
New Zealand Artificial Limb Board

STATEMENT OF INTENT

2006-07

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Foreword

It is with pleasure that I present the New Zealand Artificial Limb Board's first Statement of Intent, as required under the Crown Entities Act 2004.

The New Zealand Artificial Limb Board's prime focus is currently carried out within the disability sector. It is to continue to make, maintain and fit artificial limbs (arms and legs/prostheses) for amputees. A focus on outcomes for each amputee helps them to become more abled.

Our service provides rehabilitation to amputees¹ to enable them to achieve their desired maximum quality of independent life. This means that the NZALB has a life-long involvement with most amputees. The NZALB also initiates and accesses research and development to apply it in the context of the New Zealand environment.

The New Zealand service is unique in many respects. For instance, the New Zealand service is confined to prosthetics², rather than encompassing both prosthetics and orthotics³, as overseas. As a sole national provider, it has a large clientele (4,300) that is a basis for gathering significant, reliable, national statistical data.

It has both a medical clinic and a manufacturing unit at each Limb Centre.

The requirement under the Crown Entities Act 2004 for an outcomes approach to the service has provided a challenge that to our knowledge has no precedent in world terms. How do we measure the way we contribute to the improvement in people's lives? There is no professionally agreed solution, and essentially we are beginning a "work in progress" that will take some years to develop.

We see the first step as having outcome measures that can be used at a clinical level to help individual clients, but which can also be aggregated to measure the service as a whole. No one measure has been designed to do this, but we believe a selection of measures can. The focus for the first year will be on the outcome of mobility. We are confident that steps towards the outcomes approach described in this Statement of Intent will provide a practical tool to continue to enhance our service to amputees in New Zealand.



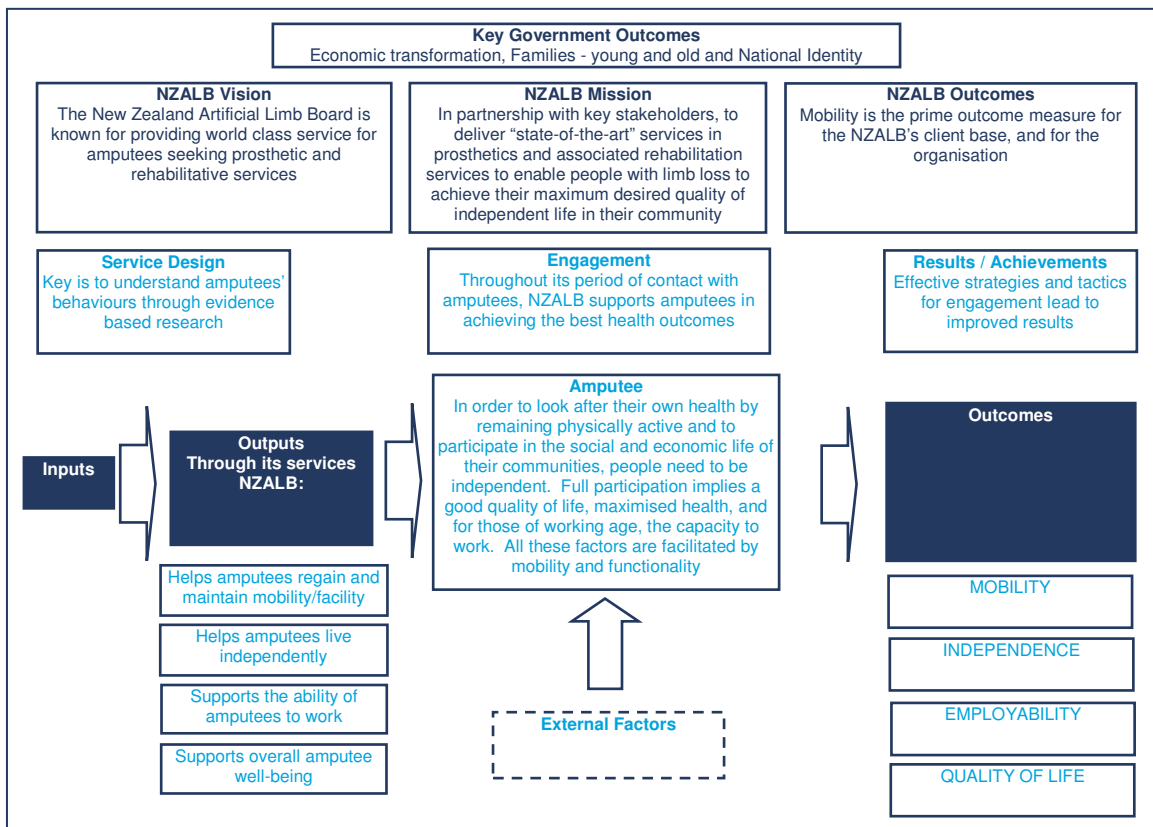
A. Graeme Hall
Chair

¹ Amputees refer to those who have limb loss through amputation or for congenital reasons.

² Prosthetics is the provision of artificial limbs.

³ Orthotics refers to provision of physical support devices.

NZALB Outcomes Framework⁴



The activities of the NZALB are aligned with the Government's Priorities as follows:

- **Economic transformation:** NZALB's service delivery is continuously improving through the use of technology to better assist amputees, including knowledge from its information system and the CAD system - with this, amputees are able to maximise their own continuing contribution to society and the economy.
- **Families - young and old:** through greater mobility and functionality, amputees and their families are healthier and stronger.
- The services of the NZALB to amputees contribute to strong families, safe communities, better health for all, positive aging and how New Zealand is seen by the world.
- **National identity:** the recent ProsTHotics conference promoted pride in who we are by profiling the strengths of New Zealand's unique and forward thinking knowledge-based service delivery to amputees.

⁴ Consistent with ACC and Ministry of Health goals

Introduction

The New Zealand Artificial Limb Board (NZALB) is a Crown Entity that provides the national prosthetic limb service to New Zealand amputees.

For most amputees the relationship with the NZALB is life-long. The limbs need to be prescribed, fabricated, maintained and repaired, then replaced when they wear out or the amputee's needs change. Early rehabilitation occurs through fitting the limbs and assisting with their use as soon as practicable after amputation.

As people's circumstances change over the years, so do their prosthetic needs – young and active people have different needs from those who are older and/or more sedentary. The NZALB plays a vital role, therefore, in providing amputees the potential to participate fully in society at whatever stage in life they may be.

The national service helps approximately 4,300 amputees to become mobile (legs) or functional (arms). Mobility and function impact on all aspects of people's lives – their ability to move and carry out the ordinary tasks of daily living, their independence, their ability to work, their recreation and, for the older group, the ability to live independently for as long as possible.

To realise their potential, amputees require a range of social services and this, as well as being the desire of amputees, is the rationale for the NZALB to be part of the portfolio of the Ministry of Social Development (MSD). MSD, in addition to its operational functions, has a policy responsibility for investing in social development that enhances the wellbeing of New Zealanders.

In order to ensure its place in the forefront of professional practice and expertise, the NZALB also initiates and accesses research and development.

Having illustrated the NZALB Outcomes Framework, this Statement of Intent will cover the NZALB's:

- strategic principles;
- organisational structure;
- operating environment;
- profile of amputees;
- impacts, outcomes and objectives;
- strategic direction; and
- statement of forecast service performance.

Strategic Principles

Vision

The New Zealand Artificial Limb Board is known for providing world class service for amputees seeking prosthetic and rehabilitative services.

Mission

The mission statement of the NZALB is:

In partnership with key stakeholders, to deliver “state-of-the-art” services in prosthetics and associated rehabilitation services to enable people with limb loss to achieve their desired maximum quality of independent life in their community.

Outcomes

Outcomes for New Zealand amputees to which the New Zealand Artificial Limb Board contributes are mobility/functionality, health related quality of life, employability and independence.

Values

The NZALB, as an organisation is committed to:

- providing high-quality ethical services sensitive to the values, needs, culture and expectations of its clients and stakeholders;
- promoting the inclusion and participation in society and the independence⁵ of its clients;
- respecting the principles of the Treaty of Waitangi^{6, 7};
- listening and talking frequently, honestly and openly to amputees and other stakeholders to formulate its goals;
- co-operative processes facilitated through teamwork;
- equality of opportunity in the recruitment and development of staff;
- challenging, encouraging and supporting staff in life-long learning and the development and updating of their individual talents;
- practices that reduce its environmental footprint;
- achieving best outcomes for its client base.

⁵ NZ Public Health and Disability Act 2000 S3(1)(a)(ii)

⁶ op.cit. S4.;

⁷ MOH contract p.6.

NZALB Organisational Structure

Legislative Mandate

The New Zealand Artificial Limb Board (NZALB) is constituted under the Social Welfare (Transitional Provisions) Act 1990. It is defined as an autonomous Crown entity under the Crown Entities Act 2004 and is required to comply with the Public Finance Act 1989.

Functions of the New Zealand Artificial Limb Board

The functions of the NZALB, as defined by the legislation, are to:

- *manufacture, import, export, market, distribute, supply, fit, repair and maintain, artificial limbs and similar devices*
- *provide rehabilitation and other services to persons in connection with artificial limbs and similar devices*
- *carry out research and development in relation to artificial limbs and similar devices*
- *advise the Minister of (Social Development and Employment) on matters relating to artificial limbs and similar devices.*

NZALB Board

The portfolio Minister, the Minister for Social Development and Employment, appoints the Board under its legislation. At 30 June 2006, membership was:

		Appointed on the nomination of:
Chair	A G Hall	
Deputy Chair	J A Thompson	Amputees Federation of NZ Inc.
	G F Lamb	NZ Orthopaedic Association
	N D Millar	Minister of Health
	L L Peacock	NZ War Amputees' Assoc. Inc.
	C Johnstone	

The Board's governance responsibilities include:

- Communicating with stakeholders to ensure their views are reflected in New Zealand Artificial Limb Board planning and strategies
- Delegating responsibility for achievement of specific objectives to the General Manager
- Monitoring organisational performance towards achieving objectives
- Maintaining effective systems of internal control
- Accounting to the Minister for plans and progress against them.

Staffing

The Board has appointed a General Manager to manage all the New Zealand Artificial Limb Board operations.

An illustration of the current staff structure may be seen in Appendix 1.

Amputee Services

There are five regional limb centres operating in Auckland, Hamilton, Wellington, Christchurch and Dunedin, and a small national office in Wellington. In addition, regional clinics are held in 12 further centres around the country at regular intervals – see Appendix 2.

The limb centres each have a clinical and a production function. The clinical aspect includes patient management, reception, waiting rooms, consultation and fitting rooms, walking races, and plaster cast, measuring and Computer Aided Design (CAD) rooms. On the production side, the workshops have facilities for computer aided design and plaster mould modifications, as well as full workshops covering engineering, plastic draping, laminating and leatherwork.

Each centre has a store of limb components. Wellington Limb Centre houses the national store and the CAD carver.

Services to amputees include consultation with prosthetics professionals, orthopaedic surgeons, physiotherapists and/or occupational therapists. A team approach contributes to quality advice and prescription.

Contracts with the Ministry of Health and the ACC provide the funding for most amputees. The small number of war amputees is funded separately, and a small number of prostheses is provided by private contract. Co-operative relationships are fostered between staff of the Limb Service and District Health Boards, community organisations, and the Amputees Federation of New Zealand.

The Operating Environment

Trends

Planning for the future needs to take into account trends that impact on the provision of artificial limbs to amputees. These key trends are listed below and their implications for the NZALB are more fully developed in the section that follows.

1. Changing **business conditions** impact on services:
 - a. overseas exchange rates impact on the costs and the ability to access materials;
 - b. staffing availability and costs have organizational capability implications.
2. Changes in **government policy** impact on governance and management responsibilities through an increased focus on managing for outcomes.
3. Changing **service delivery** must reflect changes in legislation, monitoring, service standards and the nature of the services required. Changes to the mode of service delivery have transport, access and technological implications.
4. **Demographic changes**, such as increases in amputations because of the ageing population and increases in levels of diabetes and vascular disorders need to be included in planning for future services. The “drift north” gradually puts more pressure on the upper North Island services.
5. Advances in **technology and rehabilitation** on the one hand lead to greater functionality and mobility, but on the other hand require that amputees have access to a wider range of services and treatments.

The combination of all these trends involves increasing pressure on the NZALB’s ability to sustain its current high levels of service to amputees as well as to enhance them.

Changing Business Conditions and Government Policy

The NZALB is dependent on overseas suppliers of prosthetic components and their relative pricing e.g. exchange rates, and must be constantly vigilant in respect of technical developments and alternative suppliers consistent with maintenance of quality. The level of the exchange rate is a risk when production is largely dependent on overseas components.

Bulk funding from the Ministry of Health contract (administered by the Capital and Coast District Health Board) has remained at the same fixed sum since October 1999. Constant improvement and increased service efficiencies have enabled the NZALB to work within this sum for all that time, but labour and material costs have substantially increased since 1999.

ACC funding, by comparison, is based on a case management model that is immediately responsive to the needs of individual amputees on the basis of restoring them to independence and/or work. NZALB charges for actual services provided to the individual.

The Ministry of Social Development also benefits from the NZALB's effectiveness by gaining good knowledge of the service and its users, by knowing that the needs of amputees are being met and through the greater independence of amputees that reduces their requirements for government-funded income support.

As a result of the Crown Entities Act 2004 the NZALB, like other Crown Entities, is required to demonstrate how it contributes to desirable outcomes for New Zealanders, in this case the outcomes of a specific group of disabled people – amputees - and their families and whanau. This is addressed in detail on pp. 13-16.

Prosthetics requires specialist training. There is no national pool of trained staff to call on, which has made recruitment of senior clinical prosthetists difficult. Management recognizes that there are special considerations in terms of tertiary qualifications, refreshment, professional development, recruitment and retention of qualified staff.

Service Delivery

To be responsive to the continually changing environment, including policy changes and innovation in the service delivery model, it is important that there are ongoing amendments to the ways in which the service is delivered. Staff levels and mix are constantly monitored. Care must be taken to ensure that changes for staff are gradual and supported with planning, knowledge and by training. Health and safety is a priority and recurring checks are made for compliance with regulations.

Premises must be maintained and, where necessary, upgraded. A refurbishment of Auckland Limb Centre is on the current work programme. Changes in technology can impact on the way in which premises are used – for example, some plaster-cast rooms have recently been converted to Tracer CAD rooms.

Regular overview of demand for services can require changes to the number and sites of regional clinics.

Demography

The impact of demographic changes will make a difference to the profile of amputees who are entitled to the NZALB's services. Features of the likely trends are:

- the ageing of the population indicates a potential increase in older amputees
- the northern parts of the North Island continue to have an increasing proportion of the growing population, and pressure continues on the Hamilton and Auckland Centres
- an increasing range of ethnicities in New Zealand's population means cultural issues will increasingly impact on services.

Advances in Technology and Rehabilitation

Advances in both IT systems and computer aided design have been introduced into the NZALB in the last three years. Both forms of technology have significant ongoing service costs, in maintenance and licences.

It is in the nature of IT systems to require constant change, and forward planning is needed to accommodate these changes. This necessitates updates and upgrades to the development tools used to build the NZALB's computer system (Limbs Information Management System, or LIMS) and the Tracer CAD digital imaging system, as well as regular amendments to improve NZALB's efficiency as its needs change.

Profile of Amputees

All Current Patients

As at 30 June 2005, the service catered to 4,300 current patients registered with the New Zealand Artificial Limb Board throughout New Zealand.

New Patients

New patient numbers vary from year to year, but approximately 400 present each year. The profile of new patients is different from that of current patients, as it contains a higher percentage of older patients⁸ whose amputations have been mainly caused by diabetes or other vascular failure.

The increased numbers of “baby boomers” reaching the upper age groups is expected to impact on the service, bringing larger numbers of new older patients over the next few years. As the older patients remain on the records for shorter periods, this will lead to greater “churning” of patients than previously. However, the older patients often need increased levels of support and encouragement to become mobile again so that they can remain independent. Increased physiotherapy input would be a desirable response to this change.

A full profile of the current and new patient groups may be seen in Appendix 3.

⁸ 69% aged 60+ in 2004-05

Services for New Amputees

When new amputees are referred to a limb centre, a team assesses them. The team is made up of an orthopaedic surgeon, a clinical prosthetist and a physiotherapist and/or occupational therapist. Amputees are welcome to bring support people with them.

The team assesses the amputee's individual needs, home circumstances, and height, weight, and lifestyle (including occupation, interests and athletic endeavours). In that context, a customised limb is prescribed.

The clinical prosthetist then proceeds to make a plaster cast of the stump, or makes an electronic image with digital technology. The clinical prosthetist modifies the cast or the electronic image and incorporates the modifications into the socket that will fit over the stump.

The prosthesis, including the socket to fit the stump, is produced in the workshop. The amputee returns for a further fitting. Amputees also receive training and physiotherapy exercises designed to increase and improve functionality and mobility.

It takes some months for a stump to settle down to its permanent shape and size. Commonly, another socket may be needed after a few months and this will involve further fitting and other rehabilitative services. The greater the focus on the comprehensive needs of the amputee at this stage, the greater the likelihood that the amputee will make good use of the new limb, and then continuously improve mobility and functionality.

From then on, the Limb Service looks after repairs and maintenance of the limb, and when the limb eventually wears out, replaces it. The useful life of an individual artificial limb is influenced by the amount of wear on it, which in turn depends on activity levels. Replacement limbs must also be made regularly for growing children.

The NZALB aims to develop and contribute to an integrated service that provides a continuum of care, from pre-amputation to fitting and ongoing maintenance of prostheses. This includes liaison with other clinical departments and may include referrals to ancillary services such as counsellors, ACC case workers, social workers or other support services to assist with lifestyle issues faced by amputees.

NZALB Impacts, Outcomes and Objectives

The Crown Entities Act 2004, passed in December 2004, redefined the role of the NZ Artificial Limb Board as an autonomous Crown Entity, bringing with it a range of legislative requirements such as the need for an outcomes framework and a Statement of Intent. The NZALB has been working steadily towards these goals for some years and has undertaken a major project to identify its key outcome measures and related performance measures.

Outcomes for amputees to which the NZALB contributes are:

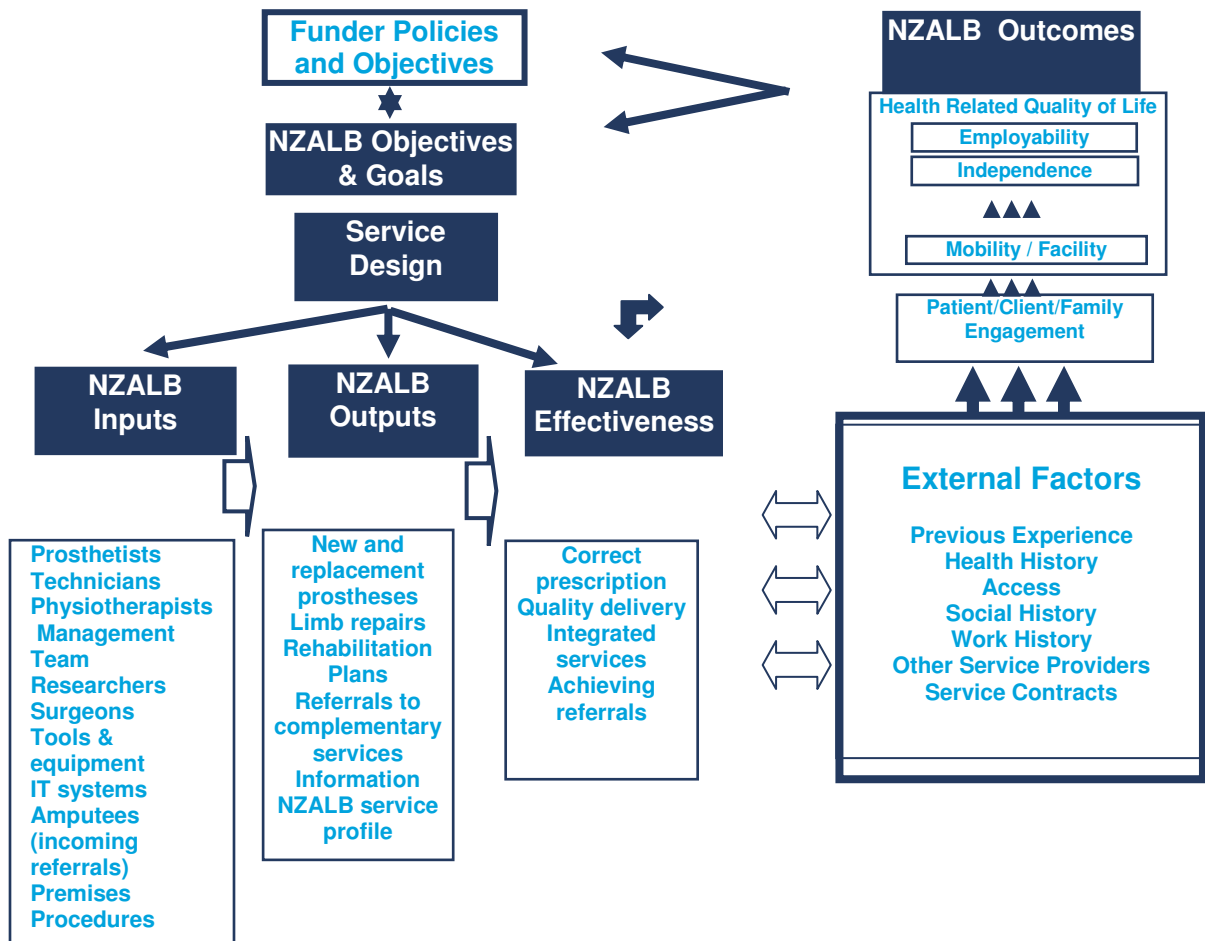
- i. mobility/functional ability
- ii. health related quality of life
- iii. employability, and
- iv. independence.

The positive contribution made by the NZALB to the outcomes of other government agencies, such as the Ministry of Health or Ministry of Social Development, can be demonstrated by amputees who move from hospital care to independence or from benefit dependency into work as a direct result of becoming mobile again after an amputation.

Ultimately it should be possible to measure this contribution and to demonstrate the linkages and outcomes from a co-ordinated approach to social development initiatives.

Funding through NZALB's major contracts (ACC and the Ministry of Health) is currently based on outputs, procedures and/or numbers of amputees. The successful implementation of an outcomes approach may require that the specific provision of these contracts be revisited.

The NZALB provides a variety of outputs in delivery of these outcomes (new and replacement prosthetic limbs, limb repairs, rehabilitation plans, complementary services, information provision and NZALB service profile). They all contribute to overall engagement with the clients and the other outcomes listed, as demonstrated in the model below:



Example – older amputee: Mrs W, 72 years, had a lower limb amputation because of advanced vascular disease. She was wheelchair-bound and lived with her son, John. After her operation, John had to take several weeks' unpaid leave to look after her, as she could not manage her own toileting without help and did not want "outsiders" in to help her. He worried that he would have to give up his job permanently and was especially worried about his mortgage. Mrs W was fretting about being dependent on him, and felt guilty about his work situation. She was afraid in case she might have to go into a rest home.

Mrs W. visited the Limb Centre and was fitted with her new prosthesis. She was highly motivated to walk as she had been an active and independent person all her life. The fitting and her rehabilitation were successful and she could once again live an active life at home, albeit at a slower pace. John returned to work again, confident that she did not need him at home any more during the day. In addition, Mrs W. was able to remain physically active, a positive sign for future good health.

Example – accident amputee: Ray, an electrical serviceman, 36 years old was married with two young children. Five years ago he had a car accident and became a client of ACC. For several months he was off work while attempts were made to save his foot. Eventually the foot was amputated. Ray also had to give up coaching his 8 year old's rugby team, to the disappointment of his son. Jan, his wife, worked as a call centre operator, but the hospital and medical visits involved her taking Ray to and fro in the car, so that her work was disrupted. She had had an active role in school activities, but had to give them up while Ray was recuperating.

Once fitted with a new artificial limb, Ray made an excellent recovery. Soon he was back to work and was sufficiently mobile that he could even coach the rugby team. Life returned to normal for the family, with both parents taking up jobs and outside activities again.

For the 2006/07 year, the NZALB intends to implement and test outcome measures based around mobility. Internationally there is no general or professional consensus on an approved *package* of outcome measures for amputees, though there are many measures available. The NZALB will therefore not only be breaking new ground in this area, but will need to view outcomes measures as a “work in progress” rather than a definitive solution.

With regard to non-financial measures, indicators will be trialled as described by the following numbered points.

- (1) *Amputee satisfaction with the service as measured by customer satisfaction surveys.* Surveys will focus on questions that also reflect motivation to engage with the NZALB's services, including its steadily enhanced rehabilitation services.
- (2) *The number of new amputees who become NZALB clients as a proportion of the number of first time limb amputees in New Zealand.* The collection of this information requires the cooperation of the Ministry of Health as the manager of the collection of national health information.

The data will be underpinned with demographic information. Over time, the data will enable appropriate benchmarking.

A third measure will be piloted at Hamilton and Christchurch centres for one year:

- (3) *The percentage of new amputees achieving the level of mobility and functional independence predicted at the time of fitting.*

As the above indicators are being trialled, the relevant indicator for this SOI is that the trial is carried out and evaluated.

The evaluation will review the statistics, the concepts behind the selection of data collected, including the definition of a referral, and the role of different providers along the chain of service provision from diagnosis through to physiotherapy.

There is significant infrastructure required in order to provide the information on which outcomes can be measured. The NZALB must define the information needed, build IT systems to collect it, train staff in the collection process, build reports to provide the basis for analysis, obtain extra resources such as physiotherapy hours, and so on.

At the end of the first year the NZALB will be able to report on progress on implementation of the project, as well as results on amputee satisfaction with the service from the client satisfaction survey. Data from the first year's cohort of new amputees will be available for further analysis and research at the end of June 2008.

Strategic Directions for NZALB's Operations

In order to achieve the outcomes listed in the previous chart, the Board has set objectives for the next three-five years. These reflect both its intended outcomes and its approach to gain knowledge from evidence-based monitoring of how best to achieve these outcomes.

A. The NZALB will provide a high quality rehabilitative service to people with limb loss by:

- (i) prescribing, constructing, fitting and servicing prostheses;**
- (ii) working with and/or referring to ancillary services in order to achieve effective rehabilitation.**

The NZALB considers that its rehabilitative services must be of high quality, and address the needs of individuals and their families. Its core service is the provision of prostheses and rehabilitative services that are quite specific to individual amputees. Services include ongoing monitoring and a preventative maintenance programme that includes regular call-ups.

Each prosthesis is prescribed in consultation with the amputee by a team consisting of a surgeon, prosthetist, physiotherapist and/or occupational therapist. Each prosthesis is unique to the individual amputee. The prosthesis should provide the maximum attainable desired level of comfort and function.

The prosthesis is constructed using internationally approved materials, methods and components selected to match the needs of the individual amputee. There are regular innovations in prosthetics and the NZALB keeps its awareness of these at a high level through close association with product suppliers.

B. The NZALB will operate as an efficient and effective enterprise with efficient and effective business practices.

The NZALB is client-focussed. It has good relationships and shares information with its stakeholders, with whom it works co-operatively. The delivery of services in ways that are sensitive to specific cultures is vital to the high quality service to which it aspires.

The Board recognises that, as a single national provider and in the absence of competitive pressures, it needs to exercise economy and provide value for money. It achieves this through improving efficiency and effectiveness in its business practices.

A vital requirement is to maintain the strategic efficiency and effectiveness of service delivery and production models in the face of changing demographics and technological developments.

As a single national provider a critical issue is also developing the capability of the current and future workforce.

C. The NZALB will initiate research and development as well as access international research and development to ensure the NZALB is in the forefront of professional practice and expertise.

The Board recognises the importance of technological progress and the need for continuing to update its knowledge of developments and production methods overseas. It recognizes also that there are aspects of professional practice, procedures and personal skills that benefit from research and continuing review. It acknowledges the potential of the NZALB to adapt overseas innovations to the New Zealand environment and encourages staff to do so.

The Board recognises a duty as a single national provider to ensure that quality standards remain internationally comparable by ongoing liaison with overseas contacts and a proactive approach to sharing information on new developments.

D. The NZALB will deliver on its profile as a recognised public image of a confident, energetic and innovative organization.

The NZALB can best serve its amputee clients by being energetic and innovative, and being recognized accordingly. It will ensure that it provides information, assistance and advice to amputees in a range of ways that utilize modern communication technologies.

It will develop a programme for building a positive perception of the service in the eyes of the public and stakeholders, nationally and internationally. It will take opportunities to present itself to the outside world as practising a scientifically-based craft to enhance the lives of amputees.

Consultation and Reporting to the Responsible Minister

The Chair of the NZ Artificial Limb Board will continue to report regularly to its portfolio Minister, the Minister for Social Development and Employment, in addition to regular meetings. This will be in line with a Memorandum of Understanding between the Minister and the NZALB.

Quarterly reporting will focus on delivery of outputs and financial management against the Statement of Service Objectives and budget, and key developments, organisational capability issues and upcoming events.

In addition, the NZALB is required by the Crown Entities Act 2004 (S.150) to provide the Minister with an Annual Report on its operations for each year.

Statement of Responsibility

The financial information contained in this Statement of Intent for the NZ Artificial Limb Board has been prepared in accordance with the Public Finance Act 1989, Crown Entities Act 2004, FRS 42 Prospective Financial Information and generally approved accounting standards.

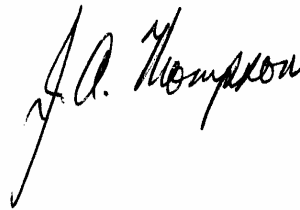
The Board and management of the New Zealand Artificial Limb Board accept responsibility for the information contained in the Statement of Intent and the assumptions used to prepare them.

In the opinion of the Board and management of the New Zealand Artificial Limb Board, the Prospective Financial Statements have been forecasted using the best information available at the time of preparation.

The financial performance forecast for the NZ Artificial Limb Board in the Forecast Financial Statements, is as agreed with the Minister for Social Development and Employment, who is the Minister responsible for the financial performance of the NZ Artificial Limb Board.



A G Hall
Chair



J A Thompson
Deputy Chair

15 June 2006

Statement of Forecast Service Performance

Key Tasks for 2006-07

During the 2006-07 year, the NZALB intends to achieve the following key tasks towards the NZALB's objectives:

The NZALB will:

Objective 1

- **assist New Zealand amputees by providing a high quality rehabilitative service through:**
 - **prescribing, constructing, fitting and servicing prostheses and**
 - **working with and/or referring to ancillary services in order to achieve effective rehabilitation**

Focus	Output									
<i>Capacity</i>	Organisational capacity to make, fit and service prostheses to at least the same level as in previous years: <table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: right;">Actual 2005</td> <td style="text-align: right;">Actual 2004</td> </tr> <tr> <td>New Limbs Supplied</td> <td style="text-align: right;">937</td> <td style="text-align: right;">1004</td> </tr> <tr> <td>Maintenance and Adjustments to limbs</td> <td style="text-align: right;">8933</td> <td style="text-align: right;">8352</td> </tr> </table>		Actual 2005	Actual 2004	New Limbs Supplied	937	1004	Maintenance and Adjustments to limbs	8933	8352
	Actual 2005	Actual 2004								
New Limbs Supplied	937	1004								
Maintenance and Adjustments to limbs	8933	8352								
<i>Capacity through funding</i>	Clarification of MSD's role and the expectations of the portfolio Minister for advice and the resources required to provide advice and services.									
<i>Contract compliance</i>	Quarterly reports provided to: <ol style="list-style-type: none"> i. its portfolio Minister, the Minister for Social Development and Employment; ii. its contractors, Capital and Coast Health DHB (on behalf of the Ministry of Health) and the ACC. 									
<i>Quality through establishing outcome measures</i>	Outcome measures project advanced by: <ul style="list-style-type: none"> • defining information requirements; • developing reporting requirements for IT; • training staff; • implementing necessary IT changes; • implementing procedures for trialling outcomes measures. Report on progress of implementation in Annual Report.									

Objective 2.

- **Operate as a successful enterprise with efficient and effective business practices.**

Focus	Output
<i>Ensure a trained workforce for the future</i>	A New Zealand qualification in orthotics and prosthetics at Auckland University of Technology (AUT) established in 2007 by working with AUT and NZ orthotists.
<i>Productivity, efficiency and effectiveness</i>	Staff training programmes on enhanced efficiency and effectiveness in Limb Centres delivered.
<i>Premises – Auckland Limb Centre</i>	Auckland Limb Centre refurbishment is continued. This includes finalisation of plans, timeline and costings, engagement of contractor, and maintaining the Limb Centre as a working clinic and workshop during refurbishment.

Objective 3

- Initiate research and development and access international research and development to ensure the NZALB is in the forefront of professional progress.

Focus	Output
<i>Research survey⁹</i>	Client satisfaction survey conducted as part of its outcomes project
<i>Limb amputation statistics</i>	Development and analysis of NZ Health Information Service limb amputation statistics into basic tables to publish on the NZALB website

Objective 4

- **Develop a profile that leads to a recognized public image of a confident, energetic and innovative organization.**

Focus	Task
<i>Develop the NZALB identity</i>	The brand and identity of the NZALB reviewed and developed

⁹ The survey is related to outcome 1 on p. 16 as part of the development work on outcomes

Financial Statement

	Budgeted	Estimated	Budgeted
	2006	Actual	2007
	\$000	\$000	\$000
Revenue			
Crown funding	3,600	3,600	3,600
Crown revenue	2,381	2,576	2,785
Other sources	238	317	271
	6,219	6,493	6,656
Expenditure	6,788	6,591	7,097
Net profit/(loss)	(569)	(98)	(441)

Summary of Significant Accounting Policies

Reporting entity

The prospective financial statements presented are those of the New Zealand Artificial Limb Board, a Crown entity in terms of the Crown Entities Act 2004. The prospective financial statements have been prepared in accordance with the Public Finance Act 1989, FRS 42 Prospective Financial Information and generally approved accounting standards.

Measurement base

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

Accounting policies

Accounting policies adopted in these prospective financial statements, which materially affect the measurement of financial performance and financial management have been applied.

Revenue

The New Zealand Artificial Limb Board principally derives its revenue from the Crown through contracts with the Ministry of Health and ACC for services to third parties and from interest on investments. Such revenue is projected when earned and is reported in the financial period to which it relates.

Goods and Services Tax (GST)

All items in the prospective financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included.

Taxation

The New Zealand Artificial Limb Board is a public authority in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

Accounts receivable

Accounts receivable are stated at their projected realisable value after providing for doubtful and uncollectable debts.

Investments

Short term investments are deposited with registered New Zealand banks and are stated at cost.

Property, plant and equipment

All fixed assets are recorded at cost. Any write-down of an item to its recoverable amount is recognized in the statement of prospective financial performance.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets, at a rate which will write off the cost of the assets to their estimated residual value over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	40 years	2.5%
Plant and equipment	10 years	10%
Furniture and Fittings	5 years	20%
Software	5 years	20%
Computer Equipment	3 years	33%

Employee entitlements

Provision is made in respect of the New Zealand Artificial Limb Board's liability for annual leave entitlements calculated on the basis of current rates of pay. Long service leave will be calculated and valued on an actuarial basis every two years and adjusted for actual leave taken on alternate years.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognized on a systematic basis over the period of the lease.

Financial instruments

The New Zealand Artificial Limb Board is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognized in

the prospective balance sheet and all revenues and expenses in relation to financial instruments are recognized in the prospective income statement.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the New Zealand Artificial Limb Board invests as part of its day-to-day cash management.

Operating activities includes all activities other than investing and financial activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support the New Zealand Artificial Limb Board's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets.

Financing activities are those activities relating to changes in equity and debt capital structure of the New Zealand Artificial Limb Board and those activities relating to the cost of servicing the New Zealand Artificial Limb Board's equity capital.

Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with previous years.

Foreign exchange

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Monetary assets and liabilities are translated to New Zealand dollars at the closing exchange rate. The resulting unrealised exchange gain or loss is recognised in the prospective income statement. Other exchange gains or losses, whether realised or unrealised, are recognised in the prospective income statement in the period to which they relate.

Prospective Statement of Financial Performance for the Year ending 30 June 2007

	Budgeted	Estimated	Budgeted
	2006	Actual	2007
	\$000	\$000	\$000
Revenue			
Crown funding	3,600	3,600	3,600
Crown revenue	2,381	2,576	2,785
Other revenue	51	81	84
Interest income	187	236	187
Total revenue	6,219	6,493	6,656
Expenditure			
Personnel	2,735	2,613	2,846
Operating	3,517	3,511	3,772
Depreciation	256	244	244
Rehabilitation	157	130	143
Training & Research	123	93	92
Total Expenses	6,788	6,591	7,097
Net profit/(loss) from operations	(569)	(98)	(441)

Prospective Statement of Changes in Equity for the Year ending 30 June 2007

	Budgeted	Estimated	Budgeted
	2006	Actual	2007
	\$000	\$000	\$000
Operating surplus/(deficit)	(569)	(98)	(441)
Total recognised revenues and expenses for the period	(569)	(98)	(441)
Public equity as at 1 July 2006	5,764	5,836	5,738
Public equity as at 30 June 2007	5,195	5,738	5,297

**Prospective Statement of Financial Position
as at 30 June 2007**

	Budgeted 2006 \$000	Estimated Actual 2006 \$000	Budgeted 2007 \$000
Total public equity	5,195	5,738	5,297
Represented by:			
Current assets			
Cash and bank	420	422	469
Receivables and prepayments	600	666	687
Short-term deposits	1,793	2,955	1,643
Inventory	1,350	1,550	1,450
Total current assets	4,163	5,593	4,249
Non-current assets			
Fixed assets	1,632	834	1,753
Total non-current assets	1,632	834	1,753
Total assets	5,795	6,427	6,002
Current liabilities			
Payables	270	414	430
Employee entitlements	175	170	165
Accruals salaries	65	45	45
Total current liabilities	510	629	640
Non-current liabilities			
Employee entitlements	90	60	65
Total non-current liabilities	90	60	65
Total liabilities	600	689	705
Net assets	5,195	5,738	5,297

Prospective Statement of Cash Flows for the Year ending 30 June 2007

	Budgeted 2006 \$000	Estimated Actual 2006 \$000	Budgeted 2007 \$000
Cash flows from operating activities			
Cash was provided from:			
Crown funding	3,600	3,600	3,600
Supply of services	2,451	2,615	2,845
Interest received	187	251	197
	6,238	6,466	6,642
Cash was applied to:			
Payments to employees	(2,735)	(2,673)	(2,846)
Payments to suppliers	(3,735)	(3,745)	(3,893)
Net goods and services tax		9	(5)
	(6,470)	(6,409)	(6,744)
Net cash flows from operating activities	(232)	57	(102)
Cash flows from investing activities:			
Cash was provided from:			
Sale of fixed assets	-	-	-
	-	-	-
Cash was applied to:			
Purchase of fixed assets	(867)	(64)	(1,163)
Decrease in term deposits	1,094	(69)	1,312
	227	(133)	149
Net cashflow from investing activities	227	(133)	149
Net increase/(decrease) in cash held	(5)	(76)	47
Add opening cash	425	498	422
Closing cash	420	422	469

Significant assumptions

New Zealand Artificial Limb Board has used the best information that was available at the time these prospective financial statements were prepared to determine the assumptions and information used in their preparation.

Revenue

Supply of services has been projected using historical data maintaining the New Zealand Artificial Limb Board's current level of service. Labour cost and material cost increases have been applied to historical data as per the following assumptions.

Personnel costs

Provision has been made for an increase in physiotherapy hours, partially due to the ongoing development and collection of data for outcome measurement. Delays in the appointment of personnel to existing vacancies in the 2005-2006 year contributed to the increase in the prospective statement of financial performance compared to the estimated actual cost for the current year.

Currency risk

The New Zealand Artificial Limb Board limits the risk of loss through fluctuating overseas currency exchange rates by operating where possible on a cost plus charge out policy for the supply of services. However, bulk funding from the Ministry of Health contract has remained a fixed sum since October 1999. No increase in funding has been assumed in the prospective statement of financial performance.

Operational costs

The New Zealand Artificial Limb Board continues to improve efficiency and effectiveness in its business practices. This has enabled the projected overhead costs to be maintained at the current year's levels with the exception of the increase in material costs as outlined under "Currency risk" above.

Capital expenditure

Major expenditure for the upgrade of the Auckland Limb Centre is projected to begin in October 2006. NZALB is still in the final stages of planning, with timeline and costings awaiting final confirmation. Assumption: total cost of \$1.5 million has been applied to the prospective financial statements with 70% of the project being complete by 30 June 2007. This project will be funded by existing cash assets and depreciated on a straight line basis under the classification of "Buildings". This expenditure was originally forecasted to begin in the 2005-2006 financial year.

Disclosure of the Purpose of Prospective Financial Statements

The purpose for which these prospective financial statements have been prepared is primarily to project the results of NZ Artificial Limb Board's activities to make, maintain and fit artificial limbs for amputees. The information in these statements may not be appropriate for purposes other than those described.

Disclosure of Bases of Assumptions, Risks and Uncertainties

These statements have been compiled on the basis of:

- the requirements of the Public Finance Act 1989
- generally accepted accounting practice: the measurement base applied is modified historical cost
- Financial Reporting Standard 42 (FRS-42).

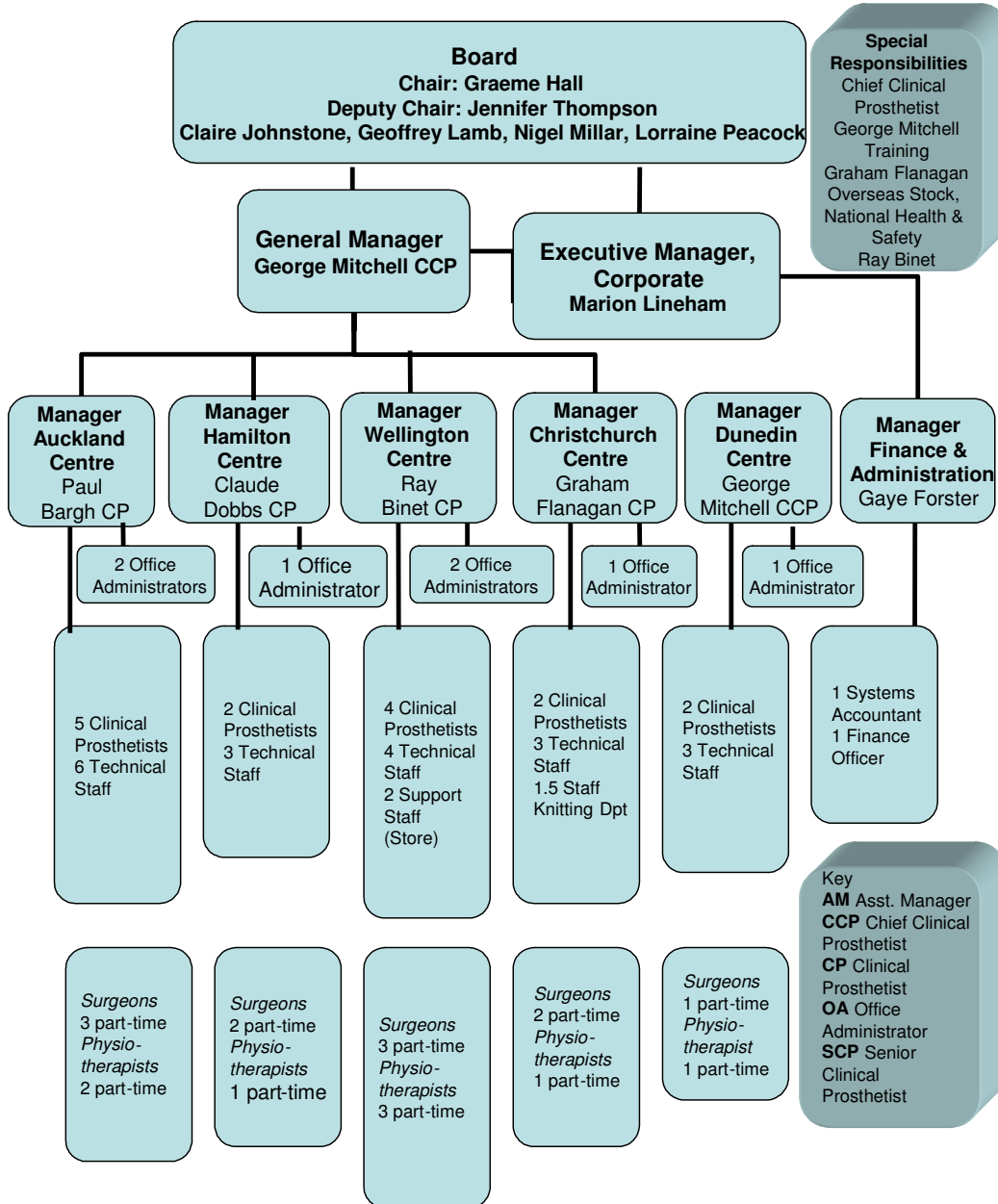
It should be noted that the actual results achieved for the period covered may vary from the information presented in these financial statements.

Appendix 1: Staffing

The Board directs the General Manager by delegating responsibility and authority for the achievement of objectives through setting policy. Board members with specific expertise provide mentoring and advice as appropriate.

NZ Artificial Limb Board

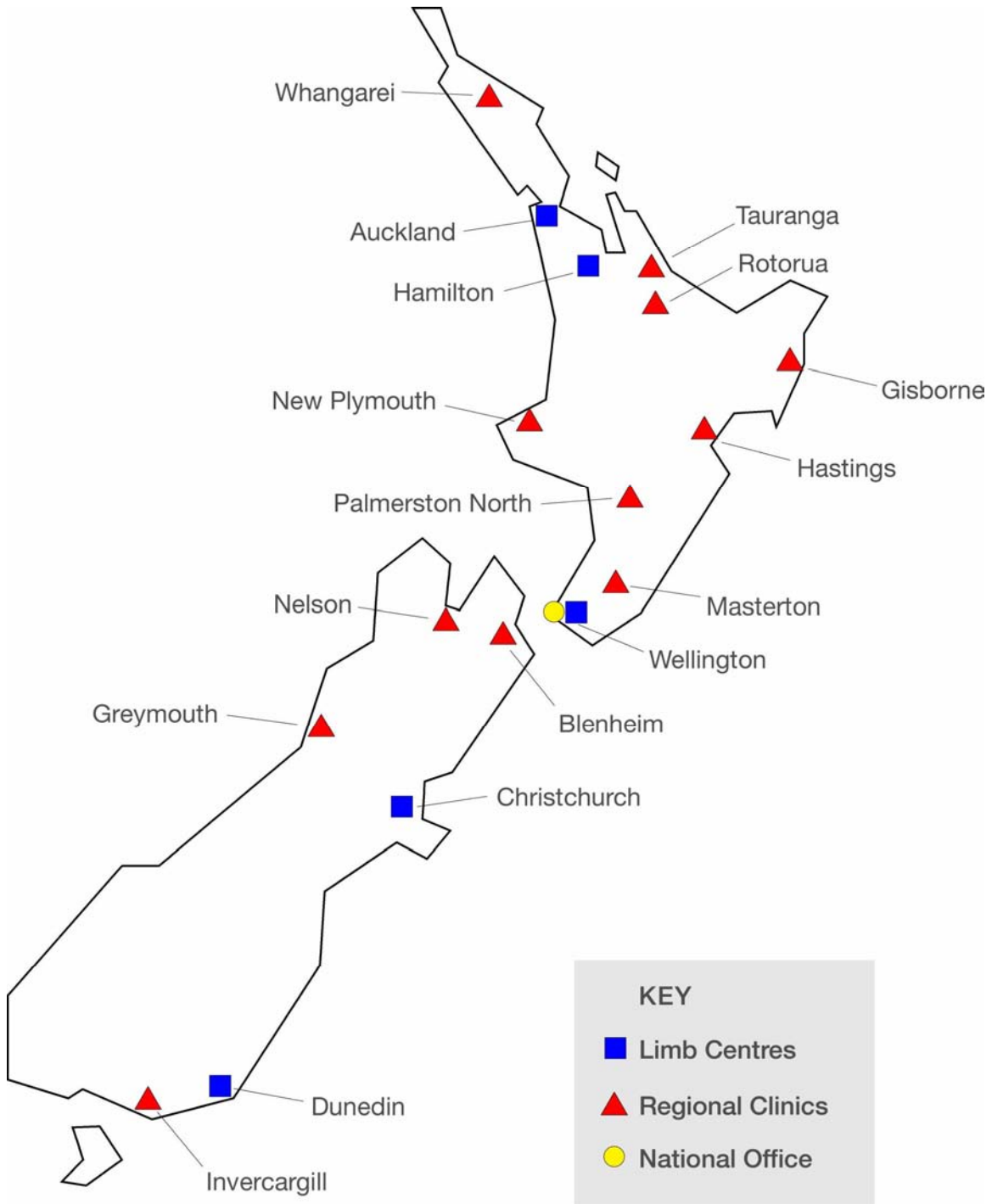
as at 2 May 2006



G:\Corporate\About Us\Org Chart

Appendix 2: Amputee Services

NZALB's Services are provided throughout New Zealand



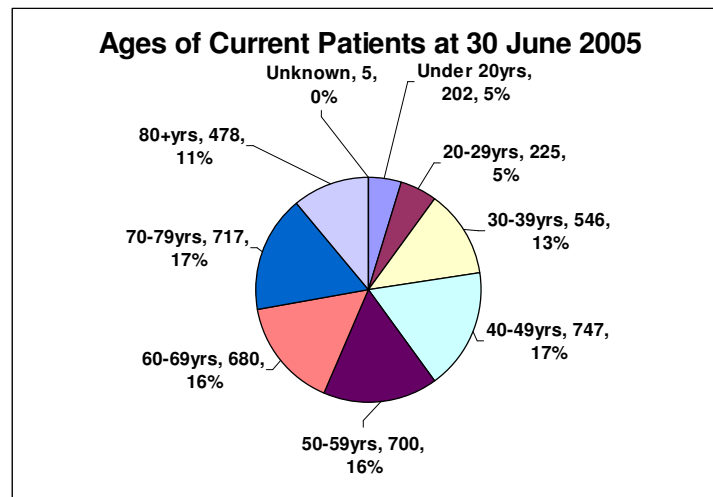
Appendix 3: Profile of Amputees

Two profiles of amputees are provided – those for the entire data base, and those for new amputees in 2004-05. The profiles vary considerably in the distributions of age and cause of amputation.

Profile of Current Amputees July 2004 - June 2005

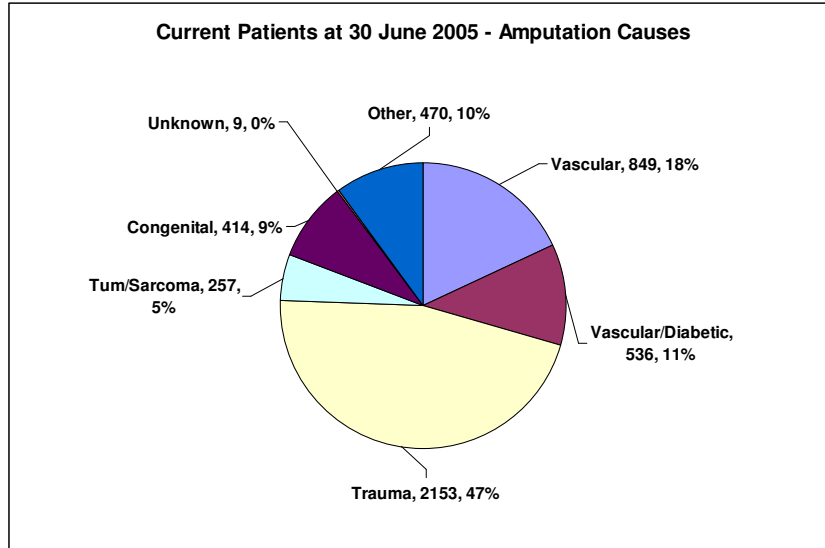
As at 31 July 2005, the group of 4,300 current patients on the NZALB data base was made up of 74% males, and 26% females. In ethnicity, 77% were New Zealand European, 12% Maori, and 6% were from the Pacific Islands. A variety of other ethnic backgrounds made up the remainder.

The table below shows the age bands into which current patients fall.



Older age groups (60+ years) account for 44% of the current patients.

Trauma accounted for 46% of amputations, vascular failure 18% and diabetes 11%, congenital limb loss 9%, and a variety of other causes such as infection and malignancy made up the remaining 16%.



Lower limb amputations of various types account for the bulk (85%) of the limb service patients, with 15% having amputations of the upper limb. As a generalisation the limb service is concerned with lower limb amputations anywhere between the mid-foot and the hip, and upper limb amputations between wrist and shoulder. Only a very few patients with amputations in the hand or of the fingers find prosthetics useful. Amputations in the forefoot and of the toes are best dealt with by orthotics services.

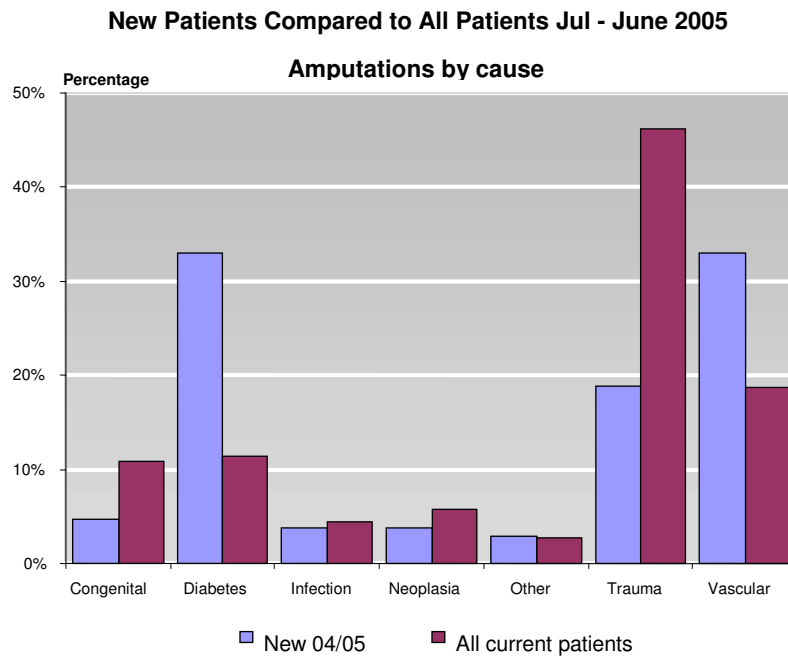
Current Patients at 30 June 2005 – Amputation Levels

Amputation Levels	Total NZ	% of Total
Below knee	2516	54%
Above knee	1039	22%
Through knee	107	2%
Upper extremity	720	15%
Other**	306	7%
Totals	4688	100%
**eg orthosis		

Profile of New Patients

New patients vary from year to year, but approximately 400 or so present each year. The profile of new patients is different from that of current patients, as it contains a higher percentage of older patients¹⁰ whose amputations have been mainly caused by diabetes or other vascular failure.

The following graph shows the percentages of amputation causes for new patients for the 2004-05 year, as well as amputations for all current patients as at 30 June 2005. The main cause of amputations for current patients on the database at June 2005 was trauma (46%), followed by vascular (18%) and diabetes/vascular (11%). This differs considerably from the causes of amputations for new patients over the last 12 months. Here the main causes were: diabetes/vascular 35%, vascular 32%, while trauma caused only 18% of amputations for this year.



¹⁰ 69% aged 60+ in 2004-05

The graph below shows the ages of new patients as at 30 June 2005 and 2004 compared to the ages of the entire group of current patients at 30 June 2005. The proportion of new patients in the older age groups is greater than that for the total amputee population. The entire group is distorted towards the younger age groups, who remain on the patient database for longer.

New patients Jul - June 2005
Patients by age group

