

drug free sport
new zealand

**Annual Plan to 30 June
2021**

Statement of Performance Expectations

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Statement of authorisation

This Statement of Performance Expectations should be read with our Statement of Intent 2020-2024 and reflects our performance targets and forecast financial information for the year ending 30 June 2021. It is produced in accordance with section 148E of the Crown Entities Act 2004.

We authorise this Statement of Performance Expectations on behalf of the Drug Free Sport New Zealand Board.



Tim Castle, Deputy Chairperson



Sarah Ulmer ONZM, Board member

About Drug Free Sport NZ

DFSNZ is an Independent Crown Entity (ICE) under the Crown Entities Act 2004, was established initially under the NZ Sports Drug Agency Act 1994 and continued under the Sports Anti-Doping Act 2006. DFSNZ is not responsible for the implementation of Government policy and while the Chair must report to the Minister, day-to-day operations of DFSNZ are conducted independently from Government.

As New Zealand's National Anti-Doping Organisation (NADO) we are a signatory to the World Anti-Doping Code which provides a common set of rules, requirements and sanctions which all anti-doping organisations must apply.

DFSNZ's primary task is implementing the World Anti-Doping Code, which we do through the Sports Anti-Doping Rules. These are made after consultation with the Sports sector, promulgated annually by DFSNZ and adopted by National Sport Organisations (NSOs).

New Zealanders greatly value success with integrity, and our work contributes strongly to our expression of what it means to be a New Zealander.

Our work in protecting the integrity of sport and the health of active Kiwis complements Sport New Zealand's work and contributes directly to the government's objectives of improving wellbeing, and having safer, healthier and more connected communities.

In doing so, we contribute to the wider cultural sector's priorities. We directly support the success of Kiwi athletes and national sporting organisations. Our success and the way we compete are key parts of our distinct and inclusive identity and our history and traditions.

DFSNZ has a single reportable class of output which is *Sports Anti-Doping*, for which appropriations of \$3.239m have been allocated for the provision of:

- information and education on the anti-doping regime;
- drug testing of sports persons;
- investigations of possible anti-doping rule violations;
- international anti-doping obligations and related activities.

This appropriation is intended to achieve New Zealand sports being drug free by means of implementing the World Anti-Doping Code.

Our strategic intentions: the 2020-2024 Statement of Intent

DFSNZ’s Statement of Intent 2020-2024 places Kiwi athletes at the very heart of our initiatives and our work. Our focus must be helping our clean athletes compete on a level playing field. Our vision is:

Clean athletes, clean sport

It is underpinned by our mission to:

Help protect the integrity and reputation of sport, and the health of athletes, by:

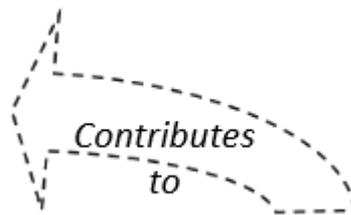
- Educating, supporting and advocating for clean athletes
- Deterring and detecting doping, holding dopers to account
- Engaging with our wider sporting communities

Our strategic programme is centred around the athletes and focusses on five strategic areas: Engagement, Education, Testing, Intelligence and Investigations and Advocacy. The five areas reinforce each other to build athlete trust and confidence in our work and together advance all aspects of our mission.

Government priorities

Government priority outcomes articulated through **the Living Standards Framework**; especially in the **Social and Human Capital** arenas:

1. Improving wellbeing
2. Healthier, safer and more connected communities
3. Making New Zealand proud
4. Trust and confidence (in institutions and each other)
5. Knowledge and cognitive skills



Cultural sector priorities

Clean Sport as a symbol of the way we compete is important to **Kiwi culture**. Success **promotes trust and confidence**, which in turn **grows participation and support**:

1. Kiwis access and **participate** in cultural experiences
2. Cultural sector **is supported and growing** sustainably
3. New Zealanders share a distinct and inclusive identity and **value our history and traditions**



Our vision
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Our mission
 To help protect the integrity and reputation of sport, and the health of athletes by:

- Educating, supporting and advocating for clean athletes;
- Deterring and detecting doping, holding dopers to account; and
- Engaging with our wider sporting communities.

Engagement
 We will build relationships and engage with athletes so that they are leaders in a culture of clean sport in NZ.
 We will build strong partnerships with our priority stakeholders so they understand their doping risk, and actively want our support to protect their sport.

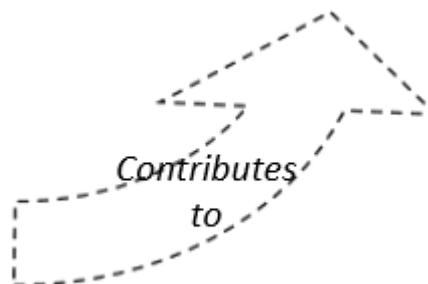
Testing
 Every national representative believes they might be tested at any time. Athletes have full confidence in the quality and integrity of our user-friendly, focussed testing programme and personnel in NZ.

Education
 We will engage with every athlete in the country, providing them with the information they need to support clean sport. Our education programme and team will be recognised internationally as amongst best-in-class.

Intelligence and Investigations
 We will develop a culture in sport where athletes and stakeholders are confident to raise concerns about doping and "Speaking Out" is normalised. We will disrupt the supply chain and protect athletes at risk of doping.

Advocacy
 We will serve clean kiwi athletes by relentlessly advocating for high and consistently applied standards in anti-doping world-wide.

Our team values
 Enjoy, Dream, Share, Support, Value and Be Valued, Walk-the-Talk





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OUR APPROACH TO MEASURING STRATEGIC SUCCESS:

Our Strategic Plan/ Statement of Intent 2020-2024 sets out how we will approach the measurement our success against the goals in each of the above strategic focus areas. In summary:

Engagement:

We will recognise success by the growth in number of athletes publicly speaking up and supporting clean sport. We will also continue to survey athletes and stakeholders, annually or throughout the year, to assess their trust and confidence in DFSNZ.

Education:

We will recognise DFSNZ success by showing a long-term acceleration in the number of athletes educated across the time period and also showing that our coverage is wider across the number of sports and the range of target audiences in each sport (e.g. age, capability).

Feedback from the athletes themselves and our international peers will be strong. WADA will recognise us as education experts, seeking input on its programmes.

Testing:

We will recognise DFSNZ success in providing a quality testing programme across national level athletes, through our annual survey of athletes, showing ongoing strongly positive feedback on their experiences with DFSNZ staff and contractors, and our processes.

Investigations and Intelligence:

We will recognise DFSNZ success through feedback from the New Zealand Police, NZ Customs Service and the Ministry of Health/ Medsafe of strong relationships with DFSNZ and collaboration on areas of mutual interest. Where appropriate we will also be involved in enforcement action to address suppliers of prohibited substances.

Our annual survey of athlete will reflect growing trust and confidence in our *Speak Out* programme as we receive more information from the sporting community.

Advocacy:

We will be actively involved on international boards and advisory committees and seen internationally as leaders in this area bringing a strong fiercely independent voice to international debate. Our survey of athletes will show that they are aware of the work we are doing.

We will recognise DFSNZ success through a summary of our contributions to boards and advisory committees internationally and from feedback from stakeholders that we are seen internationally as leaders in bringing a strong fiercely independent voice to international debate.

Key priorities for 2020/21

This year is the first phase of implementing our new strategy, as described in our Statement of Intent 2020-24. Our initial priorities are therefore focussed on ensuring we have all of the core foundations in place in each of our five strategic focus areas, on which we will build our future years' work.

ENGAGEMENT:

We will work more closely with a greater number of athletes directly through athlete forums at high-performance centres, further surveys, and in supporting clean sport through education videos and other anti-doping communications. We will also demonstrably respond to feedback received from our athlete community.

For our priority stakeholders¹, we will formalise our interactions with them and embed an internal culture of working together as partners with them.

Of particular importance this year will be:

- the launch of an app for testing pool athletes to record their Whereabouts information.
- the launch of our cultural capability plan, supporting the *Maihi Karauna* through the introduction of te reo Māori more widely within DFSNZ both by our team and also through the translation of some education materials.
- a successful anti-doping conference, building on 2019's inaugural event, including NSOs, contributions from our international partners, and the voices of athletes themselves.
- establishing our internal priority sport management programme, enhancing relationships and communications, and developing and sharing sport-specific information.

EDUCATION:

In 2020/21 we will focus on building and implementing education initiatives which are developmentally appropriate for our widest audience of athletes across all levels of sport in NZ. These will be piloted initially with a small number of our priority sports. We will continue to enhance our focus on youth education and, for the first time, some key education content will be available in both English and te reo Māori.

A key focus for the year will be on gaining compliance with the new WADA International Standard for Education, and developing strong relationships with overseas anti-doping organisations through which our education programme will be mutually recognised.

¹ The priority stakeholders comprise national sporting organisations and pinnacle sports bodies – Sport New Zealand, High Performance New Zealand, NZ Olympic Committee and Paralympics New Zealand.

Of particular importance this year will be:

- development of programmes specific to the roles of persons most influential to athletes (medical professionals, teachers, coaches, whānau) to ensure athlete centred key messages are consistently reinforced throughout NZ's sporting community
- the inclusion of influential athletes in the core material, and the promotion of it, leveraging off their wide profile to enhance our reach across athletes of all ages and abilities
- building on our successful collaboration with our Australian and US counterparts in 2019/20 with the development of Clean Sport 101, through further work with those organisations, as well as expansion of international relationships to other national anti-doping organisations with a strong track record in education.

TESTING:

We currently have a respected and effective testing programme and, as with every year, our core objective will be to complete a broad number of sample collections and tests to maintain an effective deterrence and detection programme. Externally we will complete the roll out of the RATA system, our Remote Athlete Testing App, which will allow our field staff and athletes to record details required for sample collection in digital format using tablets. Athletes will receive electronic records of their test after the event.

We will also start preliminary work on expanding testing pools to potentially include all national level athletes, which will develop a foundation for our strategic goal that every national level athlete should believe that they might be tested at any time.

Additionally, this year we will:

- implement a structured quality assurance programme for sample collection personnel (SCP), by building an internal quality system, including access to a fully up-to-date online sample collection manual. The effectiveness of this programme will be assured by regular audits of SCP performance, feedback, training and support as required.
- increase visibility of Drug Free Sport personnel at events, including use of social media.

INTELLIGENCE AND INVESTIGATIONS:

Our priority work will be to build on the launch of our *Speak Out* programme in 2019, repeatedly promoting this to athletes and sports, and telling stories of where it has been successful. Interacting with our *Engagement stream*, our approach will include using athletes themselves to explain why speaking out is important so that success in sport is not taken away from anyone through doping. These activities and initiatives are intended to normalise speaking out amongst our wide stakeholder community.

We will also continue to build close relationships with our government stakeholders and in particular the NZ Police, NZ Customs Service and Ministry of Health/ Medsafe. We seek to develop strong and meaningful relationships in this year so that we are viewed as a valued partner. This will pave the way for operational success in future years of our strategy; and particularly lay the groundwork to enable disruption of supply chains of performance enhancing substances.

Of particular importance will be working with Sport New Zealand and other priority stakeholders in the development and implementation of plans to address the issues identified in the Sports Integrity review as appropriate.

ADVOCACY:

We will continue to build our domestic voice through cultivating positive media relationships and providing proactive commentary on important domestic or international events in the anti-doping world. We will work positively with national sporting organisations in the event that their sport is brought into the spotlight through a doping issue.

Our work in NZ must also be complemented by our work overseas. While COVID-19 is likely to significantly curtail international sport and travel, we will continue to remain as active internationally as possible.

This will include our work on the iNADO² Board and Penrose group³ of educators, as well as working closely with other like-minded NADOs in petitioning international bodies to improve their anti-doping work. We will also work with the Oceania Regional Anti-Doping Organisation, providing strategic advice and operational support to help build capacity through the Pacific region.

We will also continue to support Sport NZ in preparing for and attending WADA Executive Committee and Foundation Board meetings.

² Institute of National Anti-Doping Organisations

³ Invitation-only group comprising a shortlist of the leading international anti-doping education practitioners (for example: UK, Australia, Canada, Denmark, USA)

COVID-19

Drug Free Sport New Zealand's operations from late March 2020 were significantly impacted by the Level 3 and 4 lockdown protocols as a consequence of the COVID-19 pandemic. The impact is discussed in this section, as context and reference to our expected activities in 2020/21. It also sets out how this may affect our SPE priorities and financial performance, depending on the decisions that may be made to ease lockdown restrictions.

OPERATIONAL IMPACT

The nature of the lockdown has meant that in early March 2020 DFSNZ's face-to-face education and test missions were significantly curtailed – a situation mirrored in many, if not most, other NADOs. All such external work ceased from late March 2020. An inevitable consequence of this was that our 2019/20 SPE targets were not be able to be achieved for the year to 30 June 2020.

Athletes and the wider sporting public were aware that no testing was carried out which resulted in doping risk not being managed through testing while the lockdown restrictions remained in place. However, we also believe that athletes who were otherwise not doping were unlikely to start doping just because there was no testing programme for a relatively short period of time. Furthermore, our intelligence and investigations work continued, along with our science-based athlete biological passport programme information, which can be looked at in the future on the resumption of sample collection.

From an education perspective, our e-learning modules were still available for athletes to complete with additional options made available:

- Cleansport101 was launched in April 2020, a 15-minute basic level anti-doping education module aimed at all athletes in NZ at any age or competition level.
- During lockdown we piloted some workshops by online videoconference, which would otherwise normally be carried out in person after some professional sports teams expressed an interest in this training.

We continued regular contact with overseas counterparts such as ASADA, USADA, UKAD and WADA to ensure we remained abreast of their work given the lockdowns in their countries, and to maintain our international voice on matters such as anti-doping standards.

FINANCIAL IMPACT

Financially, the impact of COVID-19 and the lockdown on Drug Free Sport NZ has been relatively minor. Over 90% of our revenue is provided via government appropriations, with approximately 10% from requests directly by sports or other NADOs for DFSNZ to perform tests on their athletes who are competing or training in New Zealand. With a likely continuation of restrictions on international travel, and the cancellation of many NZ-based international competitions, we expect this revenue could fall by as much as 40% in 2020/21.

We will not, of course, incur the expenses relating to that testing either, and furthermore our international travel spend is also expected to significantly decrease. It should be noted that our major external expense - our contract for testing with the Sydney lab (15% of our total annual expenditure) - has a minimum level of analyses, and as such the potential savings from lack of testing are currently unclear.

PREPARATION FOR RETURN AND LOOKING TO 2020/21

In the period April to June 2020, we prioritised a number of procedural and quality assurance projects, brought forward as much operational work as possible into the 2020 financial year, and undertook planning and preparation for a resumption of our core activities subject to clarity about the protocols for Level 2 lockdown.

Operationally, our planning was predicated on the basis that both education and testing could largely be carried out without coming within 2m of an athlete, and we restarted our programmes with a phased reintroduction, based on the staggered resumption of sporting activities under evolving lockdown protocols.

Looking to 2020/21, while we do not expect our overall testing programme numbers will be materially affected, the balance between out-of-competition (at home) testing of athletes and in-competition (after games, races etc) may change. Further, we expect international testing to be limited given likely restrictions on international travel. However, we are confident our revised testing and education programme will be able to operate effectively despite these constraints. We believe this will be essential to provide high confidence levels in the effectiveness of our anti-doping work, particularly in the months leading up to the rescheduled Olympic and Paralympic Games in 2021.

It will take some time for the pipeline of education to be built back up to its pre-lockdown levels, but with increased online education and the development of education by webinar, we believe that we will continue to be able to successfully achieve our growing education targets.

Measures of performance

	Measure	Align to 20/21 priorities	Methodology	Target
1	% of CEOs of priority sport NSOs and pinnacle sport bodies that agree that DFSNZ provides quality leadership.	Engagement, education, I&I, Testing, Advocacy	Survey of NSOs	2020/21 > 90% 2019/20 > 90%
2	% of elite athletes who believe their sporting contests in NZ ARE influenced by doping.	Engagement, Education, I&I, Testing, Advocacy	Survey of athletes	2020/21 - < 10% <i>New measure</i> ⁴
3	total # athletes receiving anti-doping education through workshops or online education at all ages.	Education	Records of attendance/completion	2020/21 > 10,000 2019/20 > 7,500
4	% of surveys completed after education rating the experience highly or very highly.	Education	Post-education feedback form	2020/21 > 95% 2019/20 > 95%
5	Maintain a testing programme of sufficient breadth to deter and detect doping.	Testing	Number of intelligence-led urine and blood tests carried out	2020/21: 1300 – 1450 2019/20: 1300 – 1450
6	Carry out a testing programme that targets the higher risk sports and athletes.	Testing, I&I	% of testing numbers align with priority sport identified in DFS risk assessment of sports	2020/21: 70% of testing applied to priority (high risk) sports. <i>New measure</i>
7	% increase in the number of intel referrals DFSNZ receives through the promotion of Speak Out.	Intel and Investigations	Intel referrals we receive	2020/21: 10% increase in the number of referrals cf to last year <i>New measure</i>
8	Build a strong relationship with three key government agencies, NZP, NZCS and MoH, and engage with international anti-doping partners.	Intel and Investigations, Engagement	Level of engagement with government stakeholders & international anti-doping organisations	2020/21: active engagement <u>every month</u> with key govt agencies 2020/21: attendance at meetings/exchange of intel with international ADOs <i>New measures</i>
9	<u>Qualitative</u> : Maintain DFSNZ's prominent role on the international stage.	Advocacy, Engagement	Attendance and participation at expert meetings (iNADO/WADA, including online) and representing NZ athletes and views	2020/21 – “High” or “very high” as assessed against criteria ⁵ 2019/20 “High” or “very high” as assessed against criteria

⁴ Note that this measure is similar to measures used in previous years, but the key difference is in the expression of “**ARE**” influenced; whereas in some of the past years this has been framed in the opposite (“**are NOT**”). The 2019/20 target (for “**are NOT**”) was > 90%; actual outcome was 50.7%. We are now standardising this measure in this way.

⁵ This is a continuation of the measure introduced in 2019. Criteria include: the profile/breadth of the event; the role played by the DFSNZ attendee (e.g. participation as a speaker or otherwise playing a prominent role in the event would equate to “Very High”); follow-on from the DFSNZ participation/contribution

Reporting and consultation

DFSNZ will report to the Minister for Sport and Recreation on its performance through a combination of reports and briefings according to the schedule agreed between the Minister and the Board.

DFSNZ will report to and consult with the Minister if it appears that either financial or non-financial performance or results will differ materially from what has been agreed to for any particular period. Under the 'no surprises' convention, DFSNZ will advise the Minister in advance of any action or statement which may potentially impact on the Minister or Government policy or may be of particular interest to the media or public, or on any other significant matter that is outside the normal business of DFSNZ.

Financial management

We have run a programme of cost reduction in the last 24 months, including reviewing external service providers and consolidating a number of contracted positions into full time employees. We have further strengthened our balance sheet, with a series of investments in non-current assets, which will enable us to better achieve our strategic objectives in increasingly challenging environments.

As a result we have restored our Equity levels and have a balanced position as between working capital and non-current investments (particularly software) which will allow us to change gear as we work to achieve our new strategic goals.

In this context, DFSNZ is budgeting a deficit for the year, and a corresponding reduction in Equity, of \$85,000. This is due to increasing costs in our operations, further investment in non-current assets, within the overarching environment of significant uncertainty about different situations and restrictions around the world due to COVID. We believe this further investment this year will set us up well for the years ahead, and we will also:

- Continue with our strong programme of financial management control, including monthly reviews, active cash management and reforecasting
- Continue to explore opportunities to reduce costs; for example by further expanding our use of government procurement

Budget allocations and projected financial statements

Prospective Statement of Financial Performance For the year ended 30 June 2021 (\$000s)

	Forecast 2019/20	Budget 2020/21
INCOME		
Crown Funding	3,239	3,239
Contract Income	247	225
Interest Received	11	10
Other income	4	9
Total Income	3,501	3,483
EXPENSES		
Regulation/Testing/Investigation	1,344	1,474
Administration and Centralised Services	1,482	1,533
Education Programme/Research	410	396
Contract Testing	71	165
Total Expenses	3,307	3,568
Net Profit / (Loss)	194	(85)

Specific expense disclosures (included in Administration and Centralised Services):

Finance charges	0	0
Depreciation and amortisation	75	106

Prospective Statement of Financial Position
As at 30 June 2021 (\$000s)

	Forecast 2019/20	Budget 2020/21
ASSETS		
Current Assets		
Bank	550	401
Other	240	240
Total Current Assets	791	641
Non-Current Assets	342	406
Total Assets	1,132	1,047
LIABILITIES		
Current liabilities	546	546
Total liabilities	546	546
Net Assets	586	501
Public Equity	586	501

Prospective Statement of Changes in Equity
For the year ended 30 June 2021 (\$000s)

	Forecast 2019/20	Budget 2020/21
Opening Public Equity	393	586
Total Net Profit/Loss	194	(85)
Closing Public Equity	586	501

Prospective Statement of Cash Flows
For the year ended 30 June 2021 (\$000s)

	Forecast 2019/20	Budget 2020/21
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from the Crown	3,239	3,239
Interest received	11	10
Receipts from external organisations	251	234
Payments to suppliers	(1,896)	(2,158)
Payments to employees	(1,237)	(1,237)
GST (net)	(68)	(67)
Net cash flow from operating activities	300	21
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment	(133)	(40)
Purchase of intangible assets	(125)	(130)
Net cash flow from investing activities	(258)	(170)
Net (decrease)/increase in cash and cash equivalents	42	(149)
Cash and cash equivalents at beginning of year	508	550
Cash and cash equivalents at end of year	550	401

Statements of accounting policies

PURPOSE

The prospective financial information has been prepared to meet the Crown financial reporting requirements of the Crown Entities Act 2004, to enable Parliament and other readers of the prospective financial statements to evaluate DFSNZ's financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements. The information in these prospective financial statements may not be appropriate for purposes other than those described.

REPORTING ENTITY

These prospective financial statements are for DFSNZ for the year ending 30 June 2021. DFSNZ was established as a Crown entity, originally under the New Zealand Sports Drug Agency Act 1994 and latterly the Sports Anti-Doping Act 2006.

DFSNZ is designated as a public benefit entity (PBE) for the purposes of applying New Zealand PBE financial reporting standards to the prospective financial statements.

These prospective financial statements were approved by the DFSNZ Board on 19 June 2020.

BASIS OF PREPARATION

Statement of Compliance

The prospective 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 New Zealand generally accepted accounting practice ('NZ GAAP').

The prospective financial statements have been prepared in accordance with Tier 2 PBE accounting standards. Determination of Tier 2 status is due to not having public accountability (is not an issuer) and the entity is not large (expenses are less than \$30m and greater than \$2m).

Measurement base

The prospective financial statements have been prepared on a historical cost basis.

The prospective financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently with previous financial statements.

Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of DFSNZ is the New Zealand dollar.

Standard early adopted

In line with the Financial Statements of the Government, DFSNZ elected to early adopt PBE IFRS 9 Financial Instruments from the accounting year ended 30 June 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown

DFSNZ is primarily funded from the Crown. This funding is restricted in its use for the purpose of DFSNZ meeting the objectives specified in its founding legislation and the scope of the relevant appropriations of the funder.

DFSNZ considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. Crown funding is regarded as “non-exchange” revenue. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Interest revenue

Interest revenue is recognised using the effective interest method. It is “exchange” revenue.

Contract Income

Is income received in return for the provision of anti-doping services and is based on the predicted genuine cost of those services. It is “exchange” revenue.

Foreign currency transactions

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

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for credit losses. DFSNZ applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short term receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

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

Investments

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

Bank term deposits

Investments in bank term deposits are initially measured at the amount invested. Principal and interest is normally repaid into operating bank accounts on maturity. In previous years, after initial recognition, investments in bank deposits were measured at amortised cost using the effective interest method, less any provision for impairment. Under a policy change in 2019, investments are now subject to PBE IFRS 9, with an impairment loss allowance determined by applying an expected credit loss model.

Inventories

Inventories held for distribution in the provision of services that are not supplied on a commercial basis are measured at cost, adjusted, when applicable, for any loss of service potential.

Property, plant and equipment

Property, plant and equipment consists of furniture and electronic equipment. All asset classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of these items is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to DFSNZ and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisitions are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to DFSNZ and the cost of the item can be measured reliably. The costs of day to day servicing of the furniture and electronic equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

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

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of

software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of DFSNZ's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful life and associated amortisation rates of intangible assets have been estimated as four years (25%).

Impairment of non-current assets

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

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value and use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the surplus or deficit.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover these future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital;
- Accumulated surplus/(deficit).

Goods and services tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

Budget figures

The budget figures have been prepared for the purpose of this SPE and in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing the financial statements.

Cost allocation – change in presentation of financial information from 2019/20

Historically, DFSNZ has presented financial information in what were considered to be four different output classes – Testing and Investigations, Education and Research, International, and Contract Testing. As such, DFSNZ allocated costs to each of these areas, as follows:

- Costs directly identifiable to each area were attributed to that area.
- Indirect costs (those costs that could not be identified in an economically feasible manner with a specific area) were charged to an area based on perceived activity/usage as follows: Testing / Investigation 85%, Education / Research 10% and International 5%.

However DFSNZ has only one output class - “Sports Anti-Doping” – and therefore is no longer reporting on costs allocated to these four areas. For this reason, and to better reflect the way DFSNZ now plans and operates, indirect costs are no longer allocated in the manner outlined above, but are instead reported under “Administration and Centralised Services”.

To the extent that is necessary for meaningful interpretation of financial statements, past year’s comparative financial information has been reallocated based on this change.

Critical accounting estimates and assumptions

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

Estimating useful life and residual values of non-current assets

At each balance date, the useful lives and residual values of non-current assets are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by DFSNZ, and the expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position.

DFSNZ minimises the risk of this estimation uncertainty by:

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

DFSNZ has not made significant changes to past assumptions concerning useful lives and residual values

Critical judgements in applying accounting policies

Management has exercised the following critical judgement in accounting policy.

Leases classification

Determining whether a lease agreement is a finance lease or operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to DFSNZ.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewable options in the lease term, and determining the appropriate discount rate to calculate the present value of the

minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised