



DRUG FREE SPORT NZ



Annual Report  
**2010/2011**

**Front Cover:** Holly Robinson at the IPC Athletics World Championships at QEII Park, Christchurch January 2011.

Presented to the House of Representatives pursuant to Section 150 (3) of the Crown Entities Act 2004 and pursuant to section 44 of the Public Finance Act 1989

## Drug Free Sport New Zealand – Contents

### ANNUAL REPORT 2010/2011

Report from Chairperson – Michael Heron .....	2
Report from Chief Executive - Graeme Steel .....	3
Programme Summaries and Highlights .....	5
Statement of Service Performance .....	7
Testing History .....	12
Testing Year Summary by Sport .....	13
Athlete Survey Results .....	14
Directory .....	17

### Financial Statements

Statement of Responsibility .....	17
Statement of Comprehensive Income .....	18
Statement of Changes in Equity .....	18
Statement of Cash Flows.....	19
Statement of Financial Position.....	20
Notes to Financial Statements .....	21
Auditors Report .....	32

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## Report of the Chairperson – Michael Heron



This report is my first as Chairman of Drug Free Sport New Zealand (DFSNZ). I am privileged to have been appointed, and hope to be able to emulate the impressive efforts of those who have performed the role before me, namely, Sir Graham Speight, David Howman and Associate Professor David Gerrard. I want to particularly note the

contribution of David Gerrard, who served as Chair from 2003 to January 2011. His contribution to the organisation and to the fight for clean sport has been immense. We intend to continue to borrow from his time and wisdom - he is our kaumatua.

I acknowledge and thank the current Board members, Lesley Rumball, Stewart Walsh and Stephen Cottrell. A longstanding Board member, Melodie Robinson, retired from the Board on 30 June 2011 this year. Particular thanks go to Melodie for her six years of service to DFSNZ - her insight into the world of media and elite sport has been invaluable to us. Melodie has been replaced by Sarah Ulmer, Olympic gold medallist and irrepressible force for anti-doping. We are fortunate to have her talents as part of the Board.

We are also very fortunate to have such a wonderful team at DFSNZ, expertly led by Graeme Steel. Few organisations are able to have a CEO of his experience, having led the organisation now for 18 years. He is ably supported by a committed and expert group, who work tirelessly to assist the fight against doping. This year our Education Manager Andrew Sylvester moved on from the organisation - we thank him and wish him well. We have at the coal-face, an impressive group of around 20 Doping Control Officers, who, along with their team of Chaperones, attend sporting events and test athletes around the country and almost around the clock. They are about to swing into action for Rugby World Cup 2011, and the Board thanks them for their continued efforts.

My thanks go to our Minister, the Hon. Murray McCully, who continues to be a true supporter of the organisation and the battle to keep our sport drug free. We are indebted to him, and to the support we get from SPARC, the NZ Olympic Committee and

Paralympics NZ who strive to provide a united and concerted approach to anti-doping work in this country. The same is true for the national sporting organisations, our stakeholders and key partners in our work.

Sincere thanks and congratulations go to the vast majority of athletes who continue to shun performance enhancing drugs and support the drug free ethos. Elite athletes deserve particular mention - those who, despite immense pressures upon them, remain faithful to our programme and to the considerable demands that the World Anti-Doping Agency (WADA) Code imposes (for example the whereabouts requirements). They are an inspiration to the sporting community and we salute them.

This year we have achieved our performance targets. We face continued pressure to improve and expand the range of our work, whilst dealing with the understandable budget constraints on all crown entities. The performance of the organisation in providing services for the Rugby World Cup will provide another key test of our professionalism.

2012 will be an important year for anti-doping as it encompasses the review of the Code. It is our view that the Code has proven to be a very effective document in the main. That said, there are areas in which we will strive to improve the Code, in particular to increase the emphasis on the drugs and methods which can truly be described as cheating. In addition, we believe that a fundamental reconsideration is necessary in relation to the approach adopted by the Code for dealing with socially harmful drugs such as cannabis.

DFSNZ will work hard to contribute to and influence the Code review process. We will seek the assistance of all elements of the New Zealand sporting community in doing so.

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

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

## Report of the Chief Executive – Graeme Steel



I acknowledge the Chairman's report and his recognition of those who have contributed to the work of Drug Free Sport NZ (DFSZN) during the year. I will not repeat the testimonies here other than to add my own salute to retired Chair David Gerrard. David's wisdom, knowledge, availability, humour and friendship have all provided tremendous support

to me, as Chief Executive, over many years. It is and will continue to be greatly appreciated.

One further departure is worthy of mention and that is of our Education Manager Andrew Sylvester. Andrew's enthusiasm has been infectious and his forward thinking has enabled the organisation to be innovative and responsive to the changing dynamics of information delivery systems and education trends.

### SERVICE PERFORMANCE

The Statement of Service Performance is set out elsewhere in this report and provides a reasonable guide to the work of the organisation. All targets have been met (with a qualification on one). We struggle to find targets which we can use to adequately measure not just the work that we do but the impact that we make, and ultimately the influence we have on the sporting community. We have undertaken to explore the international environment to see if there are superior methods of doing this. To date it would seem that all struggle to adequately measure the extent of the problem we are addressing and our success at overcoming it. While we have strong and gratifying indications that we "do a good job" more robust and objective indicators would greatly assist us in directing and fine tuning our work.

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. These include:

### ATHLETE WHEREABOUTS

The requirement for athletes in our Registered Testing Pool "RTP" to provide accurate location information daily, including a committed one hour period when they guarantee to be at a specified location, is a very tall order. We have been greatly impressed by the vast majority who have been accepting of this task despite its onerous nature. Indeed the response indicating that a significant majority believe this programme to be "reasonable" (as can be seen from the athlete survey

numbers) is gratifying. The fact that so few incur "strikes" is a testament not only to their commitment but also the ability of the DFSNZ staff to pro-actively assist them to comply.

### BLOOD TESTING

For many years sports drug testing was all but exclusively based around the collection of urine samples. Indeed urine remains the best medium for identifying most prohibited substances but blood has become an increasingly important additional source of information. Blood can be used to directly detect some substances such as Human Growth Hormone but is also extremely useful to assist setting the natural parameters for individual athletes across a variety of indicators. If athletes move outside the norms they have established over time there is an indication, and sometimes clear evidence, that doping may have occurred. This pattern which establishes the norms for an athlete is referred to as the athlete's "biological passport".

Establishing a passport programme in New Zealand is especially challenging given the requirements that analysis begin must begin within 36 hours of collection and the samples must be maintained at a constant low temperature. As the nearest laboratory accredited to carry out this work is in Sydney, there are significant logistical hurdles to overcome to do it in a cost effective manner. Nevertheless the programme was initiated during the year and will continue into the future.

### INVESTIGATIONS

During the year DFSNZ dealt with a number of complicated cases which required the concerted work in conjunction with; Customs, Medsafe Omega Investigations, (our contracted investigators) and our international partners. The need to identify and quickly bring a case against a cyclist who had imported prohibited substances so that the matter was dealt with before the Commonwealth Games tested our systems and resources to the full.

### ANTI-DOPING RULE VIOLATIONS

Cannabis continues (unsurprisingly) to dominate the findings of our testing programme. We have for many years put forward the case that the current requirements for dealing with cannabis simply do not reflect the practical circumstances of its use. The manner in which a Tribunal must address it, with the athlete being required to provide corroborated evidence that it was not taken to enhance performance, is not satisfactorily tuned to circumstances of the use of this substance.

We will be working closely in the New Year with those sports most frequently affected in order to determine the best approach to dealing with the issue given the current rules.

A growing concern is the number of cases involving methylhexanamine – a stimulant not uncommon in sports supplements. Athletes must take care around supplement use but the effects on performance of the very low doses apparent in some samples is, at best, negligible. As with cannabis the result management and sanction process is, in many cases and in our view, disproportionate to the seriousness of the “offence”.

A case in which a doctor prescribed an athlete with a prohibited substance with neither the doctor nor the athlete clarifying the athlete’s status continues an unfortunate trend of like cases. DFSNZ has initiated a campaign designed to ensure that athletes understand their responsibilities and take appropriate steps to prevent this type of occurrence.

Cases of “genuine” doping involved the importation and use of multiple anabolic steroids by a powerlifter and the importation of epo by a cyclist. The former case is an example of an athlete who simply “does not get it” and sport is well rid of him. The second case is especially concerning as a promising career has been interrupted (if not ended) as a result of foolhardy and quite illogical behaviour by an athlete who seemed to have the respect and confidence of his sport and his peers.

### EDUCATION

The programmes initiated by DFSNZ run along two tracks which intersect at some points. The first is to raise general awareness of the issue and generate on-going support for clean sport. New Zealand is generally, and thankfully, fertile territory for such a programme. The second task is arguably more difficult however as we must try to ensure that all athletes who might be tested understand their responsibilities and comply with them. To do this effectively we need to ensure that we “connect” with athletes in a way that they can respond to. The involvement of our National Sporting Organisations in this is critical and we must find more effective ways of working collaboratively with them.

The DFSNZ testing programme continues to identify too many athletes who have not adequately understood the rules. In this regard cannabis provides a particularly challenging problem which, realistically, is beyond the capacity of a small organisation to deal with. Our new Education Manager will be focussing on the need to provide these fundamental information messages to athletes subject to the testing programme.

### INTERNATIONAL

DFSNZ has continued to make a strong contribution to anti-doping work internationally and as part of its strategic focus it has identified key groups of involvement. We are bound into measures established internationally and we must do what we can to influence those measures to ensure they meet our requirements. In addition we must stay up with the play in

terms of current best practice in anti-doping work. Quite simply there is not, and will never be, all the expertise we need in New Zealand so we must continuously connect with those who can assist us to be at the leading edge.

During the year ANADO (Association of National Anti-Doping Organisations) foundered and its members agreed to wind it up as a result of debts incurred from a poorly managed international testing programme. This has been doubly disappointing both from a personal point of view as President of the Organisation but more importantly a crucial tool for the development of high quality anti-doping work has been lost. It is hoped it will soon be replaced.

A group of 10 countries comprising the “IADA” (International Anti-Doping Arrangement) group has chosen (by agreement of their Sports Ministers) to continue their collaboration. We will work hard to ensure that this group can be effective in crystallising and addressing the critical issues which Governments and NADO’s must deal with in combatting doping.

We have continued to make a full contribution to the Oceania RADO (Regional Anti-Doping Organisation) both through the provision of expertise and a commitment to provide funds for testing within the region. We are fully supportive of this organisation but have been disappointed that we have not received the feedback we need to enable the release of funds we are holding to assist them.

DFSNZ works hard to engage with WADA by attending relevant forums and making strong submissions on matters such as the Prohibited List. It is difficult to influence a body with over 600 signatories including powerful organisations who do not always have the same perspective as us. We have established good relationships with many key players within the WADA structure and will continue to contribute to their policy development in every way possible.

DFSNZ will never have the resources to lead the way on research or cutting edge technology but we can take pride that we predominantly stay with the leading pack of much larger organisations. This is testament to both the quality of the work of our staff and testing and education officials and the support we receive from the sporting community.



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

## Programme Summaries and Highlights

(09/10 year numbers in brackets)

### TESTING

- A total of 1552 (1343) tests were conducted.
- 1140 (1035) constituted the DFSNZ programme, 483 (496) in competition and 626 (539) out of competition and 31 (0) blood samples. The majority of these blood samples were taken to initiate a "Biological Passport" programme.
- 161 (64) samples were screened for EPO.
- 412 (308) 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.
- 11 (8) rule violations were confirmed, 9 (7) positive tests and 1 (1) failure to comply, 1 (0) possession and attempted use, this was for epo. Positive tests comprised 4 (5) for cannabis (one outcome was no fault), 2 (0) for masking agents, 2 (0) stimulants, 1 (0) for a narcotic, (the outcome was no fault). Two further adverse findings have been reported but not yet determined.
- For the period 1 July 2010 to 30 June 2011 whereabouts requirements resulted in 4 (5) "missed tests" (athletes not at agreed locations) and 2 (10) "filing failures" (athletes failing to provide necessary information).

### INVESTIGATIONS

- 3 cases continued from 2009/10 and a further 7 cases were opened during the year.
- 4 cases were closed and 6 remained open.
- 1 "non analytical" case was successfully taken before the Sports Tribunal.

### THERAPEUTIC USE EXEMPTIONS

(Note that requirements surrounding TUE applications for some common substances changed during the period.)

- 65 (59) Standard Therapeutic Use Exemption (TUE) applications were received
- 21 (9) were unnecessary (non-national level athlete), withdrawn or referred to IF
- 41 (46) were approved and 3 (4) declined
- 21 (19) of the applications included systemic glucocorticosteroids such as prednisone for severe asthma or allergic reaction.

### EDUCATION

- 82 (118) formal presentations were provided by DFSNZ.
- 5 (3) Outreach events were organised including one at the IPC Event in Christchurch.
- New website launched for Drug Free Sport NZ in December 2010.
- New TUE Wizard site designed to assist doctors through the TUE application and criteria process was launched.

### INTERNATIONAL ACTIVITY

The following represents international activity by DFSNZ Board and Staff.

#### Chair

2010

- September – World Anti-Doping Agency (WADA), Montreal (for Minister)\*
- November – WADA, Montreal (for Minister)\*

\*WADA expense

#### Chief Executive

2010

- September - Australia NZ Sports Law Conference and Laboratory- Sydney
- November – Association of National Anti-Doping Organisations (ANADO), International Anti-Doping Arrangement (IADA) & WADA – Colorado Springs, Montreal

2011

- March - UK Anti-Doping Seminar and ANADO and WADA meetings, London and Lausanne.

## General Manager

2011

- March - UK Anti-Doping Seminar and ANADO and WADA meetings, London and Lausanne.
- May – Oceania Regional Anti-Doping Organisation – Samoa

## Other Staff

2010

- November - Australian Sports Anti-Doping Authority DCO workshop.

2011

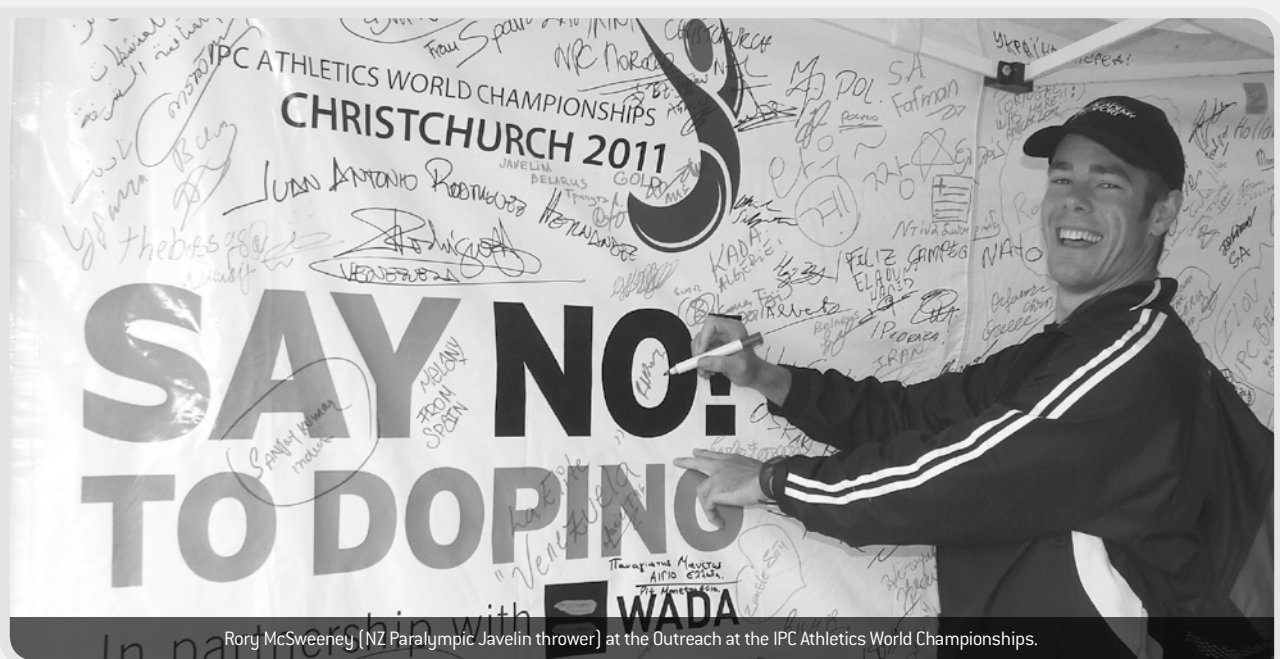
- May - Australian Sports Anti-Doping Authority Investigations workshop



Andrew Sylvester working for Drug Free Sport NZ at an Outreach at 2011 IPC Athletics World Championships in Christchurch - January.



Sunil Fernandez-Ritchie (NZ Paralympic 1500 M Runner) at the Outreach at the IPC Athletics World Championships.



Rory McSweeney (NZ Paralympic Javelin thrower) at the Outreach at the IPC Athletics World Championships.



# Drug Free Sport New Zealand – Performance Summary

Period 1/07/2010 – 30/06/2011

## 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. (New measure)

**Result for year:** Target Met  
Athletes in the “Registered Testing Pool” and the “National Testing Pool” (a total of 246 athletes in June 2011) 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. The Commonwealth Games is one of the events which qualifies as a “major” international event and DFSNZ ensured that all athletes who may have been selected from any sport (the “long list”) were provided with current information either directly by post or via their sport or the NZ Olympic Committee.

**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. (New measure)

**Result for year:** Target Met - 100% reported understanding of requirements  
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 174 of the 246 in the pools responded. 100% of respondents are satisfied that they understand what is required of them.

**A3 Target:** 75 Seminars will be delivered to priority groups (2009/10 - 118)

**Result for year:** Target Met - 82 seminars delivered.  
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 23 different sports as well as multi sport groups. There were 2,245 attendees, 1960 athletes and the remainder support personnel.

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

**Result for year:** 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. This is normally most important prior to the New Year to reflect changes to the Prohibited List. A new format for the core resources could not be produced in sufficient time and consequently not all NSO's received hard copies of the resources prior to the New Year. All athletes and teams identified as being part of the target group for testing in January were sent resources directly and copies were available to all via the web site from mid December.

The Board of DFSNZ considered the circumstances and determined that the measure had not been met in its entirety as NSO's should have received the hard copies of materials before January 1. Nevertheless as the primary group of athletes were sent materials directly, resources were available via the web and materials were distributed in early January the Board determined that the target had been "substantially" met.

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**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. (New measure)

**Result year:** 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. A list of those people is obtained from the Academy and all on that list receive current information on the requirements. Other initiatives attempt to provide broader coverage to the medical community.

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**A6 Target:** DFSNZ will conduct a minimum of 5 "Outreaches" at events which have a minimum of 250 athletes in attendance. (New measure)

**Result for year:** Target Met - 5 Outreach events were held.  
"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; The World Paralympic Track and Field Championships, The Maadi Cup Secondary Schools Rowing Championships, The National Under 19 Basketball Championships, the National Age Group Cycling Championships and the Junior In Line Hockey Nationals. 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.

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**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. (New Measure)

**Result for year:** 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. 55 NSO's were consulted and 36 returns were received. Of those 36, 24 assessed the level of support as excellent, 10 assessed it as good, 2 assessed it as satisfactory.



Outreach at the IPC Athletics World Championships - January

## OUTCOME 2 - TESTING AND INVESTIGATION

- B1 Target:** A minimum of 1000 urine tests will be conducted in the DFSNZ programme (2009/10 1035)
- Result for year:** Target Met – 1109 urine tests.
- 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 1109 urine samples were collected with 626 out of competition (539 in 09/10), and 483 in competition (496 in 09/10). In addition 412 contract tests were conducted (308 in 09/10) which is the highest number ever. This incorporated two major events, the World Rowing Championships and the World Paralympic Track and Field Championships.
- As well as the regular collecting of urine samples DFSNZ initiated its own blood testing programme with an initial 31 blood tests being carried out. This programme will be substantially built on in the coming year.
- 
- B2 Target:** ISO Certification against relevant mandatory International Standards will be maintained (2009/10 met)
- Result for year:** 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 Anti-Doping Rule Violation (ADRV) while associated with a major (as defined by DFSNZ Board) international sporting event (2009/10 met).
- Result for year:** Target Met – no “ADRV’s at major events.
- 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.
- 
- B4 Target:** Athletes in testing pools shall assess in annual survey that the quality of the testing procedures are “good” or better. (New measure)
- Result for year:** Target Met - 92% assessed it to be good or excellent, 7% satisfactory and 1% “don’t know”.
- 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.
- Note:** The target set is incomplete in that it omitted to establish an actual percentage however the Board is satisfied that the 92% level (with no dissatisfaction) meets its expectations in this field.
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- B5 Target:** Less than 10% of athletes in the Registered Testing Pool will commit a “whereabouts failure”. (New measure)
- Result for year:** Target Met 5% of athletes (5 from 98) committed whereabouts failures.

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 failures will be either wilful or significantly negligent. During the period only 5 athletes of the 98 in the pool at the end of the year failed to comply with the requirements. At the end of the year 2 athletes had 2 failures and therefore must be particularly careful.

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**B6 Target:** A blood testing programme will be instituted at at least one major event in New Zealand. (New measure)

**Result for year:** Target Met – testing occurred at the World Paralympic Track and Field Championships. 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. As a first step DFSNZ was determined to ensure that it was in a position to meet the demands of international federations on a user pays basis. One large batch of samples collected at the World Rowing Championships failed to reach the laboratory on time emphasising the logistical difficulties and, in this case, the fickle demands of border officials. Nevertheless the programme implemented at the Paralympic Event in Christchurch demonstrated that the programme is achievable and provided encouragement for DFSNZ’s own programme development.

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**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. (New measure).

**Result for year:** 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 2010/11 year was as follows:**

- 3 cases opened in 2009/10 remained live:
- 2 are closed while one was still open at the end of the year.
- 7 reports were assessed in 2010/11 and all prompted further investigation:
- 2 have been closed and 5 remain open.

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**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. (New measure).

**Result for year:** 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:  
3 initiated in 2009/10 (but still open).  
1 Case closed following adverse finding for one athlete but no evidence of connections to others.  
1 Case was taken before the sports Tribunal resulting in a 2 year ban for use of a prohibited substance.  
1 case remains open  
7 initiated in 2010/11  
1 resulted in a reprimand for a particular team but no case was taken forward.  
1 resulted in an allegation of use of a prohibited substance by an athlete not being supported by the Sports Tribunal.  
5 remain open

## OUTCOME 3 - INTERNATIONAL

**C1 Target:** DFSNZ will meet all Financial and other formal commitments to international organisations prioritised by DFSNZ Board. (2009/10 met)

**Result for year:** 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.  
 Association of National Anti-Doping Organisations. DFSNZ paid its fees (2010) and supported the Chief Executive in his role as President of the organisation.  
 Oceania Regional Anti-Doping Organisation. DFSNZ has a place on the Board and supported the General Manager to attend all meetings. Further technical assistance was provided and funds retained to assist with a testing programme in the region (subject to appropriate reporting).

**C2 Target:** DFSNZ makes submissions in response to all relevant WADA consultation processes. (New measure)

**Result for year:** Target Met - 2 submissions were made.  
 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. In particular the Prohibited List, more than any other document, determines the nature of anti-doping work. 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.  
 During this period DFSNZ made submissions on the 2011 Prohibited List and on Private Information Retention Times.

## SUMMARY

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

	Full Year
Performance measures met	16
Performance measure "substantially" met	1
<b>Total</b>	<b>17</b>



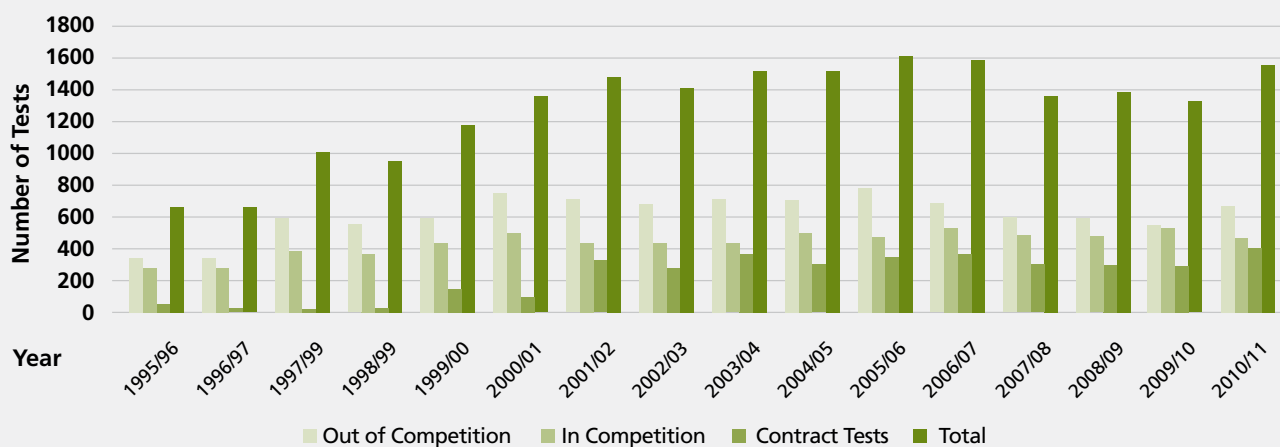
North Harbour U19 Girls at the Outreach at the NZ U19 Basketball Nationals in Tauranga – June



Wellington U19 Boys at the Outreach at the NZ U19 Basketball Nationals in Tauranga – June

## HISTORY OF DFSNZ TESTING PROGRAMME

	Out of Competition	In Competition	Contract Tests	Total	Gov't Funded Total	Anti-Doping Rule Violations	% Positive
1995/96	340	280	46	666	620	8	1.20
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
<b>Totals</b>	<b>9482</b>	<b>6801</b>	<b>3628</b>	<b>19911</b>	<b>16286</b>	<b>185</b>	<b>0.93</b>



Leigh Townsend, Jayne Gormley and Karen MacAskill working for Drug Free Sport NZ at the 2011 IPC World Athletic Championships Outreach in Christchurch.

## SUMMARY OF TESTING PROGRAMME 2010/2011

Sport	In-Comp	Out-of-Comp	Prog Funded Tests	Contract Tests	Total Tests	ADRVs	ADRV Reason	Prohibited Substances
7's	4	16	20	18	38	0		
Archery	4	0	4	0	4	0		
Athletics*	58	51	109	100	209	2	Prohibited Substance, Prohibited Substance	Canrenone, Probenecid**
Badminton	0	5	5	0	5	0		
Basketball	24	23	47	0	47	2	Prohibited Substance	Cannabinoids (X2)
Bowls	0	12	12	0	12	0		
Boxing	7	8	15	0	15	0		
Canoeing	20	23	43	0	43	0		
Climbing	8	0	8	0	8	0		
Cricket	12	10	22	28	50	0		
Cycling*	48	83	131	6	137	1	Use or Attempted Use	EPO
Diving	0	1	1	0	1	0		
Football	12	15	27	0	27	0		
Golf	4	0	4	0	4	0		
Gymnastics	6	1	7	0	7	0		
Hockey	8	40	48	0	48	0		
Ice Speed Skating	3	0	3	0	3	0		
Judo	4	0	4	0	4	0		
Karate	4	1	5	0	5	0		
Karting	4	0	4	0	4	0		
Motor Sports	8	0	8	0	8	0		
Motorcycling	8	0	8	0	8	0		
Netball	22	31	53	4	57	0		
Powerlifting	18	8	26	0	26	1	Prohibited Substance	Cannabinoids
Roller Sports	4	7	11	0	11	0		
Rowing	16	97	113	64	177	0		
Rugby League	12	1	13	37	50	3	Prohibited Substance, Prohibited Substance, Refusal	Amphetamine & Methamphetamine, Cannabinoids, Failure to Comply
Rugby Union	44	102	146	139	285	0		
Shearing	4	0	4	0	4	0		
Skeleton	0	2	2	0	2	0		
Skiing*	0	3	3	0	3	0		
Snowboarding	0	1	1	1	2	0		
Softball	8	10	18	0	18	0		
Squash	0	3	3	4	7	0		
Surf Life Saving	6	6	12	0	12	0		
Swimming*	32	29	61	0	61	1	Prohibited Substance	1,3-dimethylpentylamine (methylhexaneamine)
Tae Kwon Do	10	0	10	0	10	0		

<b>Tennis</b>	4	2	6	0	6	0		
<b>Triathlon</b>	22	36	58	4	62	1	Prohibited Substance	Morphine
<b>Water Polo</b>	16	0	16	6	22	0		
<b>Waterskiing</b>	2	0	2	0	2	0		
<b>Weightlifting</b>	13	22	35	1	36	0		
<b>Wrestling</b>	0	4	4	0	4	0		
<b>Yachting</b>	4	4	8	0	8	0		
<b>Totals:</b>	<b>483</b>	<b>657</b>	<b>1140</b>	<b>412</b>	<b>1552</b>	<b>11</b>		

\* Includes total of 132 tests conducted on Paralympic athletes in those sports.  
100 of those tests were contract tests conducted at the IPC Athletics.

\*\* Occurred as a result of a contract test at the IPC World Athletic Champs.  
Two further adverse findings have been reported but not yet determined.

## ATHLETE SURVEY RESULTS

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



<b>Attitude of Agency Officials</b>								
Very satisfied / satisfied	80	75	79	88	87	93	96	94
Dissatisfied / very dissatisfied	1	0	0	0	2	1	0	2
Neither / Don't know	20	25	21	21	11	6	3	5
Mean score - 1=very satisfied, 5=very dissatisfied	1.6	1.6	1.7	1.5	1.5	1.5	1.3	1.4
<b>Programme is a deterrent</b>								
Very satisfied / satisfied	79	78	76	79	89	88	86	91
Dissatisfied / very dissatisfied	6	7	8	5	2	2	3	1
Neither / Don't know	14	15	17	11	10	10	11	8
Mean score - 1=very satisfied, 5=very dissatisfied	2	2	2	1.9	1.7	1.7	1.7	1.6
<b>Reasonable for top athletes to participate in Whereabouts Programme**</b>								
Strongly Agree / Agree								86
Strongly Disagree / Disagree								6
Don't know / Neutral								9
Mean score - 1=very satisfied, 5=very dissatisfied								1.6
* In 2011 this changed to specifically 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>Quality of information</b>								
Very satisfied / satisfied	83	83	85	84	93	90	94	89
Dissatisfied / very dissatisfied	6	5	4	0	0	2	0	2
Neither / Don't know	11	12	11	15	7	8	5	9
Mean score - 1=very satisfied, 5=very dissatisfied	1.8	1.9	1.8	1.7	1.6	1.6	1.6	1.6
<b>Availability of information</b>								
Very satisfied / satisfied	82	78	80	78	88	87	95	92
Dissatisfied / very dissatisfied	10	7	6	7	0	4	1	2
Neither / Don't know	7	15	15	14	12	9	4	6
Mean score - 1=very satisfied, 5=very dissatisfied	1.9	1.9	1.9	1.9	1.7	1.7	1.5	1.6

<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>Performance Enhancing Drugs are being used in your own sport in NZ</b>								
Strongly Agree / Agree	18	12	13	10	9	9	7	6
Disagree / Strongly disagree	61	63	66	69	71	73	76	85
Neither / Don't know	21	25	21	21	20	18	17	9
Mean score - 1=strongly agree, 5=strongly disagree	3.7	3.5	3.8	4	4.1	4.2	4.3	4.4
<b>Performance Enhancing Drugs are being used in your own sport overseas</b>								
Strongly Agree / Agree	56	47	51	48	47	48	51	46
Disagree / Strongly disagree	21	23	20	25	22	32	19	24
Neither / Don't know	22	30	29	28	31	20	30	31
Mean score - 1=strongly agree, 5=strongly disagree	2.3	2.5	2.5	2.5	2.5	2.7	2.4	2.7

**Enough effort put into controlling use of Performance Enhancing Drugs in NZ**

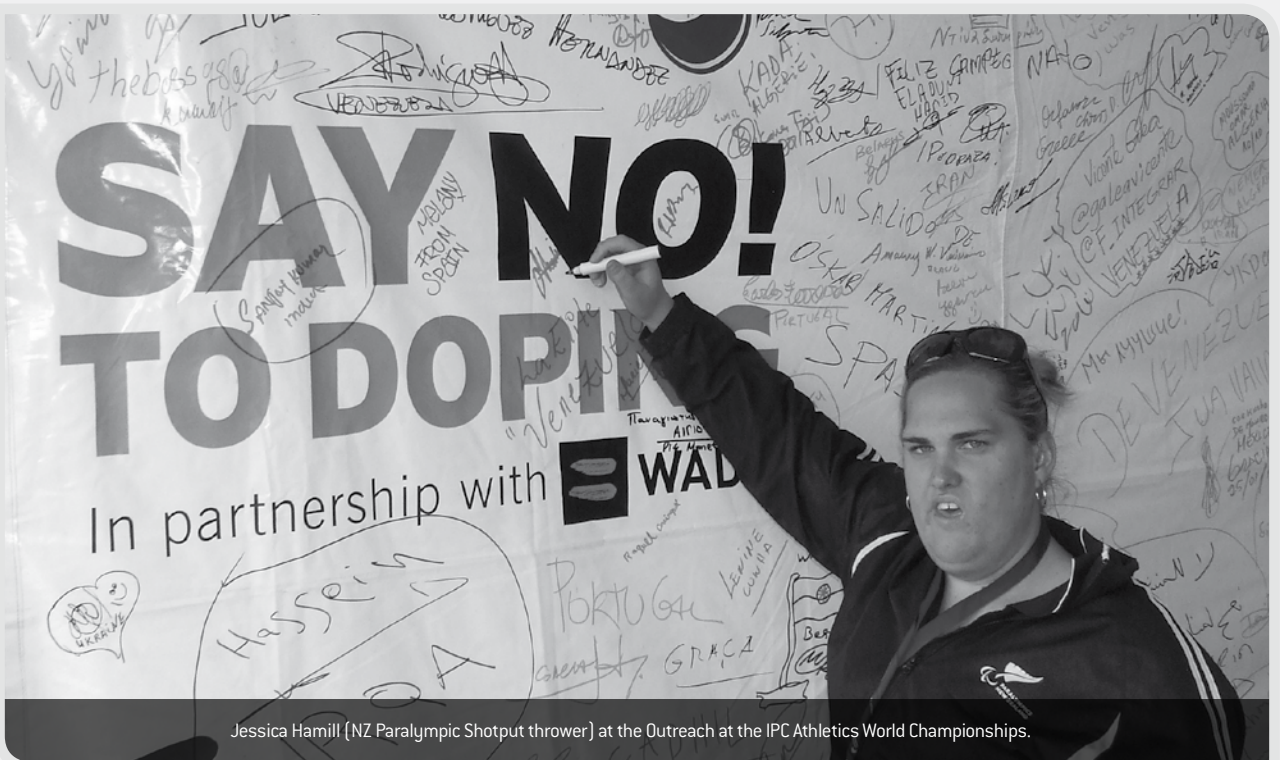
Strongly Agree / Agree	63	68	65	75	81	80	86	90
Disagree / Strongly disagree	9	9	9	6	4	3	1	3
Neither / Don't know	28	23	26	19	15	17	13	6
Mean score - 1=strongly agree, 5=strongly disagree	2.2	2.1	2.2	2	1.8	1.8	1.6	1.6



Hamilton Girls High School at the Outreach at the Maadi Cup - March



Students signing the Pure Playing Field Nation wall at the Maadi Cup - March.



Jessica Hamill (NZ Paralympic Shotput thrower) at the Outreach at the IPC Athletics World Championships.

## Directory

### AS AT 30 JUNE 2011

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

Michael Heron (Chairperson)

Melodie Robinson

Stephen Cottrell

Dr. Lesley Rumball

Mr. Stewart Walsh

\*Associate Professor David Gerrard retired as Chair on January 31 2011

#### CHIEF EXECUTIVE

Graeme Steel

#### GENERAL MANAGER

Jayne Kernohan

#### PROGRAMME MANAGERS

Julie Bennett – Education (Acting)

Mariah Meagher – Testing

#### 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

We acknowledge responsibility for the preparation of these financial statements and statement of service performance 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 and statement of service performance reporting.

In our opinion these financial statements and statement of service performance fairly reflect the financial position and operations of the Agency for the year ended 30 June 2011.



**Michael Heron**

Board Chairperson

Date: 3/10/2011



**Stephen Cottrell**

Board Member

Date: 3/10/2011

## Drug Free Sport New Zealand – Statement of Comprehensive Income

FOR YEAR ENDED 30/6/2011

	Notes	2011	BUDGET	2010
<b>INCOME</b>				
Revenue from Crown		2041000	2011000	2171000
Interest		24942	17000	19359
Contract Income		<u>318234</u>	<u>250000</u>	<u>235417</u>
<b>TOTAL INCOME</b>		<b>2384176</b>	2278000	<b>2425776</b>
<b>EXPENSES</b>				
Testing/Investigation Programme		1686433	1578000	1521481
Education and Research		253661	305000	280620
International		170932	175000	228464
Contract Testing		316070	250000	220133
<b>TOTAL EXPENSES</b>	5	<u>2427096</u>	<u>2308000</u>	<u>2250698</u>
<b>NET (DEFICIT)/SURPLUS FOR THE YEAR</b>		<u>(42920)</u>	<u>(30000)</u>	<u>175078</u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total comprehensive Income</b>		<u>(42920)</u>	<u>(30000)</u>	<u>175078</u>

## Drug Free Sport New Zealand – Statement of Changes In Equity

FOR YEAR ENDED 30/6/2011

	2011	Budget	2010
Balance at 1 July 2010	635769	589000	460691
Net Surplus / (Deficit) for the Year	<u>(42920)</u>	<u>(30000)</u>	<u>175078</u>
Total Comprehensive Income	<u>(42920)</u>	<u>(30000)</u>	<u>175078</u>
Balance at 30 June 2011	<u>592849</u>	<u>559000</u>	<u>635769</u>

Explanations of major variances against budget are provided in note 22

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

## Drug Free Sport New Zealand – Statement of Cash Flows

FOR YEAR ENDED 30/6/2011

### Cash flows from operating activities

	2011	2010
Receipts from Crown revenues	2041000	2171000
Interest Received	24942	19359
Receipts from other revenue	272034	235452
Payments to suppliers	(1848131)	(1613379)
Payments to employees	(496318)	(490329)
Goods and services tax (net)	<u>10657</u>	<u>1463</u>
<b>Net cash from operating activities:</b>	<b>4184</b>	<b>323565</b>

### Cash flows from investing activities

Purchase of property, plant and equipment	0	(13028)
Disposal of property, plant and equipment	3337	0
Purchase of intangibles	(28686)	(16702)
<b>Net cash from investing activities:</b>	<b>(25349)</b>	<b>(29730)</b>

### Cash flows from financing activities

<b>Net cash from financing activities:</b>	<b>0</b>	<b>0</b>
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### Net (decrease)/increase in cash and cash equivalents

<u>(21165)</u>	<u>293835</u>
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### Cash and cash equivalents at the beginning of the year

<u>676066</u>	<u>382231</u>
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### Cash and cash equivalents at the end of the year

<u>654901</u>	<u>676066</u>
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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 New Zealand – Statement of Financial Position

AS AT 30/6/2011

	Notes	2011	BUDGET	2010
<b>EQUITY</b>	12	<u>592849</u>	<u>559000</u>	<u>635769</u>
Represented by				
<b>CURRENT ASSETS</b>				
Cash on Hand and at Bank	6	654901	554000	676067
Accounts Receivable	7	93556	50000	48802
Prepayments	7a	46739	20000	45293
G.S.T. Receivable		<u>1629</u>	<u>5000</u>	<u>12286</u>
		<b>796825</b>	629000	782447
<b>Less CURRENT LIABILITIES</b>				
Creditors payables	10	255203	145000	205911
Employee entitlements	11	<u>11722</u>	<u>10000</u>	<u>9860</u>
		<u>266925</u>	<u>155000</u>	<u>215771</u>
<b>NET WORKING CAPITAL</b>		<b>529900</b>	474000	566676
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipment	8	23271	35000	39481
Intangibles	9	39678	50000	29612
		<b>62949</b>	85000	69092
<b>NET ASSETS</b>		<u>592849</u>	<u>559000</u>	<u>635769</u>

Explanations of major variances against budget are provided in note 22



**Michael Heron**  
Chairperson  
Date: 3/10/2011



**Stephen Cottrell**  
Board Member  
Date: 3/10/2011

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

# Drug Free Sport New Zealand – Notes to the Financial Statements

## FOR THE YEAR ENDED 30TH JUNE 2011

### 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

#### 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 2011, and were approved by the Board on July 19 2011.

#### 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.

##### Early adopted amendments to standards

The following amendments to standards have been early adopted:

##### NZ IFRS 7 Financial Instruments: Disclosures

The effect of early adopting these amendments is the following information is no longer disclosed:

- o the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
- o the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.

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

NZ IAS 24 Related Party Disclosures (Revised 2009) – The effect of early adopting the revised NZ IAS 24 is:

- o more information is required to be disclosed about transactions between DFSNZ and entities controlled, jointly controlled, or significantly influenced by the Crown;
- o commitments with related parties require disclosure;
- o information is required to be disclosed about any related party transactions with Ministers of the Crown.

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology,

and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2014. The DFSNZ has not yet assessed the effect of the new standard and expects it will not be early adopted.

## **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.

Borrowing costs are recognised as an expense in the period 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 recognised 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 recognised 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 (2010 nil).

## 3. OTHER INCOME

	Actual 2011	Actual 2010
Net foreign exchange gain (loss)	(46)	(1687)

#### 4. PERSONNEL COSTS

	Actual 2011	Actual 2010
Salaries and wages	485349	478991
Employer contributions to defined contribution plans	10970	11337
Increase/(decrease) in employee entitlements (note 11)	1862	1384
<b>Total personnel costs</b>	<b>498181</b>	<b>491712</b>

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

#### 5. EXPENSES

	Actual 2011	Actual 2010
Audit fees for financial statement audit	12320	11980
Board fees and expenses	25946	25780
Depreciation and amortisation	30416	81753*
Loss on Disposal	1075	1538*
Doping Control Official fees	169037	172901
Laboratory Fees	583487	665584
Operating lease expense	101665	78243
Personnel Costs	498181	491772
Legal Costs	96786	54645*
Contract Testing Costs	316070	220133*
Other Expenses	592113	446369*
<b>Total expenses</b>	<b>2427096</b>	<b>2250698</b>

\*Prior year comparatives have been reclassified, where required, to provide a more meaningful and appropriate comparative disclosures.

#### 6. CASH AND CASH EQUIVALENTS

	Actual 2011	Actual 2010
Cash on hand and at bank	654901	676067

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

#### 7. DEBTORS AND OTHER RECEIVABLES

	Actual 2011	Actual 2010
Debtors and other receivables	93556	48802*
Less : provision for impairment	0	0
<b>Total debtors and other receivables</b>	<b>93556</b>	<b>48802*</b>

\*Prior year comparatives have been reclassified, where required, to provide a more meaningful and appropriate comparative disclosures

The carrying value of receivables approximates its fair value.

No receivables are greater than 30 days in age.

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

#### 7A. PREPAYMENTS

During the year DFSNZ purchased doping control kits of which approx. 600, valued at \$15,000 (2010 = \$0), were held at balance date. This has been recorded as a prepayment for the purposes of these statements.

## 8. PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Furniture	Electronic Equipment	Total
Balance at 30 June 2010	26329	139401	165730
Additions			
Disposals	2982	2630	5612
Balance at 30 June 2011	23347	136771	160118
<b>Accumulated depreciation and impairment losses</b>			
Balance at 30 June 2010	9834	116416	126250
Depreciation expense	2262	9536	11798
Eliminate on disposal	(1070)	(131)	(1201)
Balance at 30 June 2011	11026	125821	136847
<b>Carrying amounts</b>			
At 30 June 2010	16495	22985	39480
At 30 June 2011	12321	10950	23271

## 9. INTANGIBLE ASSETS

Cost	Acquired software	
Balance at 30 June 2010	221549	
Additions	28686	
Disposals		
Balance at 30 June 2011		250235
<b>Accumulated amortisation and impairment losses</b>		
Balance at 30 June 2010	191939	
Amortisation expense	18618	
Balance at 30 June 2011		210557
<b>Carrying amounts</b>		
At 30 June 2010		29610
At 30 June 2011		39678

## 10. CREDITORS AND OTHER PAYABLES

	Actual 2011	Actual 2010
Creditors – current	224088	157174*
Accrued expenses	31115	48737*
<b>Total creditors and other payables</b>	<b>255203</b>	205911

\*Prior year comparatives have been reclassified, where required, to provide a more meaningful and appropriate comparative disclosures.

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

## 11. EMPLOYEE ENTITLEMENTS

	Actual 2011	Actual 2010
<b>Current employee entitlements are represented by:</b>		
Annual leave	11722	9860
<b>Total employee entitlements</b>	<b>11722</b>	<b>9860</b>

## 12. EQUITY

General funds	Actual 2011	Actual 2010
Balance at 1 July	635769	460691
Surplus/(deficit)	(42920)	175078
Balance at 30 June	592849	635769

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

	Actual 2011	Actual 2010
<b>Net surplus/(deficit) after tax</b>	<b>(42920)</b>	175078
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation expense	30416	81753
<i>Total non-cash items</i>	<b>30416</b>	81753
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	1075	1538
<i>Total items classified as investing or financing activities</i>	<b>1075</b>	1538
<b>Add/(less) movements in working capital items:</b>		
Debtors and other receivables	(44754)	39
Pre-paid Expenses	(1446)	6964
Creditors and other payables	49293	63141
GST Receivable	10657	(6331)
Employee entitlements	1863	1383
Net movements in working capital items	<b>15613</b>	65196
<b>Net cash flow from operating activities</b>	<b>4184</b>	323565

## 14. CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2011	Actual 2010
Not later than one year	101665	101642
Later than one year and not later than five years	109411	210486
Later than five years	0	0
<b>Total non-cancellable operating leases</b>	<b>211076</b>	312128

There are no capital commitments at balance date (2010: nil). A significant 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 (2010: nil).

## 16. RELATED PARTY INFORMATION

Key management personnel compensation:

	Actual 2011	Actual 2010
Salaries fees and other short-term employee benefits	201198	199297
Post employee benefits	28162	26563
Other long-term benefits	0	0
Termination benefits	0	0
<b>Total key management personnel compensation</b>	<b>229360</b>	<b>225860</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	Position Value of transactions	Outstanding balances
Graeme Steel (Chief Executive)	Association of National Anti-Doping Organisations <sup>1</sup>	President	Paid to ANADO = \$77,426 Received from ANADO = \$71,822	No outstanding balances
A.P. David Gerrard	World Anti-Doping Agency <sup>2</sup>	Board member	Paid to WADA = \$64075	No outstanding balances
Michael Heron	Russell McVeagh <sup>3</sup>	Partner	Paid to Russell McVeagh = \$1242	No outstanding balances

1. DFSNZ utilised the services of "ANADO" to conduct international testing on its behalf and provided services to ANADO in relation to testing by overseas anti-doping organisations in New Zealand. Invoicing is consistent with the "break even" policy of such testing. The value of transactions reflects the gross value of money paid and received in the period although some services had been supplied in the 2009/10 year.
2. Payment to WADA is annual contribution on behalf of NZ Government and as required by all Governments.
3. Reimbursements for catering costs provided for Board member farewell.

## 17. BOARD MEMBER REMUNERATION

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

	Actual 2011	Actual 2010
Associate Professor David Gerrard (Chair to Jan 31 2011)*	12151	18900
Michael Heron (Chair from Feb 1 2011)	5341	4050
Stephen Cottrell (From Feb 1 2011)	1687	0
Melodie Robinson	4050	4050
Dr. Lesley Rumball	4050	4050
Mr. Stewart Walsh	4050	4050
<b>Total Board member remuneration</b>	<b>31329</b>	<b>35100</b>
Less payments to D Gerrard for TUE and WADA roles	(7980)	(11750)
Total Board only fees	23350	23350
Plus Board Expenses	2596	2430
<b>Board fees plus expenses (see note 5)</b>	<b>25946</b>	<b>25780</b>

\* Prof. Gerrard received \$7671 (2010:\$10500) in fees covering his roles as Chair of the Board to January 31 2011 (\$4171), and Chair of the Therapeutic Use Committee for the full year (\$3500) and \$4480 (2010:\$8400) in fees associated with his roles with the World Anti-Doping Agency.

## 18. EMPLOYEE REMUNERATION

The Chief Executive's remuneration was between \$120,000 and \$129,999. (2010: 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 2011	Actual 2010
Loans and receivables		
Cash and cash equivalents	654901	676067
Debtors and other receivables	95185	59180
<b>Total loans and receivables</b>	<b>750086</b>	<b>735247</b>

	Actual 2011	Actual 2010
Financial liabilities measured at amortised cost		
Creditors and other payables	255203	205911
<b>Total financial liabilities measured at amortised cost</b>	<b>255203</b>	<b>205911*</b>

\*Prior year comparatives have been reclassified, where required, to provide a more meaningful and appropriate comparative disclosures.

## 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 2011, 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:

- \$8,924 (2010 \$6769) lower if the NZ dollar had weakened.
- \$8,074 (2010 \$6124) 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:

<b>COUNTERPARTIES WITH CREDIT RATINGS</b>	<b>Actual 2011</b>	<b>Actual 2010</b>
<b>Cash at bank and term deposits</b>	<b>654901</b>	676067
AA		
Total cash at bank and term deposits	<b>654901</b>	676067
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>		
Debtors and other receivables		
Existing counterparty with no defaults in the past	<b>95185</b>	Not calculated
Existing counterparty with defaults in the past	<b>0</b>	Not calculated
Total debtors and other receivables	<b>95185</b>	59180

### 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 due to increased demand but break even target maintained.

Education programme expenses are less than budgeted while testing and investigation costs have exceeded budget. Additional essential demands within the testing and investigation budget necessitated the transfer of funds from the education programme. Notwithstanding this transfer of funds performance targets were met – see Statement of Service Performance.

### 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. \$75000. Total contract testing and laboratory costs were higher than expected during the year leading to the laboratory being a larger year end creditor than expected with an equivalent additional cash holding to match it.

Accounts receivable are above budget due to a large June invoice for contract testing while testing equipment for the Rugby World Cup was purchased in advance and has increased prepayments.

Current Asset expenditure on Equipment and Intangibles was approved but has been delayed until early in the New Year leading to asset values under budget.

**Independent Auditor's Report****To the readers of  
Drug Free Sports New Zealand's  
financial statements and statement of service performance  
for the year ended 30 June 2011**

The Auditor-General is the auditor of Drug Free Sport New Zealand (Drug Free Sport). 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 statement of service performance of the Drug Free Sport on her behalf.

We have audited:

- the financial statements of the Drug Free Sport on pages 18 to 31, that comprise the statement of financial position as at 30 June 2011, 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 the Drug Free Sport on pages 7 to 11.

**Opinion**

In our opinion:

- the financial statements of the Drug Free Sport on pages 18 to 31:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Drug Free Sport's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Drug Free Sport on pages 7 to 11:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects, for each class of outputs for the year ended 30 June 2011, the 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 3 October 2011. 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 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 Drug Free Sport's preparation of the 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 the 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 the 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 Auditor-General, 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 the Drug Free Sport.



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

STRONG ENOUGH  
TO BE CLEAN



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## **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 2011 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 3 October 2011 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.