



Statement of Intent

2008-2011

NEW ZEALAND ARTIFICIAL LIMB BOARD

Table of Contents

Foreword.....	3
New Zealand Artificial Limb Board Outcomes Framework.....	5
Introduction	6
Strategic Principles.....	8
New Zealand Artificial Limb Board Organisational Structure	9
The Operating Environment.....	12
Services for New Amputee Referrals.....	14
New Zealand Artificial Limb Board Impacts, Outcomes and Objectives.....	17
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.....	41
Significant Assumptions Used.....	41
Effect of NZ IFRS on the Statement of Financial Position.....	43
Notes to the Restated Statement of Financial Position.....	44
<u>Appendix 1: Staffing</u>	45
<u>Appendix 2: Profile of Amputees</u>	46
<u>Contact</u>	48

Foreword

It is my pleasure to present the New Zealand Artificial Limb Board's third Statement of Intent, as required under the Crown Entities Act 2004.

The New Zealand Artificial Limb Board has provided artificial limbs to New Zealanders since post Second World War days, when the majority of its clients were young men who had lost a limb during the war, but were otherwise fit. Changes in society have led to a quite different emphasis in those entering our service these days. Trauma still accounts for about a quarter of our new clients, but the vast majority come to us as a result of disease and tend to be older and suffering from vascular or other health problems. We also cater to those whose limb loss is because of congenital reasons.

Other societal changes impact on our service. The incidence of obesity has brought with it the need for heavier and more robust components. The increase in diabetes related health problems means that extra effort is required to educate patients into how to care for themselves in the best way to prevent or minimise skin breakdown and ulceration.

Our concentration is, as always, to make, maintain and fit artificial limbs (arms and legs/prostheses) for amputees and do a very good job of it. Ours is an individual service in which we must know our clients well in order to prescribe the individual prostheses matched to their particular lifestyles and needs. Increasing levels of technology put pressure on balancing what is appropriate for individuals and what they may desire, fuelled often from their exploration of the internet.

In order to get the best possible outcomes for amputees we are continuing with our major trial of outcomes measures. These have benefited from past and recent research, overseas and here, and the first results of mobility outcomes will be available during the financial year. Some amendments to our key performance indicators have already emerged from this area of development. Research will continue as we move forward on this exciting project.

We also plan to continue to work with District Health Boards and ACC to enhance the rehabilitation services provided, partly through training and educating health professionals in areas where our staff have gained amputee-specific skills that can be passed on. And finally, at an operational level, we want to continue to streamline our procedures efficiently and effectively in a project specifically devoted to that end.

This is the year of the Olympic Games in Beijing. Last year the New Zealand Artificial Limb Board and Paralympics NZ signed a Memorandum of Understanding relating to specific amputee athletes who will be competing in the

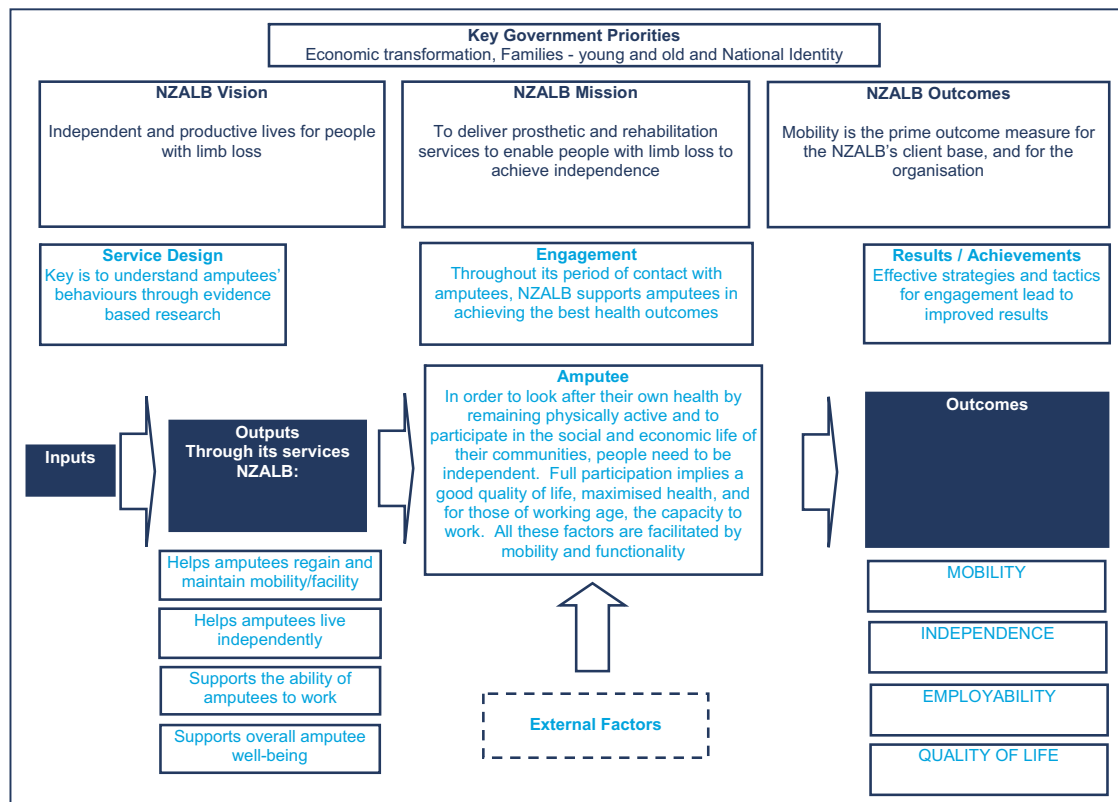
Paralympics. Ongoing support from the New Zealand Artificial Limb Board to those athletes will continue up to and including the Games.

We anticipate another busy and active year steadily moving forward as we continually refine our service to meet the needs of New Zealand's amputees.

A handwritten signature in black ink, appearing to read 'A. Graeme Hall', with a long horizontal flourish extending to the right.

A. Graeme Hall
Chair

New Zealand Artificial Limb Board Outcomes Framework¹



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.

¹ 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.

Amputees registered with the New Zealand Artificial Limb Board are of all ages, and across the social spectrum, with the majority within the "working age" group of 18-65. They vary from healthy and active people to the ill and frail, and individual prescription is therefore essential.

Whatever age, mobility is a key element to independence, and as people's circumstances change over the years, so may their prosthetic needs – active people have different needs from those who are 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 - from babyhood and the frequent changes of prescription necessary for a growing child, through life to retirement, as the following examples demonstrate.

Example – young child with limb loss

Isabel Wall

Less than a month into Isabel's young life the decision was made to amputate her leg below the knee due to neo natal ischemia.

It is important to fit children at an early stage so, at 10 months, we fitted and made her first prosthesis. This coincided nicely with her beginning to crawl. As expected she has grown rapidly and began walking very recently at 22 months of age. We can expect to make Isabel two new limbs a year to accommodate her growth until about the age of 16.

There will be many changes in the technology available to Isabel as she grows and as various categories of components become suitable options for fitting. We aim to support her in our prosthetic provision through the different stages of her life and in sport or other endeavours that she wishes to pursue.



Isabel shows off her new leg to her father.

Example – Active Amputee

Herb Hart

Herb lost his leg below the knee through a tunnelling accident in Sri Lanka in 1988. His job as tunneling supervisor took him to some of the wildest and most remote places on earth and he did not want the accident in any way to affect his working options or sites to which his contract took him.

Trips home usually meant a new prosthesis or at least major repairs, in a very short time frame. The prescription was also challenging: to make a rugged, durable and waterproof limb coupled with absolute comfort. Limb Centres in some of the countries Herb worked in were few and far between, often with dubious standards in prosthetics.

Now retired from tunnelling and leading a much quieter life, Herb remains very active and still places high demands on himself and the prosthesis.



Herb Hart
practising with his new
limb in the walking race.

The national service helps approximately 4,200 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 social development portfolio. The Ministry for Social Development, 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 independence² of its clients
- respecting the principles of the Treaty of Waitangi^{3 4}
- 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.

² NZ Public Health and Disability Act 2000 S3(1)(a)(ii).

³ op.cit. S4.;

⁴ MOH contract p.6. ACC Contract p. 5-6 .

New Zealand Artificial Limb Board Organisational Structure

Legislative Mandate

The New Zealand Artificial Limb Board 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 (for Social Development and Employment) on matters relating to artificial limbs and similar devices.*

New Zealand Artificial Limb Board

The portfolio Minister, the Minister for Social Development and Employment, appoints the Board under its legislation. At 30 June 2008, 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
	R Sainsbury	Minister of Health
	L L Peacock ⁵	
	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

⁵ to represent the interests of war amputees.

- 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.

Over the last 12 months, three reappointments and one new appointment have been made, which secures the Board for some years. Succession and Board capability issues will be focused on in the coming years as terms of experienced members approach expiry.

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.

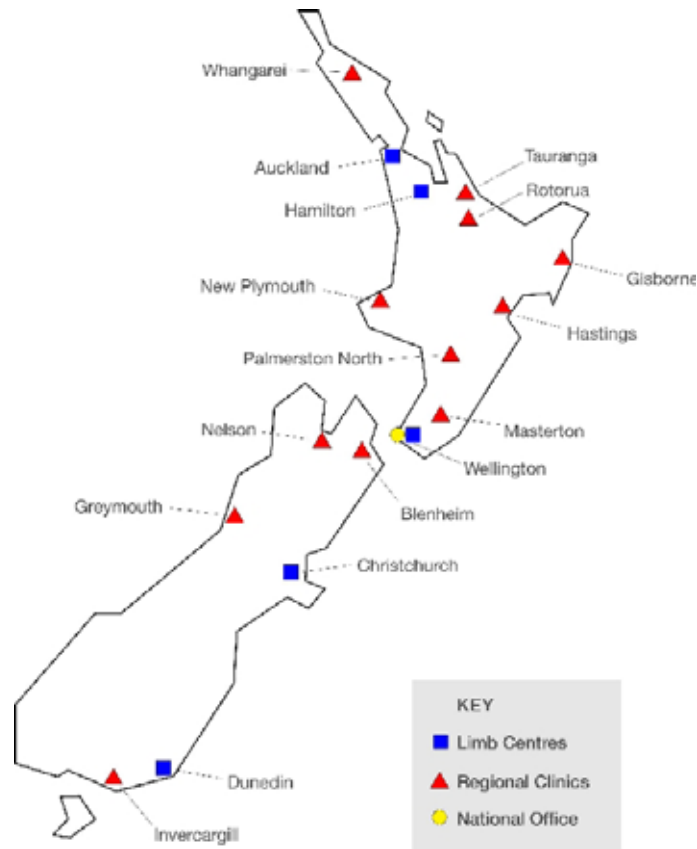
The limb centres each have a clinical and a production function. The clinical aspect includes patient management, reception, waiting rooms, consultation and fitting rooms, walking races, and plaster cast, measuring and Computer Aided Design (CAD) rooms. On the production side, the workshops have facilities 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 spread of the New Zealand Artificial Limb Board's services is shown in the map below:



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. Increasing levels of technology incorporated into individual types of limbs put pressure on the service to balance what is appropriate for individuals and what they may desire, fed often from their knowledge of new technology gained from the internet.

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.

Change is often associated with risk. Risk management assessment is fully integrated within the organisation’s strategic and operational areas and not treated as a separate initiative. Integration occurs through, for example, identifying and responding to risk through formulation of the strategic and business plans, regular monitoring of policies and procedures, building risk

management into project planning, audits, and a system of strict adherence to internal delegated authorities.

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). Small increases in the contract sum were granted over the last two years, the first since 1999. During that period labour and material costs have substantially increased, concurrent 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. The 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 whānau. This is addressed in detail on pp. 17-21.

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. Our work to ensure a qualified New Zealand workforce is addressed in more detail on p 23.

Organisational Capability and 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 major refurbishment of the Auckland Limb Centre occurred last year, and essential maintenance for Wellington is on the agenda this year. Changes in technology can impact on the way in which premises are used – for example, some plaster-cast rooms have been converted to Tracer CAD rooms.

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

Individual needs of amputees vary enormously, depending on their individual circumstances. The service is needs-focused but must sometimes balance amputees' perceived needs with available funding. The New Zealand Artificial Limb Board's response to demands for special limbs, such as sporting limbs or very high technology limbs, is therefore carefully monitored by the Board for planning purposes.

Services from other agencies can impact on the New Zealand Artificial Limb Board service – for example, delays in physiotherapy provision by District Health Boards, such as is occurring in the Auckland region, can delay rehabilitation of amputees.

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. Increasing numbers live in rest homes where staff need training in amputee issues if amputees are to maximise their potential mobility. Physiotherapy input at an early stage is a desirable response to these changes.

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 few 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 numbers⁶ 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 patients⁷ 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.

⁶ A full profile of the current and new patient groups may be seen in Appendix 2.

⁷ 59% aged 60+ in 2005-06

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 and/or changes in the amputee's physical condition. Modern components are made of increasingly long-lasting but more expensive 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 New Zealand 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 had been working steadily towards these goals for some years and undertook a major project to identify its key outcome measures and related performance measures.

Outcomes for amputees to which the New Zealand Artificial Limb Board contributes are:

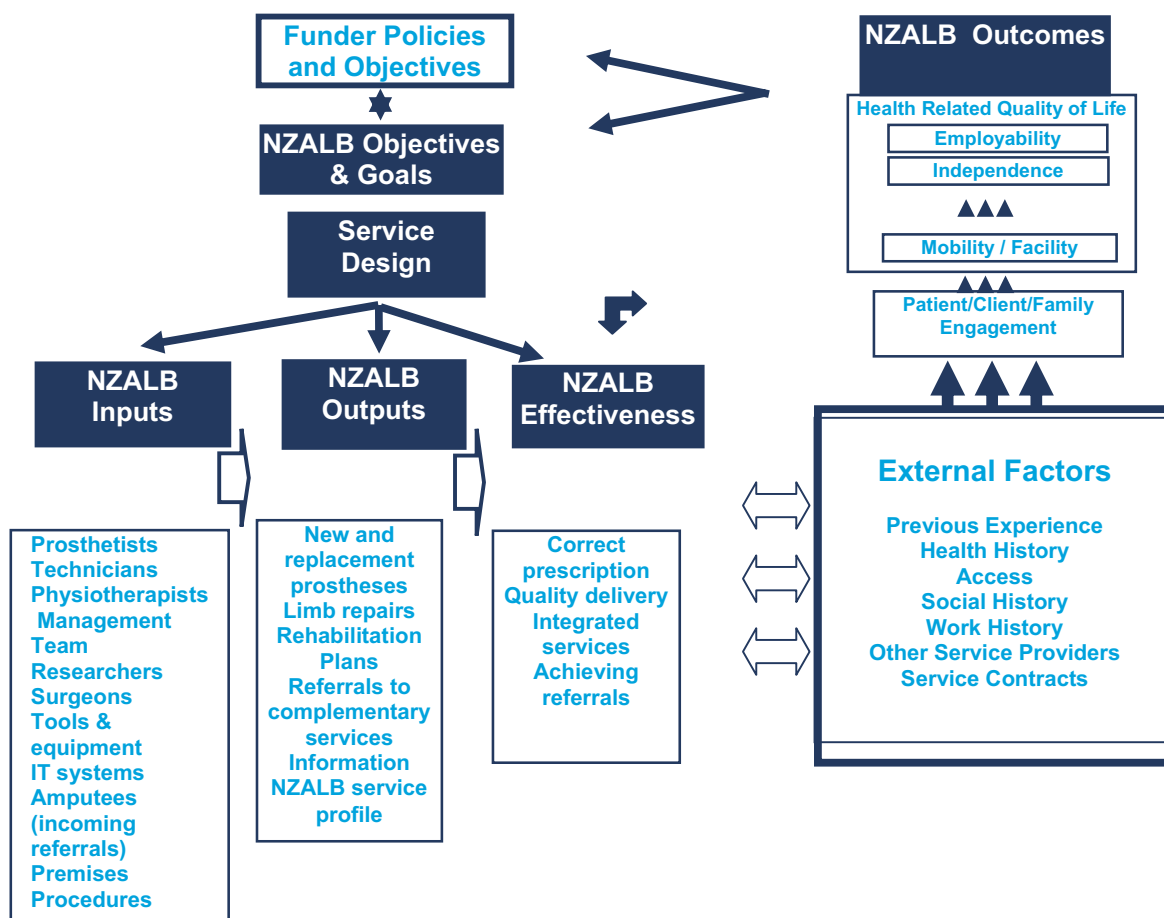
- i. mobility/functional ability
- ii. health related quality of life
- iii. employability
- iv. independence.

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 following:



For the next three years, 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 remain a “work in progress” rather than a definitive solution.

The following is an outline of planned implementation and reporting of New Zealand Artificial Limb Board’s performance indicators of non-financial measures⁸.

⁸ See previous Statements of Intent and Annual Reports

Performance Indicator One

Performance Indicator One: Amputee satisfaction with the service as measured by customer satisfaction surveys.

This will remain as a performance indicator. The customer satisfaction survey is due to be completed again in 2009 and will be compared to previous results.

Performance Indicator Two

The current Performance Indicator reads as follows:

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 is assisted by the cooperation of the Ministry of Health as the manager of the collection of national health information. Much has been learned over the past 12-24 months to get as close a match as possible between the two sets of data to derive a meaningful measure.

The New Zealand Artificial Limb Board will continue to work with the Ministry of Health to get the best possible information on first time amputees. What is required is a notification of amputation with the reason for either referral or non referral.

As a result of the recent trial, the Performance Indicator has been slightly revised to read:

Performance Indicator Two: The number of amputees who become New Zealand Artificial Limb Board clients as a proportion of the total number of notifications of limb amputees in New Zealand, over a financial year.

This wording emphasises the need for notification of all first time limb amputees, regardless of whether the notifying party wishes to make use of the services of the New Zealand Artificial Limb Board.

There is a risk associated with this measure because of the lack of complete and reliable data. It is possible that as the integrity of the data is improved the proportion of first time amputees who are referred to New Zealand Artificial Limb Board may appear to decrease, where in fact this may just be a factor of better tracking of all first time amputees.

Performance Indicator Three

To date the third measure has been

The percentage of new amputees achieving the level of mobility and functional independence predicted at the time of fitting.

This measure used the Amputee Mobility Predictor which was trialled at Hamilton and Christchurch centres for two years. Our experience with this measure found that the predictive element of this tool did not live up to expectations. No substitute tool has been identified and it has been decided that greater benefit will be derived from the following Performance Indicator being used instead.

A new Performance Indicator will be introduced as the mobility/independence measure using the Locomotor Capability Index, LCI-5. This measure assesses lower limb amputees' ambulatory skills and associated level of independence. Three measures will be taken, one at the initial phase of having the prosthesis fitted, followed by a second assessment three-six months later and a third at approximately a year after fitting. The most significant change occurs between Measures 1 and 2, which will be used for the performance indicators, and the results for Measure 3 will continue to be monitored.

The following Performance Indicators will therefore be trialled:

Performance Indicator 3: The percentage gain in mobility and independence of primary lower limb amputees over a six month period after the initial limb fitting.

Performance Indicator 4: The level of mobility and independence achieved at 6 months after the initial limb fitting (Measure 2) as a percentage of the optimal level of mobility and independence (maximum possible combined score for mobility and independence).

The Performance Indicators may be disaggregated by:

- (1) Activity level (Basic Activity Scale, Advanced Activity Scale);
- (2) Age (< 18years, 18-65 years, over 65 years);
- (3) Cause of amputation (accident or disease);
- (4) Region;
- (5) Ethnicity
- (6) Male/Female.

Such analysis would facilitate the New Zealand Artificial Limb Board in putting forward cases to key stakeholders for change to continuously improve their outcomes; for example if it could be shown that one region is producing

significantly better outcomes than the other regions (results adjusted for age, co-morbidity and so forth).

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, and further years' cohorts will become available in June of each of the subsequent years, thus contributing to an overall aim of benchmarking.

Physiotherapy input 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 has identified training needs in physiotherapists in practice that are specific to amputee care. The agency intends to continue to work generally and with individual District Health Boards to improve awareness and knowledge among physiotherapists of the needs of amputees. This will facilitate the exploration of ways in which the New Zealand Artificial Limb Board can work with the District Health Boards to enhance rehabilitation and integration of service provided. The New Zealand Artificial Limb Board will continue to try to get physiotherapy schools to include amputee care in the physiotherapy curriculum.

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
- background information for introductory packs to all new amputees presenting at hospitals, both before and after amputation
- training courses for ACC case managers on amputee care and related issues
- other resources, including research reports and posters on bandaging and applying rigid removable dressings, which have been widely distributed nationally
- placements for students in related health professions to widen their knowledge of amputee care.

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.

Special requests are catered for from time to time. The New Zealand Artificial Limb Board and Paralympics New Zealand have entered into a Memorandum of Understanding to facilitate the participation of five amputee athletes at the Olympic Games in Beijing. The opportunity to support these high achievers is welcomed.

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.

The Auckland University of Technology and La Trobe University, Melbourne, have agreed to enter into a Memorandum of Understanding enabling students to study for a Bachelor of Health Science (Prosthetics and Orthotics). Students will spend their first year doing the core units of a Bachelor of Health Science degree in Auckland, and the second and third at La Trobe studying Prosthetics and Orthotics. Part of the fourth year will be spent back in New Zealand on clinical placements at the New Zealand Artificial Limb Board and at orthotics providers. This will continue and expand the New Zealand Artificial Limb Board's current practice of taking student placements from Australia 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 ACC case managers, and will make up a programme agreed with the Minister for Social Development and Employment.

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. This is particularly relevant where pressures are applied regarding high technology/high cost components.

The Board recognises a duty 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 and Employment, 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 (for Social Development and Employment) 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.

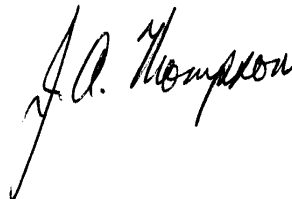
The prospective financial statements have been prepared in accordance with NZ IFRS. The New Zealand Artificial Limb Board does not intend to update and republish the prospective financial statements.

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 May 2008.



A G Hall
Chair



J A Thompson
Deputy Chair

Statement of Forecast Service Performance

Key Tasks for 2008-09

Output Class. The NZALB operates under one output class: Provision of prosthetic and rehabilitation services to New Zealand's amputees. Funding is provided primarily through contracts with the Ministry of Health and ACC (refer p. 10).

During the 2008-09 year, the New Zealand Artificial Limb Board intends to achieve the following key tasks towards the New Zealand Artificial Limb Board's objectives:

The New Zealand Artificial Limb Board 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.**

Focus	Output															
<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>Actual 2007</th><th>Actual 2006</th></tr></thead><tbody><tr><td>New Limbs Supplied</td><td>860</td><td>940</td></tr><tr><td>Remodels</td><td>209</td><td>199</td></tr><tr><td>Resockets</td><td>361</td><td>358</td></tr><tr><td>Servicing Jobs</td><td>9,013</td><td>8,668</td></tr></tbody></table>		Actual 2007	Actual 2006	New Limbs Supplied	860	940	Remodels	209	199	Resockets	361	358	Servicing Jobs	9,013	8,668
	Actual 2007	Actual 2006														
New Limbs Supplied	860	940														
Remodels	209	199														
Resockets	361	358														
Servicing Jobs	9,013	8,668														
<i>Integrated services</i>	Evidence of work with District Health Boards on resources and training to enhance an integrated service for amputees Development of resources for rest homes															

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"> i. its portfolio Minister, the Minister for Social Development and Employment, including advice on public good issues as per agreed workplan ii. its contractors, Capital and Coast Health District Health Board (on behalf of the Ministry of Health) and the ACC.

Objective 3

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

Focus	Output
<i>Productivity, efficiency and effectiveness</i>	Objective: <ul style="list-style-type: none"> • Enhance gains made through efficient and effective practices by continuing value stream evaluation • Continue analysis of major areas along value stream through a minimum of two specific projects • Implement identified improvements • Manage work flow and stock to acceptable levels

Objective 4

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

Focus	Output
<i>Quality through establishing outcome measures</i>	Outcome measures project advanced by: <ul style="list-style-type: none"> • collating results of trials of outcome measures • analysing results • amending collection of data/procedures if necessary • planning evaluation of data. 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"> • research and present scientific papers • gather information on new technology and practice; • report back and share new information with colleagues

Financial Performance

Output Class:	Budgeted	Estimated	Budgeted	Budgeted	Budgeted
<i>Provision of prosthetic and rehabilitation services</i>	2008	Actual	2009	2010	2011
	\$000	2008	\$000	\$000	\$000
Income					
Revenue from Crown	6,787	6,771	7,076	7,288	7,507
Interest Income	180	240	271	241	269
Other revenue	79	95	90	93	95
Total income	7,046	7,106	7,437	7,622	7,871
Expenditure	6,866	6,941	7,166	7,381	7,602
Net surplus/(deficit)	180	165	271	241	269

PROSPECTIVE FINANCIAL STATEMENTS

for the year ending 30 June 2009

Prospective Statement of Financial Performance

for the year ending 30 June 2009

	Budgeted 2008 \$000	Estimated Actual 2008 \$000	Budgeted 2009 \$000
Income			
Revenue from Crown	6,787	6,771	7,076
Interest income	180	240	271
Other revenue	79	95	90
Total revenue	7,046	7,106	7,437
Expenditure			
Personnel	2,984	2,963	3,110
Operating	3,457	3,532	3,649
Depreciation	237	242	155
Rehabilitation	112	118	144
Training & Research	76	86	108
Total expenditure	6,866	6,941	7,166
Net surplus/(deficit)	180	165	271

Prospective Statement of Changes in Equity
for the year ending 30 June 2009

	Budgeted 2008 \$000	Estimated Actual 2008 \$000	Budgeted 2009 \$000
Operating surplus/(deficit)	180	165	271
Total recognised revenues and expenses for the period	180	165	271
Public equity as at 1 July 2008	5,664	5,731	5,896
Public equity as at 30 June 2009	5,844	5,896	6,167

Prospective Statement of Financial Position
as at 30 June 2009

	Budgeted 2008 \$000	Estimated Actual 2008 \$000	Budgeted 2009 \$000
Assets			
Current assets			
Cash and cash equivalents	3,089	3,475	3,801
Debtors and other receivables	681	538	582
Prepayments	41	37	39
Inventory	1,450	1,330	1,295
<i>Total current assets</i>	5,261	5,380	5,717
Non-current assets			
Property, plant and equipment	1,285	1,234	1,177
Intangible assets	44	33	32
<i>Total non-current assets</i>	1,329	1,267	1,209
Total assets	6,590	6,647	6,926
Liabilities			
Current liabilities			
Trade and other payables	392	429	409
Employee entitlements	195	217	205
Accruals salaries	99	45	85
<i>Total current liabilities</i>	686	691	699
Non-current liabilities			
Employee entitlements	60	60	60
<i>Total non-current liabilities</i>	60	60	60
Total liabilities	746	751	759
Net Assets	5,844	5,896	6,167
Equity			
General funds	5,844	5,896	6,167
Total equity	5,844	5,896	6,167

Prospective Statement of Cash Flows
for the year ending 30 June 2009

	Budgeted 2008 \$000	Estimated Actual 2008 \$000	Budgeted 2009 \$000
Cash flows from operating activities			
Receipts from Crown revenue	6,815	6,788	7,040
Interest received	167	231	267
Receipts from other revenue	75	95	90
Payments to suppliers	(3,664)	(3,723)	(3,884)
Payments to employees	(3,010)	(2,983)	(3,082)
Goods and services tax (net)	24	9	(8)
Net cash from operating activities	407	417	423
Cash from investing activities			
Receipts from sale of property, plant and equipment	-	-	-
Purchase of property, plant and equipment	(116)	(40)	(77)
Purchase of intangible assets	(17)	(8)	(20)
Net cashflow from investing activities	(133)	(48)	(97)
Net increase/(decrease) in cash and cash equivalents	274	369	326
Cash and cash equivalents at the beginning of the year	2,815	3,106	3,475
Cash and cash equivalents at the end of the year	3,089	3,475	3,801

Statement of Accounting Policies for the Year ending 30 June 2009

Reporting entity

The New Zealand Artificial Limb Board is an autonomous Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the New Zealand Artificial Limb Board's ultimate parent is the New Zealand Crown.

The 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 for the purposes of New Zealand Equivalents to International Reporting Standards (NZ IFRS).

Reporting period and currency

The reporting period for these prospective financial statements is the year ending 30 June 2009. 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 of the New Zealand Artificial Limb Board 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.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

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 44.

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.

Revenue from the Crown is recognised when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest rate method. The method applies this rate to the principal outstanding to determine interest income each period.

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 and deposits held at call with banks, with original maturities of three months or less.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Impairment of a receivable is established when there is objective evidence that the New Zealand Artificial Limb Board will not be able to collect amounts due according to the original terms of the receivable.

Inventory

Inventories are held for the provision of services and are recorded at the lower of cost (calculated using weighted average method) and current replacement cost. 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.

Accounting for foreign currency transactions

Foreign currency transactions are 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.

New Zealand Artificial Limb Board does not currently use forward exchange contracts to hedge its exposure to foreign exchange risk.

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 any 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 or 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 when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Prospective Statement of Financial Performance.

Subsequent costs

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) 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:

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.

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 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. Direct costs include the software development, employee costs and an appropriate portion of overhead.

Staff training is recognised as an expense when incurred.

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

Costs associated with the development and maintenance of the New Zealand Artificial Limb Board's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The

amortisation charge for each period is recognised in 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%
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Impairment of non-financial assets

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

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.

Creditors and other payables

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

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.

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 undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned 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 compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the New Zealand Artificial Limb Board anticipates it will be used by staff to cover those future absences.

The New Zealand Artificial Limb Board recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave entitlements that are payable beyond 12 months have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, and likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Employee benefits

Defined contribution schemes

Obligations for contributions to Kiwisaver and the New Zealand Artificial Limb Board Super Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of financial performance as incurred.

Defined benefit schemes

The New Zealand Artificial Limb Board makes contributions to the DBP Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Critical judgements in applying the New Zealand Artificial Limb Board's accounting policies

Management has exercised the following critical judgements in applying the New Zealand Artificial Limb Board's accounting policies for the period ending 30 June 2009:

Leases classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the New Zealand Artificial Limb Board.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

The New Zealand Artificial Limb Board has exercised its judgement on the appropriate classification of equipment leases, and has determined that all lease arrangements are operating leases.

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.

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 3.5% (CPI March 2008) 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

There is no provision for increase of full time equivalents in 2008-09 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. However, provision has been made for increases in operational expenditure where movements are expected due to inflationary pressure.

Capital expenditure

There is no major capital expenditure projected for 2008-2009.

Effect of NZ IFRS
Statement of Financial Position
as at 1 July 2007

	Note	NZ GAAP as at 30 June 2007 \$000	Recognition/ Measurement Adjustments \$000	NZ IFRS as at 1 July 2007 \$000
ASSETS				
Current assets				
Cash and cash equivalents	a	679	2,427	3,106
Trade and other receivables		591	-	591
Short-term deposits	a	2,427	(2,427)	-
Inventory		1,308	-	1,308
Total current assets		5,005	-	5,005
Non-current assets				
Fixed assets		1,473	(131)	1,342
Intangible assets	b	-	131	131
Total non-current assets		1,473	-	1,473
Total assets		6,478	-	6,478
Current liabilities				
Trade and other payables		403	-	403
Employee entitlements	c	224	5	229
Accruals salaries		59	-	59
Total current liabilities		686	5	691
Non-current liabilities				
Employee entitlements		56	-	60
Total non-current liabilities		56	-	60
Total liabilities		742	5	747
Net assets		5,736	(5)	5,731

MOVEMENTS IN EQUITY

Public equity as at 30 June 2007	d	5,736	(5)	5,731
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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 2007 Cash and cash equivalents is restated to include Short-term deposits of \$2,427,000.

- 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 2007 is an increase to intangible assets of \$131,000 and a reduction in property, plant and equipment of \$131,000.

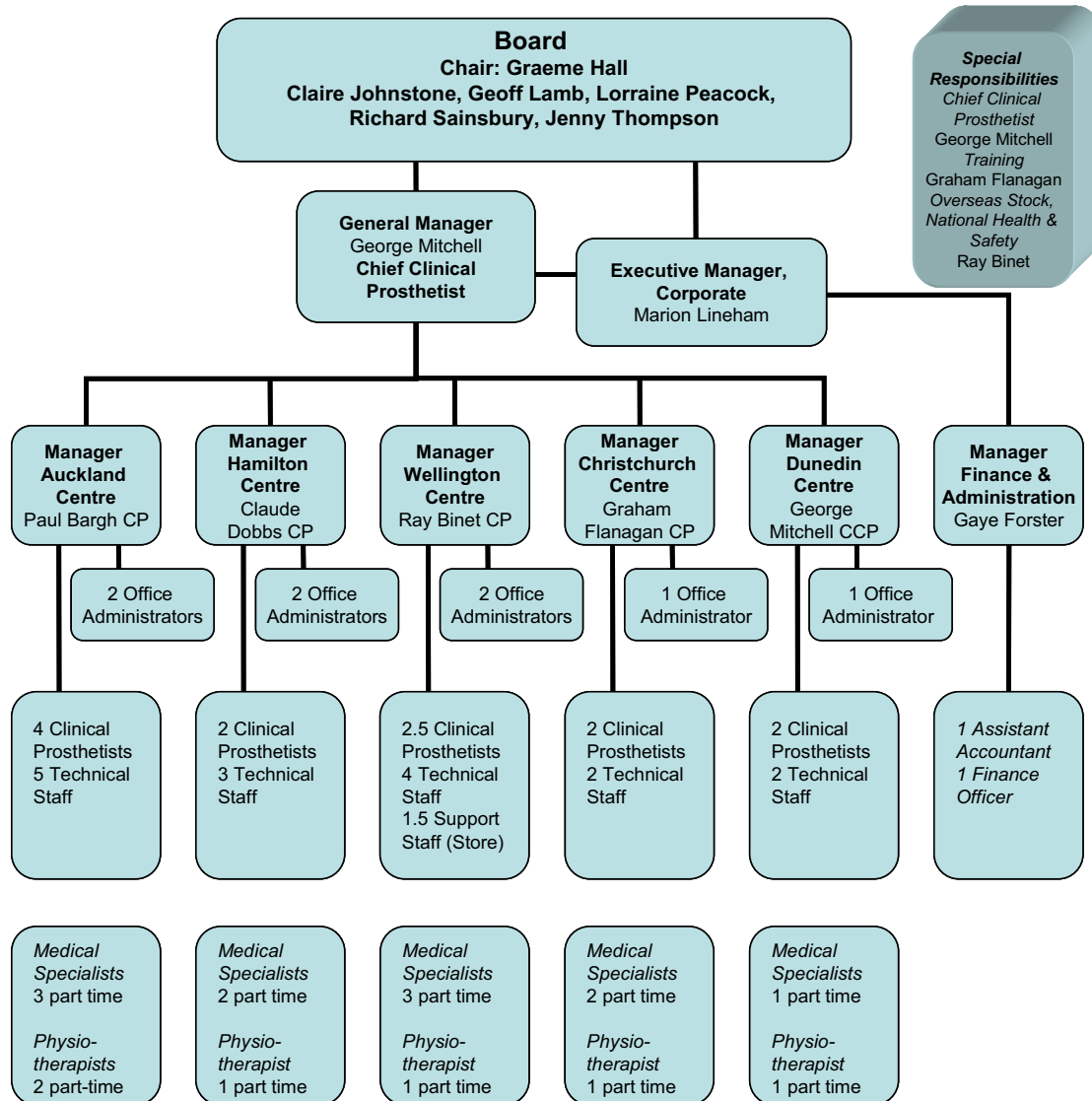
- c. In accordance with NZ IAS 19: *Employee Benefits* the New Zealand Artificial Limb Board has recognised accumulating sick leave as a liability. Accumulating sick leave is any sick leave that can be carried forward and can be used in future periods if the current period's entitlement is not used in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

The effect of this adjustment at 1 July 2007 is an increase to current liabilities of \$5,000.

- 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 2007 is a reduction in public equity of \$5,000.

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.



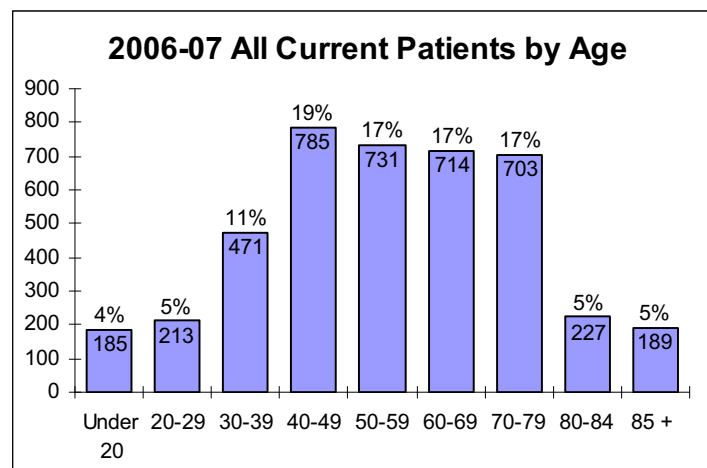
Appendix 2: Profile of Amputees

Two profiles of amputees are provided – those for the entire data base, and those for new amputees in 2006-07. The profiles vary considerably in the distributions of age and cause of amputation.

Profile of Current Amputees July 2006 - June 2007

As at 30 June 2007, the group of 4,218 current patients on the New Zealand Artificial Limb Board data base was made up of 75% males, and 25% 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 48% of amputations, vascular failure 29% (including vascular/diabetes 12%), congenital limb loss 11%, and a variety of other causes such as infection and malignancy made up the remaining 12%.

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.

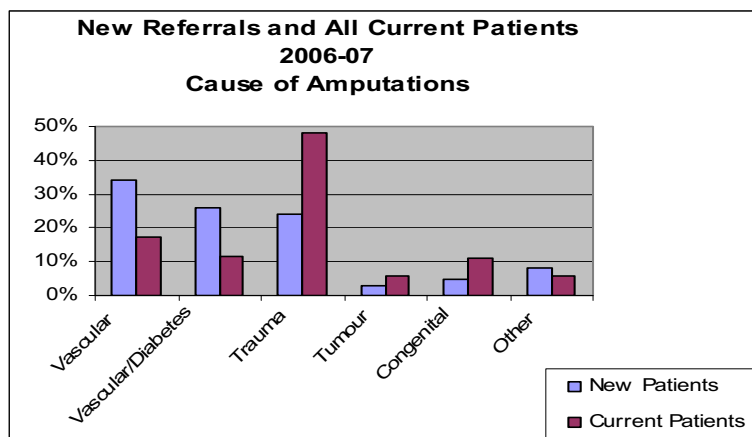
Current Patients at 30 June 2006 – Amputation Levels

Amputation Levels	Total NZ	% of Total
Below knee	2,483	54%
Above knee	996	22%
Through knee	89	2%
Upper extremity	585	13%
Other	434	9%
Totals	4,587	100%

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 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 2006-07 year, as well as amputations for all current patients as at 30 June 2007. The main cause of amputations for current patients on the database at June 2007 was trauma (48%), followed by vascular (17%) and diabetes/vascular (12%). This differs considerably from the causes of amputations for new referrals over the last 12 months. Here the main causes were: vascular 34%, diabetes/vascular 26%, while trauma caused 24% of amputations for this year.



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