



## Statement of Intent

2007-2008

**NEW ZEALAND ARTIFICIAL LIMB BOARD**

.....

# **New Zealand Artificial Limb Board**

## **STATEMENT OF INTENT**

**2007-08**

.....

## Table of Contents

Foreword.....	3
New Zealand Artificial Limb Board Outcomes Framework.....	4
Introduction .....	5
Strategic Principles.....	7
New Zealand Artificial Limb Board Organisational Structure .....	8
The Operating Environment.....	11
Services for New Amputee Referrals.....	14
New Zealand Artificial Limb Board Impacts, Outcomes and Objectives.....	16
Strategic Directions for New Zealand Artificial Limb Board's Operations.....	22
Consultation and Reporting to the Responsible Minister .....	25
Statement of Responsibility .....	26
Statement of Forecast Service Performance .....	27
Prospective Financial Statements.....	30
Prospective Statement of Financial Performance.....	30
Prospective Statement of Changes in Equity.....	31
Prospective Statement of Financial Position.....	32
Prospective Statement of Cashflows.....	33
Statement of Accounting Policies.....	34
Prospective Financial Statement Disclosures.....	40
Effect of NZ IFRS on the Statement of Financial Position.....	41
Notes to the Restated Statement of Financial Position.....	42
Significant Assumptions Used.....	43
Appendix 1: Staffing .....	44
Appendix 2: Profile of Amputees .....	45
Contacts .....	45

## Foreword

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

The New Zealand Artificial Limb Board began after the Second World War, and its clients at that time were primarily returned servicemen. Sadly, their numbers are few these days. Now our clients come in two main groups – accident and congenital patients who tend to be younger and fitter, and patients who come to us as a result of disease and tend to be older and suffering from vascular or other health problems.

As in other areas of endeavour, there are constant changes. Over the years there have been many transitions, from apprentices who trained on the job as limb fitters to tertiary-educated clinical prosthetists with full research skills. Limbs were once carved from wood but are now made with advanced components such as silicone, carbon fibre and titanium. Knee joints have moved from a single axis joint with crude friction control to a multi-axis hydraulic or pneumatic control function. And of course, computers have revolutionised the way we work.

The immediate future holds for us, we hope, more of the same – to do a really good job to make, maintain and fit artificial limbs (arms and legs/prostheses) for amputees. As always, our concentration is on amputees and their needs.

For this reason our current emphasis is to get the best possible outcomes for amputees through a major trial of outcomes measures. We have been delighted with the pilot project over the last year, which concentrated on mobility outcomes. It has been positive and motivating for our new patients, and helpful to our staff in their work with them. The project will benefit from the results of a major client satisfaction survey conducted in 2006, and further research is planned.

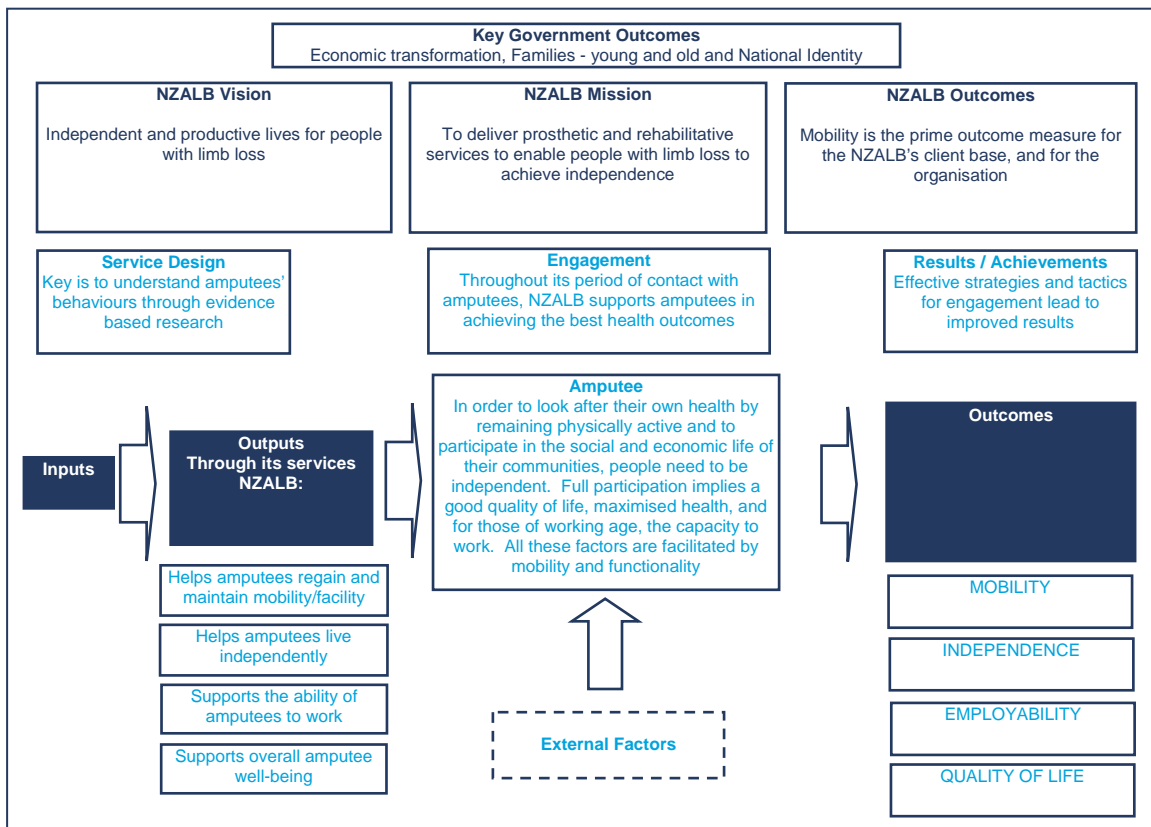
We also plan to work with District Health Boards to enhance the rehabilitation services provided. These vary throughout the country, and we have prioritised the needs as being greatest in the busy and growing area of Auckland. And finally, we want to continue to do our job as well as we can by streamlining procedures through an efficiency and effectiveness project.

We look forward eagerly to this programme, and invite you to read more about it in this Statement of Intent.



A. Graeme Hall  
Chair

# New Zealand Artificial Limb Board Outcomes Framework<sup>1</sup>



The activities of the New Zealand Artificial Limb Board are aligned with the Government's Priorities as follows:

- Economic transformation. Health is improved by good mobility and functionality, and good health assists people's ability to contribute to the economy through paid and unpaid work. The New Zealand Artificial Limb Board provides rehabilitation services to amputees to help towards this end.
- Families young and old. Amputees of all ages are assisted through New Zealand Artificial Limb Board services to reach their full potential and be as independent as possible, both in family life and in society generally.
- National identity. The New Zealand Artificial Limb Board is unique as a sole national provider in the prosthetics world. It has a national database yielding high quality information that is of value both at home and in the international context. It maximises its impact by presenting New Zealand research internationally.

<sup>1</sup> Consistent with ACC and Ministry of Health goals

## Introduction

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

For most amputees the relationship with the New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board plays a vital role, therefore, in providing amputees the potential to participate fully in society at whatever stage in life they may be.



Byron Raubenheimer, a 16 year old lower limb amputee of Auckland, scales the heights of a climbing wall

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 New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board also initiates and accesses research and development.

Having illustrated the New Zealand Artificial Limb Board Outcomes Framework, this Statement of Intent will cover the New Zealand Artificial Limb Board'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

*Independent and productive lives for people with limb loss*

### Mission

The mission statement of the New Zealand Artificial Limb Board is:

*To deliver prosthetic and rehabilitation services to enable people with limb loss to achieve independence*

### 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 New Zealand Artificial Limb Board, 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 independence<sup>2</sup> of its clients
- respecting the principles of the Treaty of Waitangi<sup>3 4</sup>
- 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 outcomes for its client base.

---

<sup>2</sup> NZ Public Health and Disability Act 2000 S3(1)(a)(ii)

<sup>3</sup>op.cit. S4.;

<sup>4</sup> MOH contract p.6.

# New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board, 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) on matters relating to artificial limbs and similar devices.*

## New Zealand Artificial Limb Board

The portfolio Minister, the Minister for Social Development, appoints the Board under its legislation. At 30 June 2007, membership was:

		<b>Appointed on the nomination of:</b>
<b>Chair</b>	A G Hall	
<b>Deputy Chair</b>	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

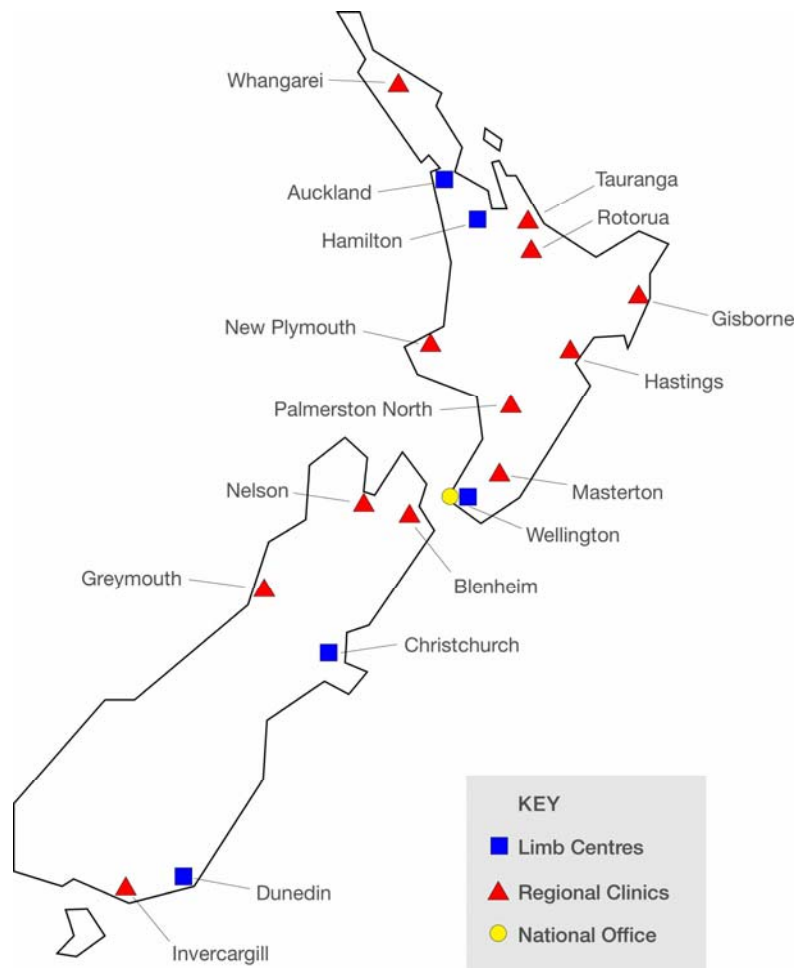
The Board has appointed a General Manager to manage all the New Zealand Artificial Limb Board operations.

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.

New Zealand Artificial Limb Board's Services:



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 New Zealand Artificial Limb Board 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 organisational 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, the nature of the services required and the expectations of amputees. 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 New Zealand Artificial Limb Board’s ability to sustain and enhance its current high levels of service to amputees.

## Changing Business Conditions and Government Policy

The New Zealand Artificial Limb Board 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 is provided from the Ministry of Health contract (administered by the Capital and Coast District Health Board). A small increase in the contract sum was granted during the current year, the first since 1999. During that period labour and material costs have substantially increased, concurrently with the New Zealand Artificial Limb Board making constant improvements and increased service efficiencies.

ACC funding, by comparison, works 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. New Zealand Artificial Limb Board charges for actual services provided to the individual.

The Ministry of Social Development also benefits from the New Zealand Artificial Limb Board'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 New Zealand Artificial Limb Board, 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. 16-21.

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 recognises 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 enhancements 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 so that business as usual is not put at risk. 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 the 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 New Zealand Artificial Limb Board'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.

The combined impact of "baby-boomers" entering the system with older patients remaining on the records for shorter periods will lead to greater turnover 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, and there are also the complexities of other physical conditions or illnesses. Physiotherapy input at an early stage is a desirable response to this change.

## **Advances in Technology and Rehabilitation**

Advances in both IT systems and computer aided design have been introduced into the New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board's computer system (Limbs Information Management System, or LIMS) and the Tracer CAD digital imaging system, as well as regular amendments to improve New Zealand Artificial Limb Board's efficiency as its needs change.

## Services for New Amputee Referrals

New patient numbers<sup>5</sup> 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 patients<sup>6</sup> whose amputations have been mainly caused by diabetes or other vascular failure.

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.



Making a plaster cast



The model stump, modified, is ready for lamination.

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.

---

<sup>5</sup> A full profile of the current and new patient groups may be seen in Appendix 2.

<sup>6</sup> 59% aged 60+ in 2005-06



Carein Chan, technician, laminates a socket



The finished prostheses ready for fitting. Amputees have personal preferences in their limbs, as displayed.

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 and/or changes in the amputee's physical condition. Modern components are made of increasingly long-lasting materials, and the trend is for limbs to be completely replaced less often than in the past. Often new sockets are made, or a knee or ankle joint is replaced, where once a whole new limb was required.

Growing children also require regular replacement limbs.

The New Zealand Artificial Limb Board 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. It also involves individual programmes of exercise to suit particular amputees.

## **New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board 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:

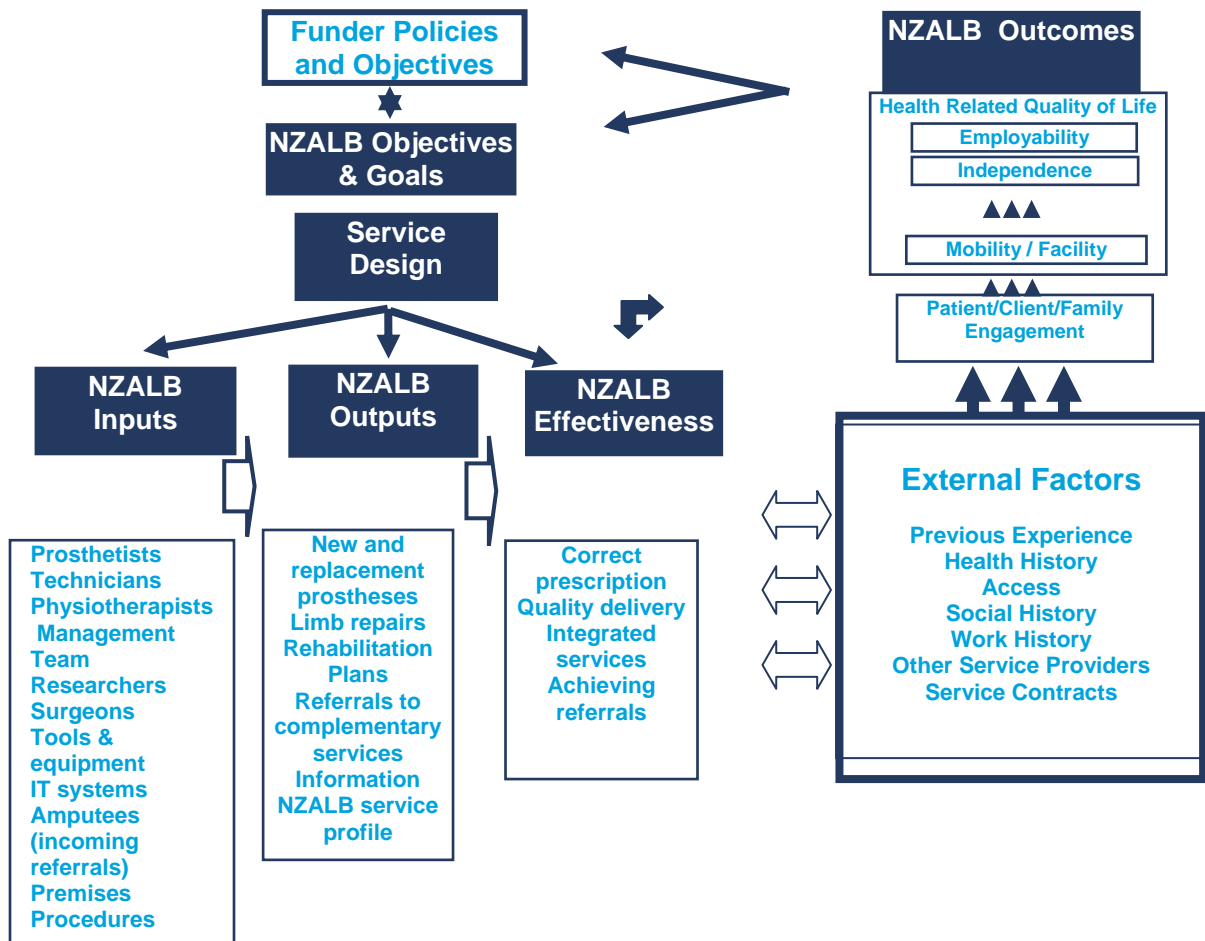
- i. mobility/functional ability
- ii. health related quality of life
- iii. employability
- iv. independence.

The positive contribution made by the New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board'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 New Zealand Artificial Limb Board provides a variety of outputs to deliver these outcomes (new and replacement prosthetic limbs, limb repairs, rehabilitation plans, referrals to complementary services, information provision and New Zealand Artificial Limb Board 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:** *Bill T, 80 years, had a lower limb amputation because of advanced vascular disease. He had mild Alzheimers but was still able to live at home in the care of his wife, Mabel. The other alternative was a rest home placement for Bill. The only possible rest home was outside easy travel distance for Mabel, who didn't drive, so they were both determined to stay together at home for as long as possible.*

*After his operation, Bill was fitted with his prosthesis. He surprised everyone with how well he managed, no doubt positively influenced by the fact that he was physically fit and very keen to walk again. The physiotherapist provided guidance to Mabel in helping him to put the prosthesis on and off again and putting them in touch with other forms of home help.*

*They are now well settled and adjusted into the changes brought about by Bill's amputation. Best of all, they are still together at home.*

**Example – youngster with congenital limb loss**

*Daniel Ajello, aged 14, of Hamilton, was born with missing parts of one arm and two legs. Fitting began very young, and he was walking dependently at 18 months. Dan has always been totally matter of fact about his prostheses and has adapted particularly well.*

*An active sportsman, he participates in soccer, swimming, tennis, golf and, more recently, archery. He has been placed top of his age group in archery in New Zealand and uses a specially adapted prosthetic arm.*

*The prosthetics team works closely with Dan and the family. Dan continues to go from strength to strength towards a completely independent life.*



Dan demonstrates his gait using the walking race in the Hamilton Limb Centre. Like many other amputees, he chooses to wear a limb without cosmetic covers.



Dan, archery champion, displays his technique.

For the 2007/08 year, the New Zealand Artificial Limb Board intends to continue its implementation and testing of 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 New Zealand Artificial Limb Board is breaking new ground in this area, and outcomes measures are a “work in progress” rather than a definitive solution.

Three non-financial measures were outlined last year to be trialled and will be reported on in the next Annual Report.

- (1) *Amputee satisfaction with the service as measured by customer satisfaction surveys.* A major client satisfaction survey is held on a triennial basis. This was held in 2006 and will be held again in 2009.

Results of the 2006 survey were very positive, with a high response rate of 51%, and only 3% expressing dissatisfaction with the overall service. Other findings will be used for continuous improvement of the service.

- (2) *The number of new amputees who become New Zealand Artificial Limb Board clients as a proportion of the number of first time limb amputees in New Zealand.* The collection of this information required the co-operation of the Ministry of Health as the manager of the collection of national health information.

The trial of this measure led to the collation of new statistics on hospital amputations that in future will be collected annually. There is a lack of reliable information in the field internationally and this will provide a valuable addition to the literature.

The research established a process for deriving the number and characteristics of patients not referred to the New Zealand Artificial Limb Board, but there is insufficient congruence between the hospital data and the New Zealand Artificial Limb Board data to use as an ongoing measure at this stage.

However, it does open up the opportunity for the New Zealand Artificial Limb Board to provide hard data to individual District Health Boards to improve notification and referral rates, a quality measure that will lead to better overall outcomes for new amputees.

The statistics will also be referred to other areas of the health system (e.g. orthopaedic and vascular surgeons), and will be used by the New Zealand Artificial Limb Board in a drive to “save the knee”.

This and other research by New Zealand Artificial Limb Board staff will also be presented internationally at the World Congress of the International Society for Prosthetics and Orthotics in Vancouver in July 2007.

A third measure is being piloted at Hamilton and Christchurch centres:

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

*All measures.* During the trials, 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. Significant infrastructure was required in order to provide the information on which outcomes can be measured, and was implemented in 2006-07 including:

- definition of the information needed
- IT systems built to collect it
- staff trained in the collection process
- reports built to provide the basis for analysis
- extra physiotherapy hours engaged.

During the 2006-07 year, all new patients with lower limb amputations were measured for mobility outcomes. The overall response was very positive – patients were motivated by the measures and physiotherapists found the results valuable from a clinical point of view. The extra physiotherapy input in the early stages of amputee care was undoubtedly positive for patients' mobility and gait training.



Liz Dillon, physiotherapist, tests the balance of amputee, Michael Perry. Michael tries out the steps with his new limb.

Extra physiotherapy hours were introduced during the 2006-07 year, and the extra physiotherapy input has also highlighted some areas for future development of integrated early amputee care. The highest priority is in the Auckland area, where the New Zealand Artificial Limb Board intends to work with individual District Health Boards to explore ways in which the New Zealand Artificial Limb Board can work with them to enhance rehabilitation and integration of service provided.

Overall, the New Zealand Artificial Limb Board's experience of the outcome measures project is that there have been positive outcomes for individual amputees as a result of the work achieved, even in the trial stages. Whether this can be translated into ongoing and meaningful annual aggregated *organisational* measures remains to be seen – but we have no doubt as to the overall value of the exercise for *individual amputees*, and that is what matters.

Data from the first year's cohort of new amputees will be available for further analysis and research at the end of June 2008.

## Outcomes in other Health areas

The New Zealand Artificial Limb Board also contributes to a broad area of public good in other areas of the health system e.g. through providing:

- training sessions for nurses, theatre staff, physiotherapists and surgeons at District Health Boards throughout the country on care of amputees
- information for introductory packs to all new amputees presenting at hospitals, both before and after amputation
- other resources, including research reports and posters on bandaging and applying rigid removable dressings, which have been widely distributed nationally
- a section on amputee care within the physiotherapy syllabus at the Auckland University of Technology, which is an aim for the coming year.

## **Strategic Directions for New Zealand Artificial Limb Board'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 Services to amputees and other clients**

**The New Zealand Artificial Limb Board will provide a high quality rehabilitative service to people with limb loss by:**

- (i) prescribing, constructing, fitting and servicing appropriate prostheses**
- (ii) contributing to amputee rehabilitation by working with other health service providers to develop a more integrated service.**

The New Zealand Artificial Limb Board 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 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.

The New Zealand Artificial Limb Board 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 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.

## **B. Resources and Staff**

### **The New Zealand Artificial Limb Board will manage and enhance resources and skills to provide quality services in a changing environment.**

The New Zealand Artificial Limb Board 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.

In order to provide support and infrastructure, including buildings and equipment, the New Zealand Artificial Limb Board needs to ensure adequate funding through its contracts with ACC and the Ministry of Health to maintain, enhance and develop its services.

The New Zealand Artificial Limb Board, as a good employer, is aware of the seven key elements of good employer status, and has an Equal Employment Opportunities plan. All elements are covered in the plan, with highest priorities for the year given to specific tasks that contribute to leadership, recruitment and selection, and employee development. Flexible and part-time work hours are increasingly an accepted part of the New Zealand Artificial Limb Board's staffing structure.

For a single national provider, a critical issue is developing the capability of the current and future workforce. Current training programmes ensure that staff are kept up-to-date with overseas developments and technology, as well as providing staff study development. The New Zealand Artificial Limb Board is contributing to ensuring a qualified New Zealand workforce in the future by its participation in the establishment of professional tertiary qualifications. Its single national provider status also involves accepting student placements for practical experience and study.

The New Zealand Artificial Limb Board contributes to the public good in the wider health arena through its contributions to research and training. This will continue in areas such as statistics, rehabilitation services and training of health professionals in District Health Boards, and will make up a programme agreed with the Minister for Social Development.

## **C. Delivery**

**The New Zealand Artificial Limb Board will operate as an efficient and effective enterprise with efficient and effective business practices.**

The New Zealand Artificial Limb 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 critical requirement is to maintain the strategic efficiency and effectiveness of service delivery and production models in the face of changing demographics and technological developments.

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. The New Zealand Artificial Limb Board has responsibilities to Government to develop, research and maintain outcome measures that reflect its achievements in delivering good quality services to people with limb loss.

## **D Monitoring and Evaluation**

**The New Zealand Artificial Limb Board will provide monitoring and evaluation, and initiate research and development to ensure the New Zealand Artificial Limb Board 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 recognises also that there are aspects of professional practice, procedures and personal skills that benefit from continuing review and research. It acknowledges the potential of the New Zealand Artificial Limb Board to adapt overseas innovations to the New Zealand environment and encourages staff to do so.

The New Zealand Artificial Limb Board 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 employ modern communication technologies.

It has developed 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, in addition to regular meetings. This will be in line with a Memorandum of Understanding between the Minister and the New Zealand Artificial Limb Board.

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 New Zealand Artificial Limb Board 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 New Zealand Artificial Limb Board is an autonomous Crown entity under the Crown Entities Act 2004 with its role established under the Social Welfare (Transitional Provisions) Act 1990 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) on matters relating to artificial limbs and similar devices.

The management personnel of the New Zealand Artificial Limb Board are responsible for the preparation of the Statement of Intent and prospective financial statements, including the assumptions on which the financial statements are based.

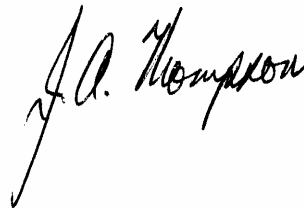
The prospective financial statements have been prepared in accordance with NZ IFRS. The New Zealand Artificial Limb Board does not intend to update and republish the prospective financial statements.

The prospective financial statements have been developed for the purpose of tabling the New Zealand Artificial Limb Board's intentions in Parliament, and should not be relied upon by any other party for any alternative purpose without the express written permission of the New Zealand Artificial Limb Board. Actual results are likely to be different from the prospective financial statements and the variation may be material.

We have authorised the issue of the financial statements on this day, 15 June 2007.



A G Hall  
Chair



J A Thompson  
Deputy Chair

# Statement of Forecast Service Performance

## Key Tasks for 2007-08

During the 2007-08 year, the New Zealand Artificial Limb Board intends to achieve the following key tasks towards the New Zealand Artificial Limb Board's objectives:

The NZALB will:

### Objective 1

- **assist New Zealand amputees by providing a high quality rehabilitative service through:**
  - **prescribing, constructing, fitting and servicing appropriate prostheses**
  - **contributing to amputee rehabilitation by working with other health service providers to develop a more integrated service.**

<b>Focus</b>	<b>Output</b>															
<i>Capacity</i>	Organisational capacity to make, fit and service prostheses to at least the same level as in previous years: <table><thead><tr><th></th><th><b>Actual 2006</b></th><th><b>Actual 2005</b></th></tr></thead><tbody><tr><td>New Limbs Supplied</td><td>940</td><td>937</td></tr><tr><td>Remodels</td><td>199</td><td>161</td></tr><tr><td>Resockets</td><td>358</td><td></td></tr><tr><td>Maintenance and Adjustments to limbs</td><td>8,668</td><td>8,936<sup>7</sup></td></tr></tbody></table>		<b>Actual 2006</b>	<b>Actual 2005</b>	New Limbs Supplied	940	937	Remodels	199	161	Resockets	358		Maintenance and Adjustments to limbs	8,668	8,936 <sup>7</sup>
	<b>Actual 2006</b>	<b>Actual 2005</b>														
New Limbs Supplied	940	937														
Remodels	199	161														
Resockets	358															
Maintenance and Adjustments to limbs	8,668	8,936 <sup>7</sup>														
<i>Integrated services</i>	Evidence of work with District Health Boards on resources and training to enhance an integrated service for amputees															

---

<sup>7</sup> Includes resockets

## Objective 2

- **Manage and enhance resources and skills to provide quality services in a changing environment.**

Focus	Output
<i>Working co-operatively with other agencies</i>	Quarterly reports provided to: <ol style="list-style-type: none"> <li>i. its portfolio Minister, the Minister for Social Development, including advice on public good issues as per agreed workplan</li> <li>ii. its contractors, Capital and Coast Health DHB (on behalf of the Ministry of Health) and the ACC.</li> </ol>

## Objective 3

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

Focus	Output
<i>Productivity, efficiency and effectiveness</i>	<ul style="list-style-type: none"> <li>• Analysis completed of workflow and production models to increase efficiency and effectiveness in Limb Centres</li> <li>• Amputees' perspective incorporated</li> <li>• Changes implemented.</li> </ul>

## Objective 4

- **Initiate and access research and development to ensure the New Zealand Artificial Limb Board is in the forefront of professional progress.**

Focus	Task
<i>Quality through establishing outcome measures</i>	Outcome measures project advanced by: <ul style="list-style-type: none"> <li>• collating interim results of trials of outcome measures</li> <li>• analysing interim results</li> <li>• amending collection of data/procedures if necessary</li> <li>• planning evaluation of data.</li> </ul> Report on progress of implementation in Annual Report.
<i>Staff development through research, shared ideas and new information</i>	Staff development through attending scientific meetings. Staff: <ul style="list-style-type: none"> <li>• research and present scientific papers</li> <li>• gather information on new technology and practice;</li> <li>• report back and share new information with colleagues</li> </ul>

## Financial Performance

	Budgeted 2007 \$000	Estimated Actual 2007 \$000	Budgeted 2008 \$000
<b>Revenue</b>			
Crown funding	3,600	3,704	3,854
Crown revenue	2,785	2,875	2,933
Other sources	271	292	259
	<b>6,656</b>	<b>6,871</b>	<b>7,046</b>
<b>Expenditure</b>	7,097	6,891	6,866
<b>Net profit/(loss)</b>	<b>(441)</b>	<b>(20)</b>	<b>180</b>

**PROSPECTIVE FINANCIAL STATEMENTS**  
for the year ending 30 June 2008

**Prospective Statement of Financial Performance**  
*for the year ending 30 June 2008*

	Budgeted	Estimated	Budgeted
	2007	Actual	2008
	\$000	2007	\$000
		\$000	\$000
<b>Revenue</b>			
Crown funding	3,600	3,704	3,854
Crown revenue	2,785	2,875	2,933
Other revenue	84	79	79
Interest income	187	213	180
<b>Total revenue</b>	<b>6,656</b>	<b>6,871</b>	<b>7,046</b>
<b>Expenditure</b>			
Personnel	2,846	2,776	2,984
Operating	3,772	3,673	3,457
Depreciation	244	242	237
Rehabilitation <sup>8</sup>	143	140	112
Training & Research	92	60	76
<b>Total Expenses</b>	<b>7,097</b>	<b>6,891</b>	<b>6,866</b>
<b>Net profit/(loss) from operations</b>	<b>(441)</b>	<b>(20)</b>	<b>180</b>

<sup>8</sup> New Zealand Artificial Limb Board has increased the number of physiotherapists employed directly and these costs are now shown under Personnel expense. Previously these services were outsourced and the cost was shown under Rehabilitation.

**Prospective Statement of Changes in Equity**  
*for the year ending 30 June 2008*

	Budgeted	Estimated	Budgeted
	2007	Actual	2008
	\$000	\$000	\$000
Operating surplus/(deficit)	(441)	(20)	180
<b>Total recognised revenues and expenses for the period</b>	<b>(441)</b>	<b>(20)</b>	<b>180</b>
<b>Public equity as at 1 July 2007</b>	<b>5,738</b>	<b>5,684</b>	<b>5,664</b>
<b>Public equity as at 30 June 2008</b>	<b>5,297</b>	<b>5,664</b>	<b>5,844</b>

**Prospective Statement of Financial Position**  
*as at 30 June 2008*

	Budgeted 2007 \$000	Estimated Actual 2007 \$000	Budgeted 2008 \$000
<b>Total public equity</b>	<b>5,297</b>	<b>5,664</b>	<b>5,844</b>
<b>Represented by:</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,112	2,815	3,089
Receivables and prepayments	687	736	722
Inventory	1,450	1,440	1,450
<b>Total current assets</b>	<b>4,249</b>	<b>4,991</b>	<b>5,261</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,600	1,301	1,285
Intangible assets	153	132	44
<b>Total non-current assets</b>	<b>1,753</b>	<b>1,433</b>	<b>1,329</b>
<b>Total assets</b>	<b>6,002</b>	<b>6,424</b>	<b>6,590</b>
<b>Current liabilities</b>			
Trade and other payables	430	380	392
Employee entitlements	165	225	195
Accruals salaries	45	95	99
<b>Total current liabilities</b>	<b>640</b>	<b>700</b>	<b>686</b>
<b>Non-current liabilities</b>			
Employee entitlements	65	60	60
<b>Total non-current liabilities</b>	<b>65</b>	<b>60</b>	<b>60</b>
<b>Total liabilities</b>	<b>705</b>	<b>760</b>	<b>746</b>
<b>Net assets</b>	<b>5,297</b>	<b>5,664</b>	<b>5,844</b>

**Prospective Statement of Cash Flows**  
*for the year ending 30 June 2008*

	Budgeted	Estimated	Budgeted
	2007	Actual	2008
	\$000	\$000	\$000
<b>Cash flows from operating activities</b>			
<b>Cash was provided from:</b>			
Crown funding	3,600	3,704	3,854
Supply of services	2,845	2,988	3,036
Interest received	197	222	167
	<b>6,642</b>	<b>6,914</b>	<b>7,057</b>
<b>Cash was applied to:</b>			
Payments to employees	(2,846)	(2,782)	(3,010)
Payments to suppliers	(3,893)	(3,854)	(3,664)
Net goods and services tax	(5)	(18)	24
	<b>(6,744)</b>	<b>(6,654)</b>	<b>(6,650)</b>
<b>Net cash flows from operating activities</b>	<b>(102)</b>	<b>260</b>	<b>407</b>
<b>Cash flows from investing activities:</b>			
<b>Cash was provided from:</b>			
Sale of fixed assets	-	-	-
	-	-	-
<b>Cash was applied to:</b>			
Purchase of fixed assets	(1,163)	(809)	(133)
Decrease in term deposits	1,312	606	(313)
	<b>149</b>	<b>(203)</b>	<b>(446)</b>
<b>Net cashflow from investing activities</b>	<b>149</b>	<b>(203)</b>	<b>(446)</b>
<b>Net increase/(decrease) in cash held</b>	<b>47</b>	<b>57</b>	<b>(39)</b>
Add opening cash	422	457	514
<b>Closing cash</b>	<b>469</b>	<b>514</b>	<b>475</b>

## **Statement of Accounting Policies**

### **Reporting entity**

The New Zealand Artificial Limb Board is an autonomous Crown entity in terms of the Crown Entities Act 2004. Principal activities of the New Zealand Artificial Limb Board are outlined on pages 27 to 29.

For the purposes of financial reporting the New Zealand Artificial Limb Board is a public benefit entity as defined in NZ IAS 1: *Presentation of Financial Statements*. These statements have been prepared in accordance with the Crown Entities Act 2004.

### **Reporting period and currency**

The reporting period for these prospective financial statements is the year ending 30 June 2008. The reporting currency used in the preparation of these financial statements is New Zealand dollars rounded to the nearest thousand.

### **Statement of Compliance**

These prospective financial statements have been prepared pursuant to the Crown Entities Act 2004 and in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities. These are the New Zealand Artificial Limb Board's first financial statements complying with NZ IFRS and NZ IFRS 1: First time adoption of New Zealand equivalents to International Reporting Standards has been applied.

An explanation of how the transition to NZ IFRS has affected the reported prospective financial position, financial performance and cash flows of the New Zealand Artificial Limb Board is provided on page 41.

### **Accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements and in preparing an opening NZ IFRS balance sheet as at 1 July 2006 for the purposes of the transition to NZ IFRS.

The measurement base applied is historical cost. The accrual basis of accounting has been used unless otherwise stated.

### **Judgements and estimates**

The preparation of prospective financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes to the prospective financial statements on page 43.

### **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. Such revenue is recognised when all significant risks and rewards of ownership of the goods is passed on to the third party.

### *Interest*

Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

### **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. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department is included as part of the receivables and payables in the Prospective Statement of Financial Position. The net GST paid to, or received from the Inland Revenue Department, including GST relating to investing and financing activities, is classified as an operating cash flow in the Prospective Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Taxation**

The New Zealand Artificial Limb Board is a public authority in terms of the Income Tax Act 2004 and consequently is exempt from income tax. Accordingly, no charge for income tax is recognised.

**Foreign currency**

Foreign currency transactions are initially translated into New Zealand dollars at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary liabilities denominated in foreign currencies are recognised in the Prospective Statement of Financial Performance.

**Financial instruments**

The New Zealand Artificial Limb Board is party to financial instruments as part of its normal operations. All financial instruments are recognised in the Prospective Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Prospective Statement of Financial Performance.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value plus transaction costs at their estimated realisable value after providing for doubtful and uncollectable debts. Provision is made when there is objective evidence that the debt will not be collected.

*Trade and other payables*

Trade and other payables represent forecasted liabilities for expected goods and services provided to the New Zealand Artificial Limb Board prior to the end of the financial year that are unpaid. These are recorded at their present value with any realised and unrealised gains or losses recognised in the Prospective Statement of Financial Performance.

**Inventory**

Inventories are recorded at the lower of cost (calculated using weighted average method) and net realisable value. Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost at the date of acquisition. Inventories include stock on hand and work in progress.

**Investments**

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

## **Property, Plant and Equipment**

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

### *Additions*

The cost of an item of property, plant and equipment is recognised as an asset where the item cost is higher than \$300.00 and the future economic benefits or service potential associated with the item will flow to the New Zealand Artificial Limb Board and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Prospective Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### *Subsequent costs*

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

## **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets at 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%
Leasehold Improvements	5 to 40 years	2–17.5%
Plant and equipment	10 years	10%
Furniture and Fittings	5 years	20%
Computer Equipment	3 years	33%

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

## **Revaluation**

Currently the New Zealand Artificial Limb Board has no asset classes where revaluation at fair value would provide a cost benefit. All asset classes are carried at depreciated historical cost.

## **Intangible assets**

### *Software acquisition and development*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the New Zealand Artificial Limb Board are recognised as an intangible asset.

### *Amortisation*

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

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

Computer Software	5 years	20%
-------------------	---------	-----

## **Employee benefits**

### *Short-term benefits*

Employee benefits that the New Zealand Artificial Limb Board expects to be settled within 12 months of balance date are measured at nominal values 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, long service leave entitlements expected to be settled within 12 months, and sick leave.

### *Sick leave*

The New Zealand Artificial Limb Board recognises a liability for sick leave 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 the New Zealand Artificial Limb Board anticipates it will be used by staff to cover those future absences.

### *Long-term benefits*

Long service leave entitlements that are payable beyond 12 months have been calculated on an actuarial basis every two years and adjusted for actual leave taken on alternate years.

### *Superannuation schemes*

Obligations for contributions to superannuation schemes are recognised as an expense in the Prospective Statement of Financial Performance as incurred.

### **Operating leases**

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

### **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.

## **PROSPECTIVE FINANCIAL STATEMENT DISCLOSURES**

The New Zealand Artificial Limb Board has complied with FRS 42 in the preparation of these prospective financial statements, and they have been prepared pursuant to the requirements of the Crown Entities Act 2004.

### *Cautionary note*

The prospective financial statements may not be appropriate for any other purpose than that described above. Actual financial results achieved for the period covered are likely to vary from the information presented in the prospective financial statements, and the variations may be material.

### *Changes in accounting policies*

For reporting periods commencing after 1 January 2007 the New Zealand Artificial Limb Board is required to apply NZ IFRS. The New Zealand Artificial Limb Board has applied all NZ IFRS that are applicable at the date of preparation of these prospective financial statements. A summary of the financial impact of adopting NZ IFRS is outlined below. The summary provides a reconciliation of the equity at the beginning of the transition period (1 July 2006) under previous NZ GAAP to equity under NZ IFRS.

**Effect of NZ IFRS**  
**Statement of Financial Position**  
*as at 1 July 2006*

	Note	NZ GAAP as at 30 Jun 2006 \$000	Recognition/ Measurement Adjustments \$000	NZ IFRS as at 1 July 2006 \$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	a	457	2,907	3,364
Trade and other receivables		775	-	775
Short-term deposits	a	2,907	(2,907)	-
Inventory		1,469	-	1,469
<b>Total current assets</b>		<b>5,608</b>	<b>-</b>	<b>5,608</b>
<b>Non-current assets</b>				
Fixed assets		866	(280)	586
Intangible assets	b	-	280	280
<b>Total non-current assets</b>		<b>866</b>	<b>-</b>	<b>866</b>
<b>Total assets</b>		<b>6,474</b>	<b>-</b>	<b>6,474</b>
<b>Current liabilities</b>				
Trade and other payables		403	-	403
Employee entitlements	c	187	29	216
Accruals salaries		111	-	111
<b>Total current liabilities</b>		<b>701</b>	<b>29</b>	<b>730</b>
<b>Non-current liabilities</b>				
Employee entitlements		60	-	60
<b>Total non-current liabilities</b>		<b>60</b>	<b>-</b>	<b>60</b>
<b>Total liabilities</b>		<b>761</b>	<b>29</b>	<b>790</b>
<b>Net assets</b>		<b>5,713</b>	<b>(29)</b>	<b>5,684</b>

**MOVEMENTS IN EQUITY**

<b>Public equity as at 30 June 2006</b>	d	<b>5,713</b>	<b>(29)</b>	<b>5,684</b>
---	---	--------------	-------------	--------------

## Notes to the Restated Statement of Financial Position

- a. Recognition of short term investments with a maturity of no more than three months from the date of acquisition, now stated as Cash and cash equivalents in accordance with NZ IAS 7: *Cash Flow Statements*.

The effect of this adjustment as at 1 July 2006 Cash and cash equivalents is restated to include Short-term deposits of \$2,907,000.

- b. In accordance with NZ IAS 38: *Intangible Assets*, the New Zealand Artificial Limb Board has classified its computer software as an intangible asset. Previously, computer software was treated as a separate class of asset within property, plant and equipment.

The effect of this adjustment as at 1 July 2006 is an increase to intangible assets of \$280,000 and a reduction in property, plant and equipment of \$280,000.

- c. In accordance with NZ IAS 19: *Employee Benefits* the New Zealand Artificial Limb Board has recognised accumulating sick leave as a liability. Accumulating sick leave is any sick leave that can be carried forward and can be used in future periods if the current period's entitlement is not used in full. Under NZ GAAP, no provision for sick leave was recognised.

The effect of this adjustment at 1 July 2006 is an increase to current liabilities of \$29,000.

- d. In accordance with NZ IRFS 1: *First-time adoption of New Zealand equivalents to International Financial Reporting Standards*, the above recognition and measurement adjustments have been reflected directly in equity. The effect of all the recognition and measurement adjustments as at 1 July 2006 is a reduction in public equity of \$29,000.

## **Significant assumptions used**

The 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. An increase of 4% (CPI June 2006) has been applied to the Ministry of Health contract and labour cost /material cost increases have been applied to historical data as per the following assumptions.

### **Personnel costs**

Delays in the appointment of physiotherapists and existing vacancies in the 2006-2007 year contributed to the increase in the Prospective Statement of Financial Performance compared to the estimated actual cost for the current year. No provision for increase of full time equivalents in 2007-08 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.

### **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 a decrease in material costs as outlined under "Currency risk" above.

### **Capital expenditure**

There is no major capital expenditure projected for 2007-2008. The upgrade of the Auckland Limb Centre is expected to be completed in June 2007 with the project estimated to come in under budget.



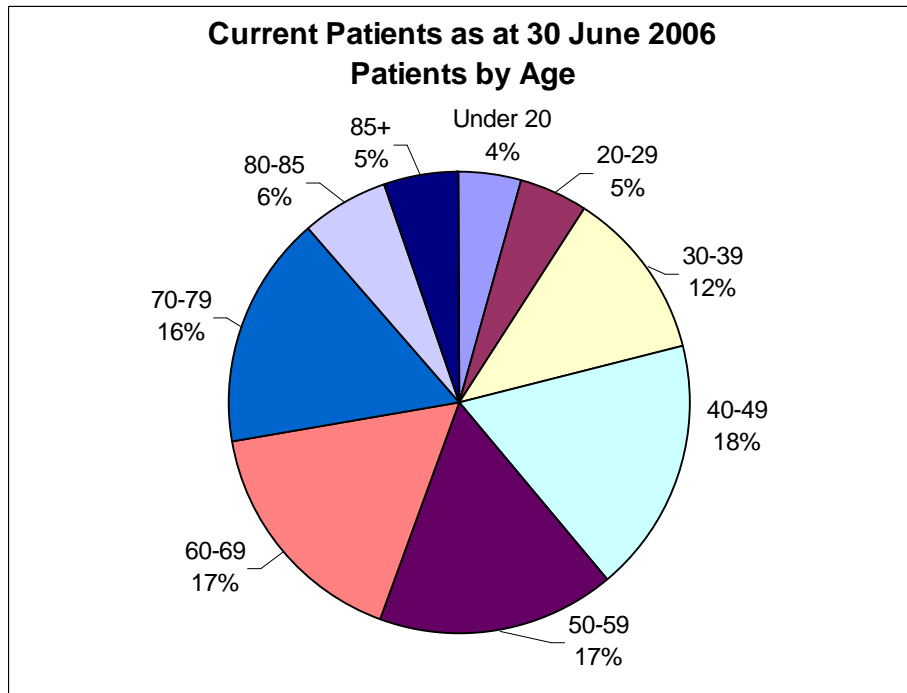
## **Appendix 2: Profile of Amputees**

Two profiles of amputees are provided – those for the entire data base, and those for new amputees in 2005-06. The profiles vary considerably in the distributions of age and cause of amputation.

### ***Profile of Current Amputees July 2005 - June 2006***

As at 30 June 2006, the group of 4,330 current patients on the New Zealand Artificial Limb Board data base was made up of 74% males, and 26% females. In ethnicity, 76% were New Zealand European, 12% Maori, and 6% were from the Pacific Islands. A variety of other ethnic backgrounds made up the remaining 6%.

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 29% (including vascular/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 (87%) of the limb service patients, with 13% 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 2006 – Amputation Levels

Amputation Levels	Total NZ	% of Total
Below knee	2,571	54%
Above knee	1,034	22%
Through knee	100	2%
Upper extremity	594	13%
Other	442	9%
<b>Totals</b>	<b>4,741</b>	<b>100%</b>

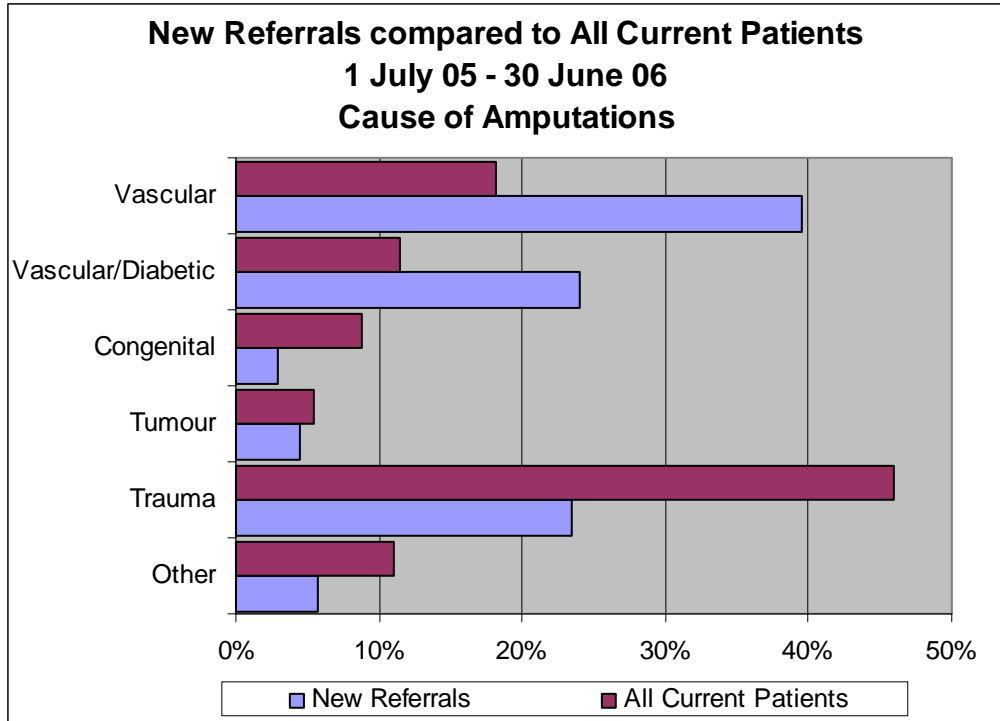
### *Profile of New Patients*

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 patients<sup>9</sup> whose amputations have been mainly caused by diabetes or other vascular failure.

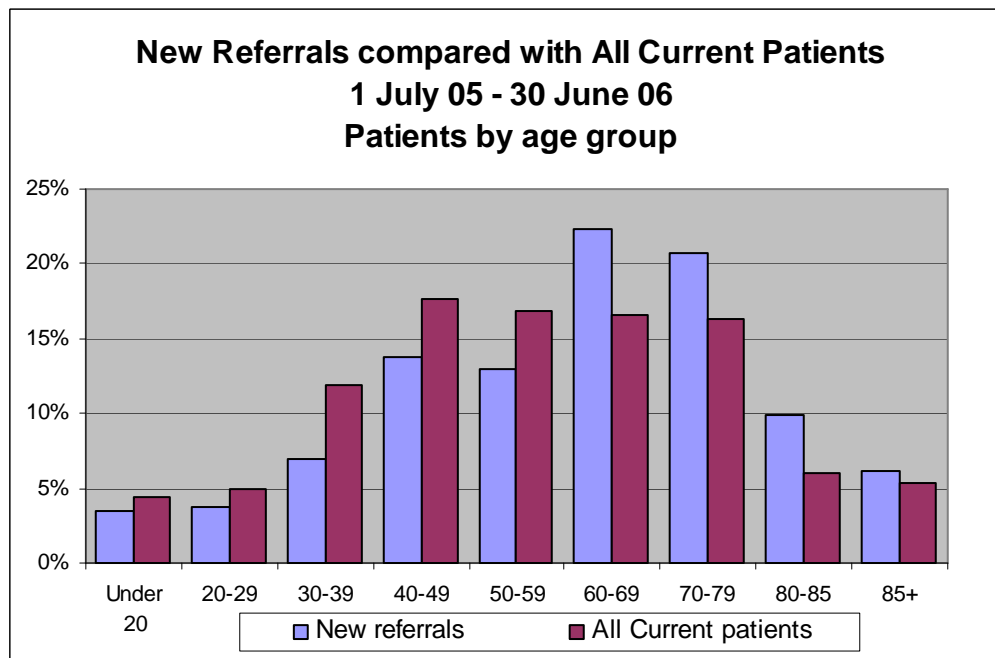
The following graph shows the percentages of amputation causes for new patients for the 2005-06 year, as well as amputations for all current patients as at 30 June 2006. The main cause of amputations for current patients on the database at June 2005 was trauma (46%), followed by vascular (18%) and diabetes/vascular (11%). This differs considerably from the causes of amputations for new referrals over the last 12 months. Here the main causes were: vascular 40%, diabetes/vascular 24%, while trauma caused 23% of amputations for this year.

---

<sup>9</sup> 69% aged 60+ in 2004-05



The graph below shows the ages of new referrals as at 30 June 2006 compared to the ages of the entire group of current patients at 30 June 2006. The proportion of new referrals 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 ZEALAND ARTIFICIAL LIMB BOARD

## Contact information

### NATIONAL OFFICE

General Manager  
Executive Manager, Corporate  
Manager Finance & Administration

George W P Mitchell  
Marion Lineham  
Gaye A Forster

Level 4, Quinovic House  
32 Kent Terrace  
P O Box 19160  
WELLINGTON 6149

Telephone: (04) 385 9410  
Telephone: (04) 385 9408  
Fax: (04) 385 9412  
Email: [info@nzalb.govt.nz](mailto:info@nzalb.govt.nz)  
Website: [www.nzalb.govt.nz](http://www.nzalb.govt.nz)

### AUCKLAND LIMB CENTRE

7 Horopito Street  
AUCKLAND 1024

Manager: Paul Bargh

Telephone: (09) 630 0644  
Fax: (09) 631 0041

### HAMILTON LIMB CENTRE

222 Pembroke Street  
P O Box 1418  
Waikato Mail Centre  
HAMILTON 3240

Manager: Claude W Dobbs

Telephone: (07) 838 3269  
Fax: (07) 838 3271

### WELLINGTON LIMB CENTRE

42-46 Mein Street  
P O Box 7281  
Newtown  
Wellington South  
WELLINGTON 6242

Manager: Ray V Binet

Telephone: (04) 389 2045  
Fax: (04) 389 8552

### CHRISTCHURCH LIMB CENTRE

330 Burwood Road  
Marshland  
CHRISTCHURCH 8083

Manager: Graham J Flanagan

Telephone: (03) 383 0501  
Fax: (03) 383 3566

### DUNEDIN LIMB CENTRE

464 Cumberland Street  
Postal address  
C/- Dunedin Public Hospital  
Great King Street  
DUNEDIN 9016

Manager: George W P Mitchell

Telephone: (03) 474 7983  
Fax: (03) 479 2413