



DRUG FREE SPORT NZ

# Annual Report **2011/2012**



# Drug Free Sport New Zealand – Contents

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## Report of the Chair – Michael Heron



This year was a very significant one for the organisation.

At an operational level, the Rugby World Cup was by far the largest and most demanding contract we have undertaken. We were proud to be part of such a sensational event and also very proud of our role. The conduct of the doping control programme was of the highest

standard, in demanding logistical circumstances. The staff of DFSNZ, both administrative and in the field, should take great credit for their performance – the Board and I were very proud of them. The professional and constructive approach of the relevant IRB personnel allowed for an excellent working relationship.

At a strategic level, the Board undertook a fundamental review of the manner in which the organisation approaches its anti-doping work. In broad summary, we agreed two things – first that we were not convinced that we were detecting all cases of doping and second that there remained too many instances of “accidental doping”. It was clear that more comprehensive and higher quality information and intelligence was required to address those issues. Consequently the Board has (with the approval of our stakeholders) commenced implementation of a new strategy to ensure that intelligence and information gathering, supported by high quality technology, underpins all the work of DFSNZ going forward.

We continue to receive tremendous support from the New Zealand sporting community and are grateful for that. The Minister for Sport and Recreation, Hon. Murray McCully, the NZ Olympic Committee, Paralympics NZ, Sport NZ and National Sporting Organisations all show considerable faith in our work and we are determined to justify that faith. I should also acknowledge our newest organisation, High Performance Sport NZ, who exemplified the co-operative spirit by supporting a recommendation to the Minister that our developing blood testing programme needed funding and agreed to a transfer from its own allocation to achieve this.

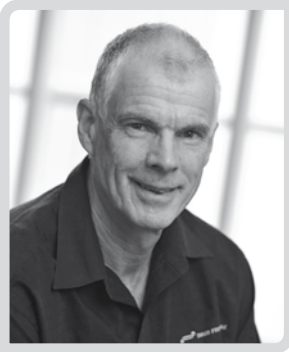
Following the year end I was appointed as Solicitor-General of New Zealand. The obligations of that office sadly prevent me completing my full term as Chair of DFSNZ. May I therefore take this final opportunity to acknowledge all who have supported the organisation during my eight years of involvement. This includes Board members, staff, legal and medical advisors, and other sports administrators. I give special thanks to the Doping Control Officials who do an outstanding job in trying circumstances. Thanks, in particular, to our longstanding CEO, Graeme Steel, who works tirelessly to lead our small but successful organisation.

The final tribute must, however, go to the vast majority of New Zealand athletes who do themselves and their country proud. It is not only the quality of their performances but also the ethical standards they uphold (including anti-doping). Doping will have great difficulty taking hold in this country so long as we continue to produce athletes of this calibre.

A handwritten signature in black ink, appearing to read 'Michael Heron'.

**Michael Heron**  
Chair – Drug Free Sport NZ

## Report of the Chief Executive – Graeme Steel



My thanks go to all those who have contributed to the work of the organisation over the past year. The Board has provided both vision and support under the leadership of Michael Heron. Staff members have continued to work hard to implement quality programmes and a helpful interface with athletes. Finally our DCOs and Education providers, as always, have exhibited an outstanding shop-front to the sporting community.

### SERVICE PERFORMANCE

Our Statement of Service Performance is contained within this Annual Report and it demonstrates very satisfactory results within the constraints of the measures agreed. We continue to seek improved ways of measuring real progress towards eliminating doping. International collaboration on the topic of performance measurement has, to date, failed to identify common and reliable responses to this challenge. The fact of the matter is that it is extraordinarily difficult to measure the amount of doping in a community at any particular time. As a result the ability to objectively demonstrate movement towards the overall outcome we are seeking remains a challenge. Nevertheless, we are pleased with the support and confidence we receive from the sporting community which indicates to us that we are making good progress.

It is also pleasing to note that we achieved our performance targets while operating well within budget and, thanks largely to Roger Brown, with another “unmodified” Audit report.

### ENFORCEMENT PROGRAMME

The Rugby World Cup provided us with our greatest single challenge as it required, over 6 weeks, the collection and transportation of 216 urine samples and 76 blood samples, many from remote locations and all involving fast turnaround times. This was the supreme test of our systems and personnel and all passed with flying colours. The dedicated and high quality work of Jayne Kernohan, her team in the office, and the people in the field can not be commended more highly.

It is also noteworthy that the exercise also demonstrated that when an International Federation’s representatives seek to work in partnership with a NADO, rather than simply regarding them as sample collectors, the quality of the programme can only be enhanced.

Our own programme also stretched further as we continued to build our blood sampling capability and further improve our whereabouts support system.

The nature of the programmes we run is rapidly changing and we have had to introduce new, and sometimes costly, components to our work which have challenged our resource and expertise base. During the year we purchased iPads which, once trialling is complete, will place us amongst the first group of countries to carry out doping control using a “paperless” system. This has flowed from a close relationship with the US Anti-Doping Agency who have continued to share information and expertise, including sending a staff member to our Annual DCO conference.

### ATHLETE WHEREABOUTS

We are progressively reducing the size of the “Registered Testing Pool” ie. the group of athletes who must comply with the full whereabouts programme. We are also working hard to improve the ease of compliance and hope to soon introduce phone apps which will be of great assistance. This is a severe test of athletes and we must do all we can to both ensure the composition of the group is appropriate and provide all possible assistance.

### BLOOD TESTING

While our blood testing programme continues to develop, it is significantly limited by the logistics of getting samples to Sydney within the necessary time limits. The appointment of Bridget Leonard to the staff has enabled us to apply much more in house expertise to this programme.

### INVESTIGATIONS

We have appointed Ella Smits who brings experience and expertise in investigative work to ensure that we are well placed to effectively follow up all the relevant information we receive. This is a critical component of the approach we will be taking moving forward which emphasises an “intelligence” based approach.

### ANTI-DOPING RULE VIOLATIONS

The number of rule violations during the year was the lowest ever, which is pleasing. While one case was finally concluded that involved a long time serial offender, other cases appeared to represent ignorance rather than intent to cheat.

It is encouraging that, contrary to previous experience, cannabis was not the biggest contributor to the violation list with only a single instance of synthetic cannabis occurring. Methylhexanamine continued to appear but it is now illegal to sell and that should “cure” most of the problem.

### LOOKING FORWARD

The new strategic approach we will be implementing in the coming year focuses very heavily on gathering information and utilising intelligence. This will enable the organisation to be much more focussed on pro-actively identifying areas of risk and providing the appropriate resource to address them. We are extremely pleased that this approach has been universally supported by



key stakeholders. The Minister's agreement to a substantial cut in testing numbers to ensure we can redirect resources as needed is an important signal of confidence.

### EDUCATION PROGRAMME

There has been significant disruption to the Education programme during the year as our newly appointed Manager took maternity leave just a few months into her term and ultimately resigned. Tania Crene had brought tremendous enthusiasm and experience to the role and is missed. We wish her well in her new role as a mother.

Julie Bennett, for the second time, stepped into the role on an interim basis and did a very effective job of maintaining our core services. In particular, our ability to service seminars and information requests has not been compromised and the successful "Outreach" programme has moved forward.

The turnover of managers has meant that new initiatives, which were in the process of being developed, have had to be shelved for short periods. Once we are again settled we will be rolling out a programme specifically designed to address the problem of cannabis use by athletes and also a strategy to provide a more strategic approach to our communications.

### INTERNATIONAL

An effective international presence is critical if DFSNZ is to provide state of the art services and, equally importantly, if we wish international policy to be measured and appropriate to the needs of New Zealand athletes.

#### **DFSNZ prioritises its international involvement around core organisations as follows:**

- The World Anti-Doping Organisation runs an annual symposium which is important both for its content and networking opportunity. In addition the New Zealand Sports Minister has a position on the WADA Executive Committee

which means we have the rare opportunity to influence policy making at the highest level. New Zealand has not provided consistent representation but we have done our best to ensure that each representative is well supported with practical knowledge of how policy decisions may impact on operations.

- The International Anti-Doping Arrangement (a group of 10 committed countries) met in Paris and carried on its work to promote high standards in anti-doping work. Thanks go to Canada for its chairing of this group.
- The Oceania Regional Anti-Doping Organisation is making some headway in the region with very limited resource. DFSNZ provides both technical support as well as some limited funding to assist a limited testing programme, which otherwise has little income.
- It is absolutely necessary for Anti-Doping Organisations to share knowledge and expertise as well as ensure that policy making is practical. A new organisation, the "Institute of National Anti-Doping Organisations" has emerged which will further those objectives and DFSNZ has committed to support it.

The work of anti-doping organisations will never stand still and developments this year have provided further reminders of that. DFSNZ is committed to bolstering the strongly committed anti-doping culture we have in New Zealand. To do that it must tread the fine line between fairness and proportionality and the need to be relentless and unwavering in our task. We always try to maintain the correct balance and welcome views from across the sports community as to how we can do it better.

**Graeme Steel**  
Chief Executive – Drug Free Sport NZ



# Programme Summaries and Highlights

{ 10/11 year numbers in brackets }

## TESTING

- Testing:
- A total of 1555 { 1552 } tests were conducted.
- 1096 { 1140 } constituted the DFSNZ programme, 414 { 483 } in competition and 682 { 626 } out of competition.
- 31 { 31 } blood samples were taken for direct testing and a further 107 to initiate an “Athlete Biological Passport programme.
- 90 { 161 } samples were screened for EPO.
- 459 { 412 } contract tests were completed.
- All tests were conducted at no notice to the athlete.
- ISO certification was maintained against the International Standards for Testing and Therapeutic Use Exemptions.
- 6 { 13 } rule violations were confirmed, 5 { 8 } positive tests and 1 { 1 } non analytical case for possession, use and refusal.
- For the period 1 July 2011 to 30 June 2012 whereabouts requirements resulted in 3 { 4 } “missed tests” { athletes not at agreed locations } and 1 { 2 } “filing failures” { athletes failing to provide necessary information }.

## INVESTIGATIONS:

- 5 cases continued from 2010/11 and a further 4 cases were opened during the year.
- 2 cases went before tribunals and 7 cases were closed.

## THERAPEUTIC USE EXEMPTIONS:

- 81 { 65 } Standard Therapeutic Use Exemption { TUE } applications were received
- 32 { 21 } were unnecessary { non-national level athlete }, withdrawn or referred to IF
- 49 { 41 } were approved and 0 { 3 } declined
- 22 { 21 } of the applications included systemic glucocorticosteroids such as prednisone for severe asthma or allergic reaction.

## EDUCATION:

- 89 { 82 } formal presentations were provided by DFSNZ.
- 5 { 5 } Outreach events were organised

## INTERNATIONAL ACTIVITY:

- The following represents international activity by DFSNZ Board and Staff.

## CHAIR

- November 2011– NADO, IADA and UNESCO meetings, Paris.

## CHIEF EXECUTIVE

### 2011

- November – NADO, IADA and UNESCO meetings, Paris.

### 2012

- March – WADA Symposium and INADO meeting, Lausanne; Anti-Doping Conference, London; visited US Anti-Doping Agency, Colorado Springs; guest presentation to Northern Arizona University class, Flagstaff.
- May – WADA Executive Committee and Foundation Board and CCES, Montreal/Ottawa.
- June – ORADO Board meeting, Suva.

## GENERAL MANAGER

### 2012

- March – WADA Symposium and INADO meeting, Lausanne; Anti-Doping Conference, London.

# Statement of Service Performance

**Period 1/07/2011 – 30/06/2012**

## OUTCOME 1 – EDUCATION

**A1 Target:** 100% of athletes in the “registered” and “national” testing pools and who attend major international sporting events\* are provided with current information explaining what is required of them to comply with anti-doping programme requirements.

**Result for period:** **Target Met (2011 - target met)**  
 Athletes in the “Registered Testing Pool” and the “National Testing Pool” (a total of 169 athletes in June 2012) along with those attending major international sporting events are those most likely to be subject to doping control. Consequently, DFSNZ takes particular care to ensure that these athletes receive necessary information relating to doping control. For example, the Olympic and Paralympic Games are events which qualify as a “major” international event and DFSNZ ensured that all athletes who may have been selected were provided with current information either directly by post or via their sport or the NZ Olympic Committee. All new RTP and NTP athletes who have been added to the lists have been sent current resources. All RTP/NTP athletes received updated 2012 resources in mid-December. Further Anti-Doping ID Cards and key rings were sent to RTP/NTP athletes in February 2012.

\* Major events are determined annually by the Board and in the current year incorporated priority or high profile World Championships such as the Football World Cup but also, for this purpose, included preparations for the Olympic and Paralympic Games.

**A2 Target:** 95% of athletes in the “registered” and “national” testing pools report in annual survey that they understand what is required of them to comply with anti-doping programme.

**Result for period:** **98% - Target Met (2011 100% - target met)**  
 Athletes in the registered and national testing pools are the ones most directly subject to DFSNZ requirements. It is critical that they know what is required of them as they are the ones who are a/ tested most frequently and b/ have to comply with the additional “whereabouts” requirements. These athletes are surveyed annually and this year 177 of them responded (2011 174). 98% of respondents were satisfied that they understand what is required of them.

**A3 Target:** 75 Seminars will be delivered to priority groups

**Result for period:** **87 Seminars completed Target Met (2011- 82 target met).**  
 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 but who travel as required.  
 Seminars were presented to groups from 24 (23) different sports as well as multi sport groups. There were 2,399 (2,245) attendees, 2,223 (1960) athletes and the remainder support personnel.

**A4 Target:** Current information on anti-doping rules and requirements will be made available to all NSO's for provision to all athletes who are likely to be subjected to testing.

**Result for period:** **Target Met (2011 – target “substantially” met)**  
 DFSNZ does not have direct access to all athletes who may be subject to testing (e.g. at a sports national championships) and consequently is reliant on National Sporting Organisations to ensure that information about the testing programme is distributed to those who need it.  
 In order to do that DFSNZ distributes to NSO's a supply of updated information for distribution. Resources are available via the website and hard copies of 2012 resources were distributed to all NSO's in mid-December. Numerous resources were distributed to various codes requesting updated resources for their athletes subject to testing.



**A5 Target:** All medical professionals recognised by the NZ Academy of Sport\* will be provided with current information about the prohibited list and associated requirements.

**Result for period:** Target Met (2011 – target met)

Ensuring that medical professionals understand anti-doping requirements is critical to prevent prohibited substances being inadvertently prescribed or ensure appropriate exemptions are obtained.

DFSNZ can not be certain that it can make contact with every medical professional who might treat athletes so it focuses particularly on a defined group who are responsible for the majority of consultations with elite athletes. These are the medical professionals recognised by the NZ Academy of Sport. All medical professionals recognised by HPSNZ were sent the 2012 resources in mid-December. Further resources were finalised and posted out in March.

Work is continuing to develop more extensive distribution lists for key groups within the medical community.

\*Note that during the year the “NZ Academy of Sport” evolved into “High Performance Sport NZ” and for the purposes of this measure they are equivalent.

**A6 Target:** DFSNZ will conduct a minimum of 5 “Outreaches” at events which have a minimum of 250 athletes in attendance.

**Result for period:** 5 Outreaches have been held – Target Met. (2011 – 5 target met)

“Outreach” refers to a programme in which DFSNZ sets up an information station at an event which is being attended by a significant number of young athletes. These stations are staffed by educators and normally incorporate the use of interactive games, visiting elite athletes and so on to provide a point of interest.

During the year DFSNZ had an Outreach station at 5 events; U17 National Basketball Champs, National Secondary School Volleyball, NZ Athletics Champs, NZSS Rugby League and NZSS Basketball. These events involve current but also many future elite athletes who are given the opportunity to understand key anti-doping concepts and many hundreds sign a pledge committing themselves to compete cleanly.

**A7 Target:** 90% of NSO's report in annual survey that the level of support for “clean sport” within their sport is good or better.

**Result for period:** Target Met 93% (2011 – target met 94%)

A critical factor in ensuring that athletes compete cleanly is ensuring that the support for that position within the sporting community is high. In that way athletes know that they will be supported in taking a drug free stance and, on the contrary, they understand that they will not be supported if they choose to dope.

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 – the NSO Chief Executives.

93% of 30 NSOs who responded reported that the level of support for “clean sport” within their sport was good or excellent.

## OUTCOME 2 - TESTING AND INVESTIGATION

**B1 Target:** A minimum of 1000 urine tests will be conducted in the DFSNZ programme

**Result for period:** 2011/12 Target Met 1096 tests were conducted. (2010/11 – 1109)

Result for period: 2011/12 Target Met 1096 tests were conducted. (2010/11 – 1109)

The testing programme is the central plank of DFSNZ work and consumes a significant proportion of funds. The programme must strike a balance between the specific targeting of priority athletes and the need for a broad scope to ensure there is a deterrent effect in all relevant sports.

Setting a minimum requirement for the volume of testing is designed to ensure that there is adequate breadth in the testing to meet the deterrent need. Nevertheless, DFSNZ ensures that sufficient tests are retained to enable a concentration of tests on Registered Testing Pool athletes and to respond to information suggesting doping may be occurring.

A total of 1096 (1109) urine samples were collected with 682 (626) out of competition, and 414 (483) in competition. In addition 459 (412) contract tests were conducted (which is the highest number ever). This incorporated 216 urine tests at the Rugby World Cup with an additional 76 blood samples.

As well as the regular collecting of urine samples DFSNZ continued to develop its own blood testing programme with 31(31) direct blood tests being carried out along with 107 (0) for the purposes of the Athlete Biological Passport programme.

**B2 Target:** **ISO Certification against relevant mandatory International Standards will be maintained.**  
**Result for period:** **2011/12 Target Met (2010/11 – target met)**  
 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. This process provides for independent and expert verification that the procedures being applied do not vary from those Standards and consequently athletes can be confident that they are being treated properly and consistently.

**B3 Target:** **No NZ athlete will commit an ADRV while associated with a major international sporting event\*.**  
**Result for period:** **2011/12 Target Met (2010/11 – target met)**  
 New Zealand's sporting reputation is founded not just on excellent performances but on a fundamental adherence to sporting values. While any ADRV is undesirable, one associated with a major international event is most likely to bring into question New Zealand's sporting ethic and the legitimate performances of our many thousands of outstanding athletes.  
 It is with this in mind that DFSNZ makes special effort to ensure that our athletes competing at that level are a/ well informed and b/ sufficiently scrutinised in the build up period to create a strong deterrent effect. No such violation has occurred since DFSNZ began implementing the World Anti-Doping Code.  
 \* Major events are determined annually by the Board and in the current year incorporated priority or high profile World Championships such as the Football World Cup.

**B4 Target:** **Athletes in testing pools shall assess in annual survey that the quality of the testing procedures are "good" or better than good.**  
**Result for period:** **2011/12 Target Met - 90% of athletes assessed the procedures to be good or better than good.**  
 (Note: the stipulated measure did not provide a number target however the Board is satisfied that 90% meets the expectations of the measure.) (2011 – 92%)  
 Drug testing is an intrusive, inconvenient and (for some) stressful experience. While this can not be avoided DFSNZ wishes to ensure that the process athletes are required to comply with is applied correctly and accurately and with some sensitivity. Athletes in our testing pools are frequently tested and, in many cases, have experience from around the world. Consequently DFSNZ regards athletes as the best available group to assess the quality of the testing procedures which we apply. The results continue to be pleasing and consistent with similar measures established in the past.

**B5 Target:** **Less than 10% of athletes in the Registered Testing Pool will commit a "whereabouts failure".**  
**Result for period:** **2011/12 Target Met 4.16% (2011 5%)**  
 The "whereabouts" programme for athletes in the registered testing pool is a particularly demanding one requiring them to provide daily information on their location. Failure to do so on 3 occasions over 18 months can result in an anti-doping rule violation. DFSNZ therefore pays particular attention to the need to assist athletes to comply with this programme so that any failures will be either wilful or significantly negligent. 4 athletes of a pool of 96 have committed whereabouts failures.

**B6 Target:** **A blood testing programme will be instituted in at least one major event in New Zealand.**  
**Result for period:** **2011/12 Target Met (Rugby World Cup). (2011 – target met)**  
 Because blood samples must be analysed at the Sydney laboratory within 36 hours of collection the establishment of a blood testing programme is particularly challenging. For DFSNZ to show that it can provide a complete anti-doping programme it is important that we can demonstrate our ability to collect and analyse blood.  
 In total 99 blood samples were collected for international organisations for full testing and a further 15 for the Athlete Biological Passport.

**B7 Target:** All information received in relation to possible anti-doping rule violations shall be formally assessed by DFSNZ to determine whether or not an investigation should be initiated.

**Result for period:** **2011/12 Target Met. (2010/11 – target met)**  
 Investigating potential anti-doping rule violations is a core requirement of an anti-doping organisation such as DFSNZ. Nevertheless the information which might prompt such an investigation and the appropriate response are very difficult to measure. DFSNZ has determined that the first requirement of a robust system is that all significant information which is received is recorded and assessed by way of a common approach. Decisions as to whether to proceed with a full investigation can then be taken on a consistent basis.  
**Activity during the 2011/12 year was as follows:**  
 5 files opened in 2010/11 remained live.  
 2 cases were put before Tribunals (resulting in sanctions) and 3 were closed.  
 4 reports were assessed in 2011/12 and files were opened.  
 All 4 files were closed.  
 0 files remain open.

**B8 Target:** Allegations of anti-doping rule violations will be brought forward to the appropriate Tribunal or Authority, by DFSNZ, in all cases where an investigation produces evidence which appears sufficient to meet the Code requirements.

**Result for period:** **2011/12 Target Met. (2010/11 – target met)**  
 Once an investigation is initiated it must be proceeded with and assessed on an objective basis in order to determine if an allegation is to be brought. DFSNZ has established an internal review committee (separate from the responsible staff) who must make that decision. The outcome of the investigations conducted by DFSNZ during the period is summarised as follows:  
 1 “non analytical” (i.e. not based on a lab report) case (initiated 2 years prior) was put before the Sports Tribunal. This case resulted in a life ban for use and possession of various prohibited substances as well as refusing to be tested.  
 1 case was put before an NZRU Tribunal resulting in a 2 year ban for failing to submit to sample collection.  
 All other files were closed due to persons not being bound by the Sports Anti-Doping Rules or no/insufficient evidence.

## OUTCOME 3 - INTERNATIONAL

**C1 Target:** DFSNZ will meet all Financial and other formal commitments to international organisations prioritised by DFSNZ Board.

**Result for period:** **Target Met. (2011 – target met)**  
 DFSNZ undertakes various commitments to contribute to and influence the international anti-doping effort through a limited number of prioritised organisations. Once DFSNZ makes formal commitments to those organisations the commitments must be met. The relevant commitments are:  
 World Anti-Doping Agency - funds provided by Government to meet the New Zealand contribution to WADA's programme were paid on time.  
 International Anti-Doping Arrangement - this group of 10 countries has one annual meeting and an agreed action plan which is agreed to by all parties. DFSNZ was represented at the meeting and met all action plan requirements.  
 Oceania Regional Anti-Doping Organisation - DFSNZ has a place on the Board and was represented at all meetings. Further technical assistance was provided as well as funds to assist with a testing programme in the region.

**C2 Target:** DFSNZ makes submissions in response to all relevant WADA consultation processes.  
**Result for period:** Target Met. (2011 – target met)

Anti-doping work around the world is governed by the World Anti-Doping Code and various mandatory International Standards. NZ wishes to influence the development of these international policies in a manner which ensures that a balanced approach is taken which fits well with the New Zealand environment. During the year WADA initiated a review of the Code which is a critical opportunity for DFSNZ to have some influence. DFSNZ accepts that it is extraordinarily difficult to assess the degree to which it can influence policy making on a global scale. A critical starting point however is to ensure that every opportunity to take part in the policy development process is utilised and thus DFSNZ undertakes to make submissions to WADA in all relevant consultation processes. In doing so DFSNZ consults the wider sporting community and expert groups as appropriate. Submissions were made on the 2012 Prohibited List and in round 1 of the WADA Code Review

## SUMMARY

Below is a summary of the work of DFSNZ against its performance targets for the year.

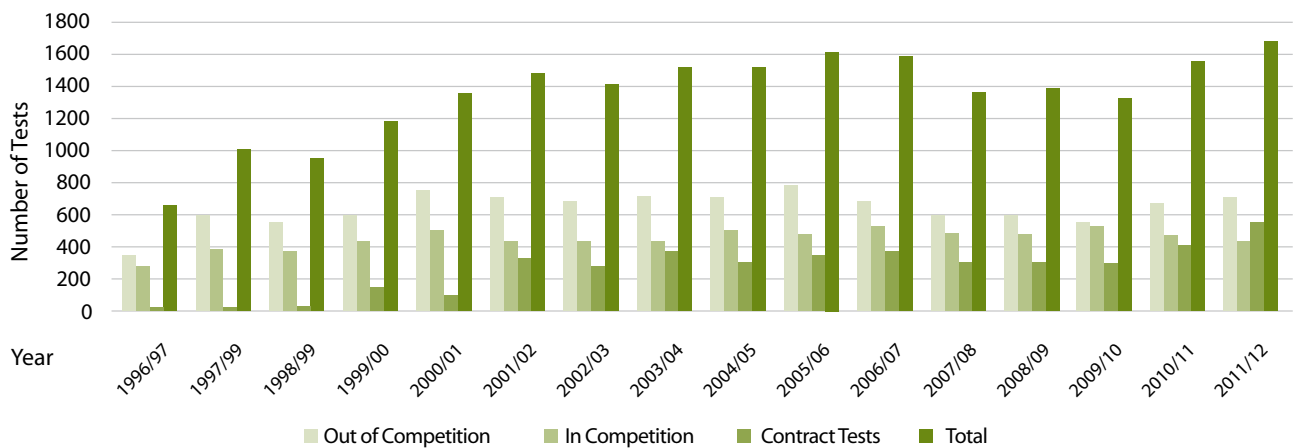
	Full Year
Performance Met	17
Performances Not Met	0
<b>Total</b>	<b>17</b>



# 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	0.83
2011/12	682	414	573	1669	1096	6	0.36
<b>Totals</b>	<b>10164</b>	<b>7215</b>	<b>4201</b>	<b>21580</b>	<b>17382</b>	<b>191</b>	<b>0.89</b>





# Testing Year Summary by Sport

## SUMMARY OF TESTING PROGRAMME 2011/2012

Sport	In Comp Urine	Out of Comp Urine	Project Funded Urine	Blood	ABP	Contract Tests	Total	ADRVs	ADRV Reason
7's	0	12	12	0	0	30	42	0	
Athletics	26	32	58	7	13	1	59	0	
Basketball	20	28	48	0	0	0	48	1	Prohibited Substance
Boxing	4	13	17	0	0	0	17	0	
Canoeing	10	27	37	0	2	1	38	0	
Cricket	12	0	12	0	0	28	40	0	
Cycling	55	78	133	4	28	23	156	0	
Diving	2	0	2	0	0	0	2	0	
Equestrian	8	0	8	0	0	0	8	0	
Football	15	30	45	0	0	0	45	0	
Four Wheel Drive (4WD)	2	0	2	0	0	0	2	0	
Gymnastics	8	0	8	0	0	0	8	0	
Hockey	12	42	54	0	0	12	66	0	
Ice Speed Skating	0	2	2	0	0	0	2	0	
Inline Hockey	4	0	4	0	0	0	4	0	
Judo	0	1	1	0	0	0	1	0	
Motor Sports	4	0	4	0	0	0	4	0	
Motorcycling	4	0	4	0	0	0	4	0	
Netball	18	28	46	0	0	2	48	0	
Orienteering	4	0	4	0	0	0	4	0	
Paralympic Alpine Skiing	0	1	1	0	0	0	1	0	
Paralympic Cycling	0	10	10	0	0	0	10	0	
Paralympic Rowing	0	3	3	0	0	0	3	0	
Paralympic Shooting	1	0	1	0	0	0	1	0	
Paralympic Swimming	0	10	10	0	0	0	10	0	
Paralympic Track & Field	0	7	7	0	0	0	7	0	
Powerlifting	18	15	33	0	0	0	33	1	Use, possession, refusal.
Roller Sports	0	4	4	0	0	0	4	0	
Rowing	23	100	123	0	34	7	130	0	
Rugby League	16	10	26	6	0	0	26	1	Prohibited Substance
Rugby Union	32	92	124	8	0	438	562	1	Prohibited Substance
Shearing	6	0	6	0	0	0	6	0	
Shooting	8	0	8	0	0	0	8	0	
Skeleton	0	4	4	0	0	0	4	0	

Skiing	0	2	2	0	0	1	3	0	
Snowboarding	0	2	2	0	0	0	2	0	
Softball	10	0	10	0	0	0	10	0	
Squash	0	4	4	0	0	0	4	0	
Surf Life Saving	8	9	17	0	0	0	17	0	
Swimming	24	48	72	0	19	0	72	0	
Tae Kwon Do	0	3	3	0	0	0	3	0	
Tennis	0	2	2	0	0	0	2	0	
Touch	6	0	6	0	0	0	6	1	Prohibited Substance
Triathlon	21	37	58	6	11	21	64	0	
Volleyball	4	2	6	0	0	0	6	0	
Weightlifting	10	17	27	0	0	0	27	0	
Wrestling	4	3	7	0	0	0	7	1	Prohibited Substance
Yachting	15	4	19	0	0	9	28	0	
Totals:	414	682	1096	31	107	573	1669	6	



## Summary of Violations

### SUMMARY OF ANTI-DOPING RULE VIOLATIONS 2011/2012

Offence Date	Name	Sport	Substance / Offence	Outcome
15-Jul-11	RYAN, Daniel	Basketball	Amphetamines	2 year period of ineligibility.
26-Jul-11	MORAN, Tristan	Rugby Union	Probenecid	1 week period of ineligibility.
27-Aug-11	WELSFORD, Ricky	Wrestling	Synthetic Cannabis	3 month period of ineligibility.
4-Sep-11	PRESTNEY, Taani	Rugby League	Methylhexaneamine	1 year period of ineligibility.
3-Mar-12	TAKEREI, Wiremu	Touch	Methylhexaneamine	1 year period of ineligibility.
2006/2010	NEWMAN, Rodney	Powerlifting	Use, Possession, Refusal	Life time ineligibility



## Athlete Survey Results

(177 athletes from a potential total 243 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	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>No. times tested in last 3 years by DFSNZ</b>									
None	34	42	36	26	12	5	3	2	2
One	18	21	25	23	18	11	10	6	6
Two	19	9	14	18	21	12	11	7	3
Three +	27	29	24	32	49	72	76	85	90
<b>No. times tested in last 3 years by other organisations</b>									
None	77	75	70	61	50	41	28	29	28
One	8	14	13	13	18	15	16	16	13
Two	5	4	7	10	9	9	11	11	15
Three +	10	7	10	15	15	35	43	44	43
<b>Likelihood of being tested "In Competition" next 12 months</b>									
Very likely / likely	56	62	59	67	79	88	91	89	90
Unlikely / very unlikely	34	24	31	25	13	8	6	6	6
Neither / Don't know	10	14	11	9	9	4	3	4	4
Mean - 1=very likely, 5=very unlikely	2.7	2.4	2.6	2.3	1.9	1.6	1.5	1.5	1.6
<b>Likelihood of being tested "Out of Competition" next 12 months</b>									
Very likely / likely	39	44	39	51	55	81	82	90	85
Unlikely / very unlikely	46	42	45	38	35	12	7	8	12
Neither / Don't know	16	14	16	8	10	7	10	2	3
Mean - 1=very likely, 5=very unlikely	3.1	2.9	3.1	2.8	2.5	1.8	1.7	1.6	1.8
<b>Frequency of tests is sufficient</b>									
Very satisfied / satisfied	69	64	68	71	78	75	83	86	89
Dissatisfied / very dissatisfied	13	10	8	11	4	5	0	2	4
Neither / Don't know	18	27	24	17	18	20	16	12	8
Mean - 1=very satisfied, 5=very dissatisfied	2.2	2.2	2.2	2.2	1.9	2	1.8	1.8	1.8
<b>Testing procedures used*</b>									
Very satisfied / satisfied	76	80	79	89	88	89	94	99	99
Dissatisfied / very dissatisfied	2	2	1	2	1	3	3	0	1
Neither / Don't know	22	18	19	9	12	8	4	1	1
Mean - 1=very satisfied, 5=very dissatisfied	1.8	1.8	1.8	1.7	1.5	1.7	1.5	1.5	1.5
<b>Attitude of Agency Officials</b>									
Very satisfied / satisfied	80	75	79	88	87	93	96	94	96
Dissatisfied / very dissatisfied	1	0	0	0	2	1	0	2	3
Neither / Don't know	20	25	21	21	11	6	3	5	2
Mean - 1=very satisfied, 5=very dissatisfied	1.6	1.6	1.7	1.5	1.5	1.5	1.3	1.4	1.4
<b>Programme is a deterrent</b>									
Very satisfied / satisfied	79	78	76	79	89	88	86	91	94
Dissatisfied / very dissatisfied	6	7	8	5	2	2	3	1	4
Neither / Don't know	14	15	17	11	10	10	11	8	3
Mean - 1=very satisfied, 5=very dissatisfied	2	2	2	1.9	1.7	1.7	1.7	1.6	1.6

<b>Reasonable for top athletes to participate in Whereabouts Programme**</b>									
Strongly Agree / Agree								86	83
Strongly Disagree / Disagree								6	6
Don't know / Neutral								9	11
Mean - 1=very satisfied, 5=very dissatisfied								1.6	1.7
* In 2011 this changed to ask about the quality of the testing procedures used and could be rated as: excellent, good, satisfactory, unsatisfactory or don't know. ** New question for 2011									

<b>INFORMATION</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Quality of information</b>									
Very satisfied / satisfied	83	83	85	84	93	90	94	89	93
Dissatisfied / very dissatisfied	6	5	4	0	0	2	0	2	1
Neither / Don't know	11	12	11	15	7	8	5	9	6
Mean - 1=very satisfied, 5=very dissatisfied	1.8	1.9	1.8	1.7	1.6	1.6	1.6	1.6	1.6
<b>Availability of information</b>									
Very satisfied / satisfied	82	78	80	78	88	87	95	92	85
Dissatisfied / very dissatisfied	10	7	6	7	0	4	1	2	3
Neither / Don't know	7	15	15	14	12	9	4	6	11
Mean score - 1=very satisfied, 5=very dissatisfied	1.9	1.9	1.9	1.9	1.7	1.7	1.5	1.6	1.8

<b>GENERAL</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Performance Enhancing Drugs are being used in your own sport in NZ</b>									
Strongly Agree / Agree	18	12	13	10	9	9	7	6	7
Disagree / Strongly disagree	61	63	66	69	71	73	76	85	73
Neither / Don't know	21	25	21	21	20	18	17	9	20
Mean - 1=strongly agree, 5=strongly disagree	3.7	3.5	3.8	4	4.1	4.2	4.3	4.4	4.2
<b>Performance Enhancing Drugs are being used in your own sport overseas</b>									
Strongly Agree / Agree	56	47	51	48	47	48	51	46	39
Disagree / Strongly disagree	21	23	20	25	22	32	19	24	28
Neither / Don't know	22	30	29	28	31	20	30	31	33
Mean - 1=strongly agree, 5=strongly disagree	2.3	2.5	2.5	2.5	2.5	2.7	2.4	2.7	2.8
<b>Enough effort put into controlling use of Performance Enhancing Drugs in NZ</b>									
Strongly Agree / Agree	63	68	65	75	81	80	86	90	88
Disagree / Strongly disagree	9	9	9	6	4	3	1	3	2
Neither / Don't know	28	23	26	19	15	17	13	6	10
Mean - 1=strongly agree, 5=strongly disagree	2.2	2.1	2.2	2	1.8	1.8	1.6	1.6	1.7



# Directory

as at 30 June 2012

## **MEMBERS OF THE DRUG FREE SPORT NEW ZEALAND BOARD**

Michael Heron (Chair)  
Stephen Cottrell  
Dr. Lesley Rumball  
Sarah Ulmer  
Mr. Stewart Walsh

## **CHIEF EXECUTIVE**

Graeme Steel

## **GENERAL MANAGER**

Jayne Kernohan

## **BANKERS**

Bank of New Zealand

## **AUDITORS**

Audit New Zealand on behalf of the Auditor General

## **LEGAL COUNSEL**

Paul David  
Lee Salmon Long

## Financial Statements

### Statement of Responsibility

We acknowledge responsibility for the preparation of these financial statements and for the judgment used herein.

We acknowledge responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Board's financial reporting.

In our opinion these financial statements fairly reflect the financial position and operations of the Agency for the year ended 30 June 2012.



**Michael Heron**  
Board Chair  
Date: 25 October 2012



**Stewart Walsh**  
Board Member  
Date: 25 October 2012

# DRUG FREE SPORT NEW ZEALAND

## Statement of Financial Position as at 30/06/2012

	Notes	30/06/12	BUDGET 2011/12	2010/11 yr end
<b>EQUITY</b>	12	<u>673564</u>	<u>556000</u>	<u>592849</u>
Represented by				
<b>CURRENT ASSETS</b>				
Cash on Hand and at Bank	6	318822	588000	654901
Investments	6	400000		
Inventory	7b	29101		15000
Accounts Receivable	7	63260	40000	93556
Prepayments	7a	34215	50000	31739
G.S.T. Receivable		<u>12520</u>	<u>10000</u>	<u>1629</u>
		<b>857918</b>	688000	<b>796825</b>
<b>Less CURRENT LIABILITIES</b>				
Creditors payables	10	257701	190000	244880
Employee entitlements	11	<u>41024</u>	<u>10000</u>	<u>22045</u>
		<u>298725</u>	<u>200000</u>	<u>266925</u>
<b>NET WORKING CAPITAL</b>		<b>559193</b>	488000	<b>529900</b>
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipment	8	37996	56000	23271
Intangibles	9	<u>76375</u>	<u>12000</u>	<u>39678</u>
		<u>114371</u>	<u>68000</u>	<u>62949</u>
<b>NET ASSETS</b>		<u>673564</u>	<u>556000</u>	<u>592849</u>

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



**Michael Heron**  
Board Chair  
Date: 25 October 2012



**Stewart Walsh**  
Board Member  
Date: 25 October 2012

## DRUG FREE SPORT NEW ZEALAND

### Statement of Comprehensive Income for Period Ended 30/06/2012

	Notes	2012	BUDGET (SOI)	2011
<b>INCOME</b>				
Revenue from Crown		2093000	2093000	2041000
Interest		24347	20000	24942
Contract Income		<u>585892</u>	<u>480000</u>	<u>318234</u>
<b>TOTAL INCOME</b>		<b>2703239</b>	2593000	2384176
<b>EXPENSES</b>				
Testing/Investigation Programme		1648781	1728000	1686433
Education and Research		236296	250000	253661
International		167056	185000	170932
Contract Testing		570391	480000	316070
<b>TOTAL EXPENSES</b>	5	<u>2622524</u>	<u>2643000</u>	<u>2427096</u>
<b>NET (DEFICIT)/SURPLUS FOR THE PERIOD</b>				
		<u>80715</u>	<u>(50000)</u>	<u>(42920)</u>
<b>Other Comprehensive Income</b>				
		0	0	0
<b>Total comprehensive Income</b>		<u>80715</u>	<u>(50000)</u>	<u>(42920)</u>

## DRUG FREE SPORT NEW ZEALAND

### Statement of Changes in Equity for Period Ended 30/06/2012

	2012	Budget	2011
Balance at 1 July 2011	592849	606000	635769
Net Surplus / (Deficit) for the Year	<u>80715</u>	<u>(50000)</u>	<u>(42920)</u>
Total Comprehensive Income	<u>80715</u>	<u>(50000)</u>	<u>(42920)</u>
Balance at 30 June 2012	<u>673564</u>	<u>556000</u>	<u>592849</u>

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

# DRUG FREE SPORT NEW ZEALAND

## Statement of Cash Flows for Year Ended 30/6/2012

### Cash flows from operating activities

		2012		2011
Receipts from Crown revenues	2093000		2041000	
Interest Received	24347		24942	
Receipts from other revenue	612236		272034	
Payments to suppliers	(2100164)		(1848131)	
Payments to employees	(482647)		(496318)	
Goods and services tax (net)	(4980)		10657	
<b>Net cash from operating activities:</b>		<b>141792</b>		<b>4184</b>
Cash flows from investing activities				
Purchase of property, plant and equipment	(50810)		0	
Disposal of property, plant and equipment	0		3337	
Purchase of intangibles	(27060)		(28686)	
<b>Net cash from investing activities:</b>		<b>(77870)</b>		<b>(25349)</b>
<b>Cash flows from financing activities</b>	<b>0</b>		<b>0</b>	
<b>Net cash from financing activities:</b>		<b>0</b>		<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>63922</b>		<b>(21165)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>654901</b>		<b>676066</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>718823</b>		<b>654901</b>

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

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



# DRUG FREE SPORT NZ

## Notes to the Financial Statements for the Year Ended 30th June 2012

### 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

#### **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 2012, and were approved by the Board on October 25, 2012.

#### **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.

#### **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 3.3 years (30%)

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 3.3 years (30%).

### **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 (2011 nil).

### 3. OTHER INCOME

	Actual 2012	Actual 2011
Net foreign exchange gain (loss)	0	(46)

### 4. PERSONNEL COSTS

	Actual 2012	Actual 2011
Salaries and wages	470658	485349
Employer contributions to defined contribution plans	11989	10970
Increase/(decrease) in employee entitlements (note 11)	29302	1862
Total personnel costs	511949	498181

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

### 5. EXPENSES

	Actual 2012	Actual 2011
Audit fees for financial statement audit	16592	12320
Board fees and expenses	46337	25946
Depreciation and amortisation	26448	30416
Loss on Disposal	0	1075
Doping Control Official fees	190431	169037
Laboratory Fees	491075	583487
Operating lease expense	101819	101665
Personnel Costs	511949	498181
Legal Costs	37548	96786
Contract Testing Costs	570391	316070
Other Expenses	629934	592113
Total expenses	2622524	2427096

### 6. CASH AND CASH EQUIVALENTS

	Actual 2012	Actual 2011
Cash on hand and at bank	318822	654901
Investments – current term deposits	400000	0

The carrying value of cash at bank approximates its fair value.

### 7. DEBTORS AND OTHER RECEIVABLES

	Actual 2012	Actual 2011
Debtors and other receivables	63260	93556
Less : provision for impairment	0	0
Total debtors and other receivables	63260	93556

The carrying value of receivables approximates its fair value.

\$19,222 of receivables were greater than 30 days in age (2010 nil).

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

#### 7a. Prepayments

Of the total prepayments of \$34,215, \$31,745 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. 223, valued at \$4,237 (2011 = \$15,000), were held at balance date. In addition \$24,864 worth of blood testing equipment had been ordered and shipped (but not yet received) prior to year end. Items listed as “inventory” in 2012 had been included as prepayments in 2011. Testing equipment of material value is calculated at year end and recorded as inventory.

**8. PROPERTY, PLANT AND EQUIPMENT**

	Furniture	Electronic Equipment	Total
<b>Cost or valuation</b>			
Balance at 30 June 2011	23347	136771	160118
Additions	0	27062	27062
Disposals	0	0	0
Balance at 30 June 2012	23347	163833	187180
<b>Accumulated depreciation and impairment losses</b>			
Balance at 30 June 2011	11026	125821	136847
Depreciation expense	2261	10076	12337
Eliminate on disposal	0	0	0
Balance at 30 June 2012	13287	135897	149184
<b>Carrying amounts</b>			
<b>At 30 June 2011</b>	<b>12321</b>	<b>10950</b>	<b>23271</b>
<b>At 30 June 2012</b>	<b>10060</b>	<b>27936</b>	<b>37996</b>

**9. INTANGIBLE ASSETS**

Cost	Acquired software
Balance at 30 June 2011	250235
Additions	50811
Disposals	0
<b>Balance at 30 June 2012</b>	<b>301046</b>
<b>Accumulated amortisation and impairment losses</b>	
Balance at 30 June 2011	210557
Amortisation expense	14114
<b>Balance at 30 June 2012</b>	<b>224671</b>
<b>Carrying amounts</b>	
<b>At 30 June 2011</b>	<b>39678</b>
<b>At 30 June 2012</b>	<b>76375</b>

**10. CREDITORS AND OTHER PAYABLES**

	Actual 2012	Actual 2011*
Creditors – current	60278	213765
Accrued expenses	197423	31115
<b>Total creditors and other payables</b>	<b>257701</b>	<b>244880</b>

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

\* 2011 year comparatives have been reclassified to provide more meaningful comparative disclosures.

## 11. EMPLOYEE ENTITLEMENTS

	Actual 2012	Actual 2011
<b>Current employee entitlements are represented by:</b>		
<b>Annual leave</b>	16666	11722
<b>Accrued salaries and wages</b>	24358	10323
<b>Total employee entitlements</b>	41024	22045

Employee entitlement to carry over leave increased from 5 days (2011) to 10 days.

\* 2011 year comparatives have been reclassified to provide more meaningful comparative disclosures

## 12. EQUITY

	Actual 2012	Actual 2011
<b>General funds</b>		
Balance at 1 July	592849	635769
Surplus/(deficit)	80715	(42920)
Balance at 30 June	673564	592849

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

	Actual 2012	Actual 2011
<b>Net surplus/(deficit) after tax</b>	80715	(42920)
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	26448	30416
Total non-cash items	26448	30416
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	0	1075
Total items classified as investing or financing activities	0	1075
<b>Add/(less) movements in working capital items:</b>		
Debtors and other receivables	30296	(44754)
Pre-paid Expenses	(2476)	(1446)
Creditors and other payables	2498	49293
GST Receivable	(10891)	10657
Inventory	(14101)	
Employee entitlements	29302	1863
Net movements in working capital items	34628	15613
<b>Net cash flow from operating activities</b>	141791	4184

## 14. CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2012	Actual 2011
Not later than one year	88963	101665
Later than one year and not later than five years	20068	109411
Later than five years	0	0
<b>Total non-cancellable operating leases</b>	109011	211076

There are no capital commitments at balance date (2011: 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 five year term which expires in October 2013. DFSNZ does not have the option to purchase the asset at the end of the lease term.

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

## 15. CONTINGENCIES

DFSNZ, at balance date, has no contingent assets or liabilities (2011: nil).

## 16. RELATED PARTY INFORMATION

Key management personnel compensation:

	Actual 2012	Actual 2011
Salaries fees and other short-term employee benefits	247750	201198
Post employee benefits	15846	28162
Other long-term benefits	0	0
Share based payments	0	0
Termination benefits	0	0
<b>Total key management personnel compensation</b>	<b>263596</b>	<b>229360</b>

Key Management personnel include all board members, the Chief Executive and the General Manager.

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

Staff/Board Member	Organisation	Position	Value of transactions	Outstanding balances
Michael Heron	Russell McVeagh <sup>1</sup>	Partner	Paid to Russell McVeagh = \$728	No outstanding balances

<sup>1</sup> Reimbursements for meeting catering costs.

### 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 \$2,093,000, (2011 \$2,041,000) 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 2012 totalled \$47,601 (2011 \$33,593) 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.

## 17. BOARD MEMBER REMUNERATION

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

	Actual 2012	Actual 2011
Associate Professor David Gerrard (Chair to Jan 31 2011)	N.A.	12151
Michael Heron (Chair from Feb 1 2011)	16380	5341
Stephen Cottrell	6340	1687
Melodie Robinson (term expired 30 June 2011)	N.A.	4050
Dr Lesley Rumball	6340	4050
Sarah Ulmer (term commenced July 1 2011)	6340	N.A.
Mr Stewart Walsh	6340	4050
<b>Total Board member remuneration</b>	<b>41740</b>	<b>31329</b>
Less payments to D Gerrard for TUE and WADA roles	N.A.	(7980)
Total Board only fees	41740	23350
Plus Board Expenses	4597	2596
<b>Board fees plus expenses (see note 5)</b>	<b>46337</b>	<b>25946</b>

## 18. EMPLOYEE REMUNERATION

The Chief Executive's remuneration was between \$130,000 and \$139,999. (2011: between \$120,000 and \$129,999)

## 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 2012	Actual 2011
Loans and receivables		
Cash and cash equivalents	718822	654901
Debtors and other receivables	63260	93556
<b>Total loans and receivables</b>	<b>782082</b>	<b>748457</b>

	Actual 2012	Actual 2011
Financial liabilities measured at amortised cost		
Creditors and other payables	257701	244880
<b>Total financial liabilities measured at amortised cost</b>	<b>257701</b>	<b>244880</b>

## 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 2012, 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:

- \$ 3,394 (2011 \$8,924) lower if the NZ dollar had weakened.
- \$ 3,071 (2011 \$8,074) 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 2012	Actual 2011
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	718822	654901
<i>Total cash at bank and term deposits</i>	<b>718822</b>	<b>654901</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>		
<b>Debtors and other receivables</b>		
Existing counterparty with no defaults in the past	63260	93556
Existing counterparty with defaults in the past	0	0
<i>Total debtors and other receivables</i>	<b>63260</b>	<b>93556</b>

**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**

Contract Testing Income and Expenditure are both higher than budget as the Rugby World Cup contract value was not able to be predicted at budget time. Overall a slight surplus on contract testing was recorded.

Education programme expenses are slightly less than budgeted as staff turn over prevented development of new programmes provided for in the budget.

The testing and investigation budget was substantially underspent due to four main contributing factors:

- a) Very low (comparative) legal costs due to low number of cases.
- b) Very low investigation costs reflecting low level of evidence provided.
- c) Laboratory fees were under budget due to a favourable exchange rate.
- d) The blood testing programme was underspent due to ongoing logistical difficulties.

**Statement of financial position**

Budget figures based on year end estimates made 3 months prior to year end for Statement of Intent purposes underestimated equity by approx. \$36,000.

Higher than budgeted surplus has increased total equity and financial reserves.

High Intangibles reflects decision to complete purchase of additional software for paperless system in the current year rather than following year.

High employee entitlements reflects greater capacity for staff to carry over leave.

# Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## To the readers of Drug Free Sport New Zealand's financial statements and statement of service performance for the year ended 30 June 2012

The AuditorGeneral is the auditor of Drug Free Sport New Zealand (Drug Free Sport). The AuditorGeneral has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of Drug Free Sport on her behalf.

### We have audited:

- the financial statements of Drug Free Sport on pages 19 to 31, that comprise the statement of financial position as at 30 June 2012, 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 statement of service performance of Drug Free Sport on pages 6 to 10.

### OPINION

#### In our opinion:

- the financial statements of Drug Free Sport on pages 19 to 31:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect Drug Free Sport's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of Drug Free Sport on pages 6 to 10
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the year ended 30 June 2012, Drug Free Sport's:
    - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
    - 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 25 October 2012. 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 AuditorGeneral'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 statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. 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 statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making

those risk assessments, we consider internal control relevant to the preparation of Drug Free Sport's financial statements and statement of service performance 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 Drug Free Sport'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 adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. 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 a statement of service performance that:

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

The board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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 statement of service performance 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 AuditorGeneral, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in Drug Free Sport.



**Leon Pieterse**  
 Audit New Zealand  
 On behalf of the AuditorGeneral  
 Auckland, New Zealand



STRONG ENOUGH  
TO BE CLEAN

[WWW.DRUGFREESPORT.ORG.NZ](http://WWW.DRUGFREESPORT.ORG.NZ)

## **Matters relating to the electronic presentation of the audited financial statements and statement of service performance**

This audit report relates to the financial statements and statement of service performance of Drug Free Sport New Zealand (Drug Free Sport) for the year ended 30 June 2012 included on Drug Free Sport's website. The Board is responsible for the maintenance and integrity of Drug Free Sport's website. We have not been engaged to report on the integrity of Drug Free Sport's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 25 October 2012 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.