the best opportunity to influence and has met its commitment to attend and participate fully.</p>

OUTCOME 3 - INFLUENCE- OUTPUT MEASURES:

C2 Target:	DFSNZ will be deemed compliant with the Code and New Zealand will be deemed to be in compliance with the UNESCO Convention (except where non compliance arises from matters outside DFSNZ jurisdiction).
Result:	DFSNZ is currently deemed compliant by both measures.
Target	<p>Met</p> <p>Compliance with the Code and more generally meeting New Zealand's international obligations to anti-doping work are critical objectives for DFSNZ. Consequently standing measures of that compliance are used to demonstrate that we are doing what we must. The World Anti-Doping Agency's compliance regime relies predominantly on self reporting and assessment of applicable Rules (in our case the New Zealand Sports Anti-Doping Rules). Similarly UNESCO compliance relies primarily on self reporting. In both cases faithful reporting of our circumstances has seen us deemed compliant. (DFSNZ can not validate compliance with obligations under the Code which are the responsibility of Government more broadly.)</p>

C3 Target:	DFSNZ contribute fully to the World Anti-Doping Agency's (WADA) processes which determine the Rules. DFSNZ makes submissions in all relevant Code and International Standard consultation rounds.
Result:	DFSNZ has continued to promote its positions in international forums. DFSNZ made a formal intervention at the World Anti-doping Conference emphasising its preferred positions.
Target	Met DFSNZ must comply with all the mandatory requirements established by WADA. Given we are bound to compliance, it is important we do what we can to ensure we are able to influence, as much as we can, the nature of those requirements. The formal opportunity to influence the relevant documents is provided through the WADA submission process. DFSNZ has made submissions on all documents that most directly impact on its work. Submissions were made on; the World Anti-Doping Code (at the conference), International Standard for the Prohibited List and a WADA discussion document on effective testing..

SUMMARY	
Performance target met	11
Performances target not met	4
Total	15

FINANCIAL SUMMARY

Showing actual expenses and budget for each output class.

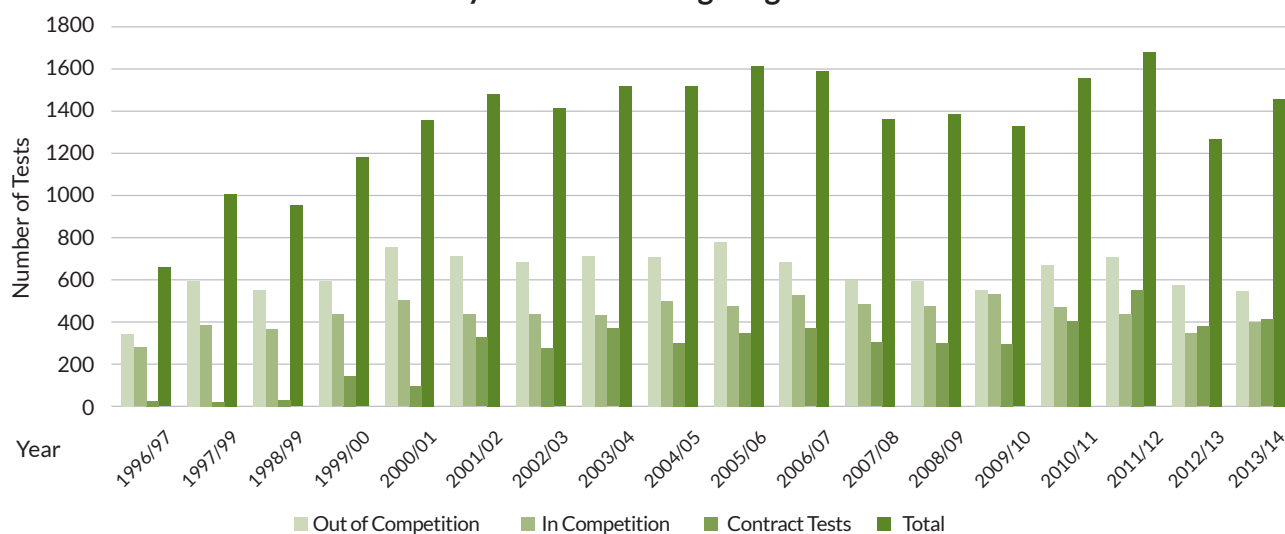
	Actual 2014	BUDGET 2013/14
INCOME		
Revenue from Crown	2239000	2239000
Interest	38638	36000
Contract Income	<u>244814</u>	<u>225000</u>
TOTAL INCOME	2522452	2500000
EXPENSES		
Enforcement Programme	1835609	1830000
Education Programme	324275	300000
Influence Programme (International)	169668	220000
Contract Testing	<u>230232</u>	<u>250000</u>
TOTAL EXPENSES	2559785	2600000
NET DEFICIT FOR THE PERIOD	(37333)	(100000)

TESTING HISTORY

History of DFSNZ Testing Programme

	Out of Competition	In Competition	Contract Tests	Total	Gov't Funded Total	Anti-Doping Rule Violations	% ADRVs / No. of Tests
1996/97	339	283	38	660	622	11	1.67
1997/98	586	400	8	994	986	16	1.61
1998/99	556	377	18	951	933	6	0.63
1999/00	585	443	152	1180	1028	9	0.76
2000/01	762	500	99	1361	1265	14	1.03
2001/02	706	447	328	1481	1153	13	0.88
2002/03	682	445	286	1413	1127	12	0.85
2003/04	713	443	361	1517	1156	9	0.59
2004/05	707	511	301	1519	1218	18	1.18
2005/06	772	490	340	1602	1262	15	0.93
2006/07	696	525	378	1599	1221	15	0.93
2007/08	587	477	296	1360	1064	17	1.03
2008/09	595	481	303	1379	1076	9	0.65
2009/10	539	496	308	1343	1035	8	0.59
2010/11	657	483	412	1552	1140	13	0.84
2011/12	682	414	573	1669	1096	6	0.36
2012/13	561	332	363	1256	893	7	0.56
2013/14	534	390	398	1451	925	2	0.14
Totals	11259	7937	4962	24287	19200	200	0.82

History of DFSNZ Testing Programme



SUMMARY OF TESTING PROGRAMME 2013/14

Sport	OOB Urine	IC Urine	Prog Funded Urine	OOB Blood	OOB ABP	Prog Funded Urine	Contract Tests, blood and urine	ADRVs	ADRV Reason
7's	43	0	43	0	0	0	38	0	
Athletics	46	35	81	7	7	14	0	0	
Badminton	0	4	4	0	0	0	0	0	
Basketball	3	15	18	0	0	0	0	1	Positive - tamoxifen
Biathlon	1	0	1	0	0	0	0	0	
Boxing	4	3	7	0	0	0	0	0	
Canoeing	10	11	21	0	3	3	1	0	
Cricket	0	2	2	0	0	0	38	0	
Cycling	108	66	174	2	33	35	8	1	
Floorball	0	0	0	0	0	0	3	0	
Football	0	20	20	0	0	0	0	0	
Hockey	2	9	11	0	0	0	0	0	
Ice Speed Skating	0	4	4	0	0	0	0	0	
Judo	0	4	4	0	0	0	13	0	
Motor Sports	0	3	3	0	0	0	0	0	
Netball	2	12	14	0	0	0	10	0	
Orienteering	0	4	4	0	0	0	0	0	
Paralympic Alp Skiing	3	0	3	0	0	0	8	0	
Paralympic Cycling	1	0	1	0	0	0	0	0	
Paralympic Swimming	12	0	12	0	0	0	0	0	
Powerlifting	0	13	13	0	0	0	26	0	
Rowing	99	21	120	1	47	48	0	0	
Rugby League	14	11	25	0	0	0	17	1	Refusal
Rugby Union	71	62	133	2	0	2	141	0	
Shearing	0	3	3	0	0	0	0	0	
Skeleton	1	0	1	0	0	0	0	0	
Skiing	5	0	5	0	0	0	0	0	
Snowboarding	3	4	7	0	0	0	0	0	
Softball	0	6	6	0	0	0	0	0	
Squash	2	0	2	0	0	0	0	0	
Surf Life Saving	0	8	8	0	0	0	0	0	
Swimming	16	10	26	0	3	3	12	0	
Tae Kwon Do	0	4	4	0	0	0	0	0	
Tennis	1	8	9	0	0	0	0	0	
Touch	0	8	8	0	0	0	0	0	
Triathlon	62	20	82	1	24	25	83	0	
Volleyball	0	4	4	0	0	0	0	0	
Weightlifting	14	7	21	0	0	0	0	0	
Wood Chopping	1	0	1	0	0	0	0	0	
Wrestling	5	3	8	0	0	0	0	0	
Yachting	6	6	12	0	0	0	0	0	
Totals:	535	390	925	13	117	130	398	2	

SUMMARY OF ANTI-DOPING RULE VIOLATIONS 2013/14

Offence date	Name	Sport	Substance / Offence	Outcome
07/10/13	Rocky Masoe	Rugby League	Refusal	2 years
22/03/14	Gareth Dawson	Basketball	Tamoxifen	12 Months

THERAPEUTIC USE EXEMPTION STATISTICS

Year July-June	TUE received	*Not distributed	Approved	Declined	Systemic Glucocorticoids	ADHD Methylphenidate	Details adult/child new/renew
2009 - 2010	59	9	46	4	19	4	1x renew child 2x new child 1x new adult
2010 - 2011	65	21	41	3	21	2	1x renewal child 1x renewal adult
2011 - 2012	81	32	49	0	22	4	1x renewal child 1x renewal adult 2x new child
2012 - 2013	80	23	56	1	20	4	1x renewal adult 2x new child 1x new adult
2013 - 2014	76	22	51	3	23	7	1x renewal adult 1x new adult non national 1x new adult 1x renewal child 2x new child 1x new child-declined

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

ATHLETE SURVEY RESULTS

(99 athletes from a potential total of 145 in the RTP and NTP were interviewed confidentially by an independent Market Research company. Note percentages may vary from 100 due to rounding.)

TESTING PROGRAMME	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
No. times tested in last 3 years by DFSNZ										
None	42	36	26	12	5	3	2	2	0	2
One	21	25	23	18	11	10	6	6	0	4
Two	9	14	18	21	12	11	7	3	3	4
Three +	29	24	32	49	72	76	85	90	97	90
No. times tested in last 3 years by other organisations *1 refused										
None	75	70	61	50	41	28	29	28	9	23
One	14	13	13	18	15	16	16	13	13	9
Two	4	7	10	9	9	11	11	15	10	10
Three +	7	10	15	15	35	43	44	43	67	58

Likelihood of being tested "In Competition" next 12 months										
Very likely / likely	62	59	67	79	88	91	89	90	94	92
Unlikely / very unlikely	24	31	25	13	8	6	6	6	4	4
Neither / Don't know	14	11	9	9	4	3	4	4	1	4
Mean- 1=very likely, 5=very unlikely	2.4	2.6	2.3	1.9	1.6	1.5	1.5	1.6	1.4	1.4
Likelihood of being tested "Out of Competition" next 12 months										
Very likely / likely	44	39	51	55	81	82	90	85	94	93
Unlikely / very unlikely	42	45	38	35	12	7	8	12	6	4
Neither / Don't know	14	16	8	10	7	10	2	3	0	3
Mean- 1=very likely, 5=very unlikely	2.9	3.1	2.8	2.5	1.8	1.7	1.6	1.8	1.3	1.3
Frequency of tests is sufficient										
Very satisfied / satisfied	64	68	71	78	75	83	86	89	89	88
Dissatisfied / very dissatisfied	10	8	11	4	5	0	2	4	3	7
Neither / Don't know	27	24	17	18	20	16	12	8	8	5
Mean- 1=very satisfied, 5=very dissatisfied	2.2	2.2	2.2	1.9	2	1.8	1.8	1.8	1.7	1.7
Testing procedures used										
Very satisfied / satisfied	80	79	89	88	89	94	99	99	90	94
Dissatisfied / very dissatisfied	2	1	2	1	3	3	0	1	9	6
Neither / Don't know	18	19	9	12	8	4	1	1	1	0
Mean- 1=very satisfied, 5=very dissatisfied	1.8	1.8	1.7	1.5	1.7	1.5		1.5	1.4	1.4
Attitude of Agency Officials										
Very satisfied / satisfied	75	79	88	87	93	96	94	96	99	96
Dissatisfied / very dissatisfied	0	0	0	2	1	0	2	3	1	0
Neither / Don't know	25	21	21	11	6	3	5	2		4
Mean- 1=very satisfied, 5=very dissatisfied	1.6	1.7	1.5	1.5	1.5	1.3	1.4	1.4	1.3	1.4
Programme is a deterrent										
Very satisfied / satisfied	78	76	79	89	88	86	91	94	93	93
Dissatisfied / very dissatisfied	7	8	5	2	2	3	1	4	0	1
Neither / Don't know	15	17	11	10	10	11	8	3	7	6
Mean- 1=very satisfied, 5=very dissatisfied	2	2	1.9	1.7	1.7	1.7	1.6	1.6	1.6	1.6
Reasonable for top athletes to participate in Whereabouts Programme										
Strongly Agree / Agree							86	83	89	81
Strongly Disagree / Disagree							6	6	1	7
Don't know / Neutral							9	11	10	12
Mean- 1=very satisfied, 5=very dissatisfied							1.6	1.7	1.4	1.7

INFORMATION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Quality of information										
Very satisfied / satisfied	83	85	84	93	90	94	89	93	93	85
Dissatisfied / very dissatisfied	5	4	0	0	2	0	2	1	1	1
Neither / Don't know	12	11	15	7	8	5	9	6	5	14
Mean- 1=very satisfied, 5=very dissatisfied	1.9	1.8	1.7	1.6	1.6	1.6	1.6	1.6	1.5	1.7

Availability of information										
Very satisfied / satisfied	78	80	78	88	87	95	92	85	89	87
Dissatisfied / very dissatisfied	7	6	7	0	4	1	2	3	2	2
Neither / Don't know	15	15	14	12	9	4	6	11	9	11
Mean- 1=very satisfied, 5=very dissatisfied	1.9	1.9	1.9	1.7	1.7	1.5	1.6	1.8	1.6	1.7

GENERAL	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Doping influenced the outcome of one or more domestic competitions in which I competed-last 12 months										
Definitely									2	2
Likely									2	1
Not sure / Don't know									14	22
Unlikely									19	25
Definitely not									62	50
Mean - 1=Definitely, 5=Definitely not									4.4	4.2
Doping influenced the outcome of one or more international competitions in which I competed-last 12 months										
Definitely									11	8
Likely									9	12
Not sure / Don't know									22	25
Unlikely									30	29
Definitely not									28	26
Mean - 1=Definitely, 5=Definitely not									3.5	3.5
Performance enhancing Drugs are being used in your own sport in NZ										
Strongly Agree / Agree	12	13	10	9	9	7	6	7	6	3
Disagree / Strongly disagree	63	66	69	71	73	76	85	73	82	84
Neither / Don't know	25	21	21	20	18	17	9	20	11	11
Refused										2
Mean- 1=strongly agree, 5=strongly disagree	3.5	3.8	4	4.1	4.2	4.3	4.4	4.2	4.4	4.4
Performance Enhancing Drugs are being used in your own sport overseas										
Strongly Agree / Agree	47	51	48	47	48	51	46	39	43	33
Disagree / Strongly disagree	23	20	25	22	32	19	24	28	24	30
Neither / Don't know	30	29	28	31	20	30	31	33	32	36
Refused										1
Mean- 1=strongly agree, 5=strongly disagree	2.5	2.5	2.5	2.5	2.7	2.4	2.7	2.8	2.53	2.9
Enough effort put into controlling use of Performance Enhancing Drugs in NZ										
Strongly Agree / Agree	68	65	75	81	80	86	90	88	84	89
Disagree / Strongly disagree	9	9	6	4	3	1	3	2	2	4
Neither / Don't know	23	26	19	15	17	13	6	10	13	7
Mean- 1=strongly agree, 5=strongly disagree	2.1	2.2	2	1.8	1.8	1.6	1.6	1.7	1.6	1.6

DIRECTORY

AS AT 30 JUNE 2014

MEMBERS OF THE DRUG FREE SPORT NEW ZEALAND BOARD

Hon. J. Warwick Gendall QC (Chair)
Dr. Lesley Rumball
Mr Stewart Walsh

Stephen Cottrell
Sarah Ulmer

CHIEF EXECUTIVE

Graeme Steel

OPERATIONS MANAGER

Scott Tibbutt

PROGRAMME DIRECTOR

Jude Ellis

BANKERS

Bank of New Zealand

AUDITORS

Audit New Zealand on behalf of the Auditor General

LEGAL COUNSEL

Paul David
Lee Salmon Long

DRUG FREE SPORT NEW ZEALAND - FINANCIAL STATEMENTS STATEMENT OF RESPONSIBILITY

The Board are 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 have 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 service performance fairly reflect the financial position and operations of Drug Free Sport New Zealand for the year ended 30 June 2014.

Signed on behalf of the Board:



Hon. J. Warwick Gendall QC

Chairperson

Date: 31 October, 2014



Stephen Cottrell

Board Member

Date: 31 October, 2014

DRUG FREE SPORT NEW ZEALAND

STATEMENT OF FINANCIAL POSITION

AS AT 30/06/2014

	Notes	30/06/14	BUDGET 2013/14	30/6/13 yr end
EQUITY	12	<u>934033</u>	<u>873000</u>	<u>971366</u>
Represented by				
CURRENT ASSETS				
Cash on Hand and at Bank	6	212952	1001000	439337
Investments	7c	600000		550000
Inventory	7b	4961	5000	3295
Accounts Receivable	7	53019	20000	42770
Prepayments	7a	33797	40000	36263
G.S.T. Receivable		<u>29153</u>	<u>12000</u>	<u>20589</u>
		933882	1078000	1092254
Less CURRENT LIABILITIES				
Creditors payables	10	194506	287000	214129
Employee entitlements	11	<u>35350</u>	<u>45000</u>	<u>36324</u>
		<u>229856</u>	<u>332000</u>	<u>250453</u>
NET WORKING CAPITAL		704026	746000	841801
NON CURRENT ASSETS				
Property, Plant and Equipment	8	46077	30000	29980
Intangibles	9	108245	97000	99585
Investments	7c	75685		
		<u>230007</u>	<u>127000</u>	<u>129565</u>
NET ASSETS		<u>934033</u>	<u>873000</u>	<u>971366</u>



Hon. J. Warwick Gendall QC
Chairperson
Date: 31 October, 2014



Stephen Cottrell
Board Member
Date: 31 October, 2014

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

Explanations of major variances against budget are provided in note 22.

DRUG FREE SPORT NEW ZEALAND

STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30/06/2014

	Notes	2013/14	BUDGET	2012/2013
INCOME				
Revenue from Crown	2	2239000	2239000	2239000
Interest		38638	36000	39414
Contract Income		244814	225000	281933
TOTAL INCOME		2522452	2500000	2560347
EXPENSES				
Testing/Investigation Programme		1835609	1830000	1571209
Education and Research		324275	300000	233949
International		169668	220000	188149
Contract Testing	5	230232	250000	269238
TOTAL EXPENSES	5	2559785	2600000	2262545
NET (DEFICIT)/SURPLUS FOR THE PERIOD		<u>(37333)</u>	<u>(100000)</u>	<u>297802</u>
Other Comprehensive Income		0	0	0
Total comprehensive Income		<u>(37333)</u>	<u>(100000)</u>	<u>297802</u>

DRUG FREE SPORT NEW ZEALAND

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30/06/2014

	2013/14	BUDGET	2012/13
Balance at 1 July 2013	971366	973000	673564
Net Surplus / (Deficit) for the Year	<u>(37333)</u>	<u>(100000)</u>	<u>297802</u>
Total Comprehensive Income	<u>(37333)</u>	<u>(100000)</u>	<u>297802</u>
Balance at 30 June 2014	<u>934033</u>	<u>873000</u>	<u>971366</u>

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

Explanations of major variances against budget are provided in note 22.

DRUG FREE SPORT NEW ZEALAND

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30/6/2014

Cash flows from operating activities

	2013/2014	2012/2013
Receipts from Crown revenues	2239000	2239000
Interest Received	38638	39414
Receipts from other revenue	235902	299811
Payments to suppliers	(1838971)	(1672083)
Payments to employees	(692822)	(574510)
Goods and services tax (net)	(12139)	(11347)
Net cash from operating activities:	(30392)	320285

Cash flows from investing activities

Purchase of property, plant and equipment	(31822)	(3371)
Disposal of property, plant and equipment	0	0
Investments	(50000)	
Investments - Long Term	(75685)	
Purchase of intangibles	(38486)	(196400)
Net cash from investing activities:	(195993)	(199771)

Cash flows from financing activities

Net cash from financing activities:	0	0
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Net (decrease)/increase in cash and cash equivalents	<u>(226385)</u>	<u>120514</u>
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Cash and cash equivalents at the beginning of the year	<u>439337</u>	<u>318823</u>
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Cash and cash equivalents at the end of the year	<u><u>212952</u></u>	<u><u>439337</u></u>
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The accompanying accounting policies and notes form an integral part of these financial statements.

Explanations of major variances against budget are provided in note 22.

DRUG FREE SPORT NZ

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2014

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2014

Reporting Entity

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

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

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

The financial statements for DFSNZ are for the year ended 30 June 2014, and were approved by the Board on 31 October 2014.

Basis of preparation

Statement of Compliance

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

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

Measurement base

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

Functional and presentation currency

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

Changes in Accounting Policies

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

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, DFSNZ is classified as a Tier 2 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS) with reduced disclosure requirements. These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means TRC expects to transition to the new standards in preparing its 30 June 2015 financial statements.

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

Significant Accounting Policies

Revenue

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

Revenue from the Crown

DFSNZ is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of DFSNZ meeting its objectives as specified in the Statement of Intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Provision of services

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

Borrowing costs

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

Foreign currency transactions

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

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to DFSNZ are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance. Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

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

Debtors and other receivables

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

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

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

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

Investments

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

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

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

Property, plant and equipment

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to DFSNZ and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to DFSNZ and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

Depreciation

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

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

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

Intangible assets**Software acquisition and development**

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in statement of financial performance. The useful lives and associated amortisation rates of intangible assets have been estimated as 4 years (25%).

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

Creditors and other payables

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

Employee entitlements**Short-term employee entitlements**

Employee entitlements that DFSNZ expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

DFSNZ recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent DFSNZ anticipates it will be used by staff to cover those future absences. DFSNZ recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Superannuation schemes

Defined contribution schemes

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

Provisions

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

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

Good and Service Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognized as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income Tax

DFSNZ is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

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

Cost allocation

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

Critical accounting estimates and assumptions

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

Property, plant and equipment useful lives and residual value

At each balance date DFSNZ reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires DFSNZ to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by DFSNZ, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. DFSNZ minimises the risk of this estimation uncertainty by:

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

DFSNZ has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 8.

Critical judgements in applying DFSNZ's accounting policies
There have been no critical judgements which materially affect these accounts.

2. REVENUE FROM CROWN

DFSNZ has been provided with funding from the Crown for the specific purposes set out in its founding legislation and as agreed in the Memorandum of Understanding with the Minister. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2013 nil).

3. OTHER INCOME

Nil.

4. PERSONNEL COSTS

	Actual 2014	Actual 2013
Salaries and wages	667143	554320
Employer contributions to defined contribution plans	25679	20190
Increase/(decrease) in employee entitlements (note 11)	(974)	(4700)
Total personnel costs	691848	569810

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

5. EXPENSES

	Actual 2014	Actual 2013
Audit fees for financial statement audit	20181	19560
Board fees and expenses	68885	42310
Depreciation and amortisation	42373	34554
Loss on Disposal	3178	22
Doping Control Official fees	187635	169911
Laboratory Fees	314558	381866
Operating lease expense	79288	88271
Personnel Costs	691848	569810
Legal Costs	136906	42745
Contract Testing Costs	230232	269238
Other Expenses	784701	644258
Total expenses	2559785	2262545

6. CASH AND CASH EQUIVALENTS

	Actual 2014	Actual 2013
Cash on hand and at bank	212952	439337

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

7. DEBTORS AND OTHER RECEIVABLES

	Actual 2014	Actual 2013
Debtors and other receivables	53019	42770
Less : provision for impairment	0	0
Total debtors and other receivables	53019	42770

The carrying value of receivables approximates its fair value.
 \$0 receivables were greater than 30 days in age (2013 \$2,835).
 All receivables greater than 30 days in age are considered past due.

7A. PREPAYMENTS

Of the total prepayments of \$33,797 (\$36,263), \$29,205 (\$28,163) was paid to the World Anti-Doping Agency being 50% of the annual payment.

7B. INVENTORY

During the year DFSNZ purchased doping control kits of which approx. 159, valued at \$4,961 (2013 = \$3,295), were held at balance date. Testing equipment of material value is calculated at year end and recorded as inventory.

7C. INVESTMENTS

	Actual 2014	Actual 2013
Investments – current term deposits with maturities less than 12 months	600000	550000
Investments - non-current term deposits more than 12 months	75685	0
Total Investments	675685	550000

There is no impairment provision for investments.

Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months.
 The carrying value of cash at bank and term deposits with maturities less than 12 months approximates their fair value.
 An extended term investment of \$75685 is required to support a bank guarantee in relation to a property lease agreement.

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Total
Cost or valuation			
Balance at 30 June 2013	22488	45484	67972
Additions	28864	3314	32178
Disposals	8185	0	8185
Balance at 30 June 2014	43167	48798	91965
Accumulated depreciation and impairment losses			
Balance at 30 June 2013	14700	23292	37992
Depreciation expense	2997	9550	12547
Eliminate on disposal	4651	0	4651
Balance at 30 June 2014	13046	32842	45888
Carrying amounts			
At 30 June 2013	7788	22192	29980
At 30 June 2014	30121	15956	46077

9. INTANGIBLE ASSETS

	Acquired software
Cost	
Balance at 30 June 2013	319379
Additions	38485
Disposals	0
Balance at 30 June 2014	357865
Accumulated amortisation and impairment losses	
Balance at 30 June 2013	219794
Eliminate on disposal	0
Amortisation expense	29826
Balance at 30 June 2014	249620
Carrying amounts	
At 30 June 2013	99585
At 30 June 2014	108245

10. CREDITORS AND OTHER PAYABLES

	Actual 2014	Actual 2013
Creditors – current	96820	48466
Accrued expenses	97686	165663
Total creditors and other payables	194506	214129

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

11. EMPLOYEE ENTITLEMENTS

	Actual 2014	Actual 2013
Current employee entitlements are represented by:		
Annual leave	21188	7368
Accrued salaries and wages	14162	28956
Total employee entitlements	35350	36324

12. EQUITY

	Actual 2014	Actual 2013
General funds		
Balance at 1 July	971366	673564
Surplus/(deficit)	(37333)	297802
Balance at 30 June	934033	971366

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

	Actual 2014	Actual 2013
Net surplus/(deficit) after tax	(37333)	297802
Add/(less) non-cash items:		
Depreciation and amortisation expense	42373	34554
Total non-cash items	42373	34554
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	3178	22
Total items classified as investing or financing activities	3178	22
Add/(less) movements in working capital items:		
Debtors and other receivables	(10249)	20490
Pre-paid Expenses	2466	(2048)
Creditors and other payables	(19623)	(43572)
GST Receivable	(8564)	(8068)
Inventory	(1666)	25806
Employee entitlements	(974)	(4700)
Net movements in working capital items	(38610)	(12093)
Net cash flow from operating activities	(30392)	320285

14. CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2014	Actual 2013
Not later than one year	84696	20068
Later than one year and not later than five years	335584	0
Later than five years	33690	0
Total non-cancellable operating leases	453970	20068

There are no capital commitments at balance date (2013: nil). The major portion of the total non-cancellable operating lease expense relates to the lease of part of one floor of an office building. DFSNZ has committed to a six year term which expires in December 2019.

There are no restrictions placed on DFSNZ by any of its leasing arrangements. A term deposit to support a bank guarantee, as required for DFSNZ's property lease, has been established for \$75685 (equivalent to 12 months rent).

15. CONTINGENCIES

DFSNZ, at balance date, has no contingent assets or liabilities (2013: nil).

16. RELATED PARTY INFORMATION

Key management personnel compensation:

	Actual 2014	Actual 2013
Salaries fees and other short-term employee benefits	393833	283838
Post employee benefits	18695	19707
Other long-term benefits	0	0
Share based payments	0	0
Termination benefits	0	0
Total key management personnel compensation	412528	303545

Key Management personnel include all board members, the Chief Executive, the Programme Director and Operations Manager.

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

16.A TRANSACTIONS BETWEEN DFSNZ AND GOVERNMENT OWNED ENTITIES

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

Significant transactions with government-related entities

DFSNZ has been provided with funding from the Crown of \$2,239,000 (2013 \$2,239,000), for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. DFSNZ also purchased goods and services from Air New Zealand. These purchases for the year ended 30 June 2014 totalled \$53,345 (2013 \$45,718) for air travel related to work functions.

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

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

DFSNZ also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities, for the year ended 30 June 2014, are set out above.

17. BOARD MEMBER REMUNERATION

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

	Actual 2014	Actual 2013
J Warwick Gendall (Commenced as Chair February 1, 2013)	28500	6825
Michael Heron (Resigned as January 31, 2013)		8190
Stephen Cottrell	14685	6340
Dr Lesley Rumball	8250	6340
Sarah Ulmer	5610	6340
Mr Stewart Walsh	7920	6340
Total Board member remuneration	64965	40375
Plus Board Expenses	3920	1935
Board fees plus expenses (see note 5)	68885	42310

Board fees are set at a daily rate by the Remuneration Authority.

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

DFSNZ has affected Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees to the value of \$10m.

No Board members received compensation or other benefits in relation to cessation. (2013 nil)

18. EMPLOYEE REMUNERATION

The Chief Executive's remuneration was between \$140,000 and \$149,999. (2013: between \$130,000 and \$139,999)

19. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

20. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2014	Actual 2013
<i>Loans and receivables</i>		
Cash and cash equivalents	212952	439337
Investments - current	600000	550000
Investments - non current	75685	0
Debtors and other receivables	53019	42770
Total loans and receivables	941656	1032107

	Actual 2014	Actual 2013
<i>Financial liabilities measured at amortised cost</i>		
Creditors and other payables	194506	214129
Total financial liabilities measured at amortised cost	194506	214129

21. FINANCIAL INSTRUMENT RISKS

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

Market risk

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

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

Cash flow interest rate risk

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

Currency risk

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

Sensitivity analysis

As at 30 June 2014, if the NZ dollar had weakened/strengthened by 5% against the Australian dollar with all other variables held constant, the surplus for the year would have been:

- \$1,897 (2013 \$5,445) lower if the NZ dollar had weakened.
- \$1,723 (2013 \$4,926) higher if the NZ dollar had strengthened.

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

Credit risk

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

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

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

Credit quality of financial assets

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

	Actual 2014	Actual 2013
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits	888637	989337
AA		
Total cash at bank and term deposits	888637	989337
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Debtors and other receivables	53019	42770
Existing counterparty with no defaults in the past		
Existing counterparty with defaults in the past	0	0
Total debtors and other receivables	53019	42770

Liquidity risk

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

22. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

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

Statement of comprehensive income

A projected net deficit in contract testing did not occur as conservative pricing overestimated exchange rate (for laboratory) and other variable costs.

Legal costs substantially exceeded budget due to complexity of legal cases and investigations.

Laboratory costs were under budget due to extended period of favourable exchange rate and only single positive test.

General provision for intelligence and research costs not fully utilised as activity covered under other budgets and research project not as expensive as expected.

A series of complex investigations lead to budget being exceeded for this cost centre.

Oceania Regional Anti-Doping Organisation did not complete all testing planned and so provision to assist with costs was not utilised.

Statement of financial position

Extent of deficit (\$37,333) well below budget (\$100,000) has lead to retention of higher than budgetted equity.

Cash and Investment levels are below budget due to higher level of settlement with creditors prior to year end and additional expenditure on Non-Current Assets.

Investment decisions on intangibles taken during the year exceeded original budget.

Independent Auditor's Report

To the readers of Drug Free Sport New Zealand's financial statements and non-financial performance information for the year ended 30 June 2014

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

We have audited:

- the financial statements of DFSNZ on pages 20 to 33, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of DFSNZ on pages 7 to 13 that comprises the statement of service performance, and which includes outcomes.

OPINION

In our opinion:

- the financial statements of DFSNZ on pages 20 to 33:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect DFSNZ's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of DFSNZ on pages 7 to 13:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects DFSNZ's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:
 - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

BASIS OF OPINION

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

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

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

An audit also involves evaluating:

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

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

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

RESPONSIBILITIES OF THE BOARD

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

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

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

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

RESPONSIBILITIES OF THE AUDITOR

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in DFSNZ.



Leon Pieterse

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

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