
New Zealand Artificial Limb Board

STATEMENT OF INTENT

2009-12

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**Presented to the House of Representatives
Pursuant to S 149 of the Crown Entities Act 2004**

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Foreword

Since its inception immediately following the Second World War principally as part of the re-establishment of returning war amputees, the Artificial Limb Board has had one simple, basic and overriding intent – the provision of a prosthetic service to meet the needs of persons with limb loss.

The priority which remains uppermost, therefore, is to have a continuing high quality service available for amputees and the number one focus is on maintaining the capability of the service and steadily enhancing it.

New Zealand is unique in the world in having a single national limb service, government owned and operated and essentially free to amputees through government or ACC funding. It is highly regarded internationally because of these characteristics and especially as a single national service.

The downside of a single national service is the need for constant vigilance to ensure efficiency in operations and continuous enhancement of the service through research and development. One of the upsides is the “public good” opportunities that its national perspective can identify and pursue in the wider community.

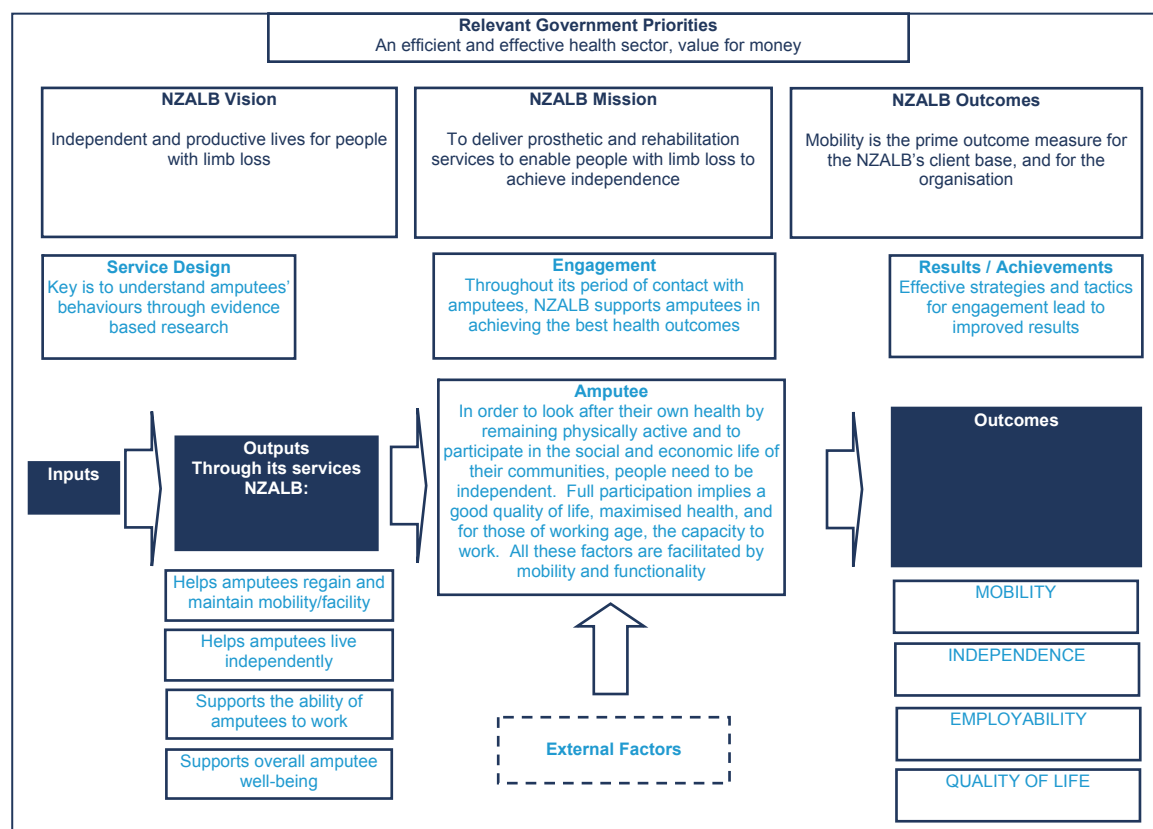
Consequently, both currently and over recent years, the emphasis has been not only on the technological improvements in prosthetic limbs but also on the complementary activities such as physiotherapy which assist amputees in the use of their prostheses and the maintenance of their overall health and fitness. This has meant outreach into the community to improve the understanding of amputee rehabilitation, both within the hospital environment and the wider community of health professionals.

The current year continues this emphasis on the quality and effectiveness of the limb service itself and the enhancement of supportive understanding in the community.

The New Zealand Artificial Limb Board looks forward to fulfilling this broad intent in a way which is fully acceptable to our amputee clients while at the same time being cost-effective to our funders and fully in accordance with government policies and intentions.

On behalf of the Board
A Graeme Hall
Chair

New Zealand Artificial Limb Board Outcomes Framework - Overview¹²



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

- An efficient and effective health sector. The New Zealand Artificial Limb Board contributes in its specialist area to provide amputees of all ages the rehabilitative services that change the lives of those with limb loss and enable them to become as independent as possible. These changes positively influence New Zealand society through amputees becoming mobile, independent and being further enabled to contribute to society through their enhanced mobility. The NZALB's services are constantly monitored to ensure they provide a high quality and efficient service.
- Value for money. The New Zealand Artificial Limb Board contributes value for money through internal concentration on constant improvement in services to amputees and external recourse to international research and training opportunities. Examples over the last few years are:
 - an outcomes measures project that measures the patient journey, including objective measures of patients' progress, integrated into the IT system, over their first vital year with the New Zealand Artificial Limb Board service. This is a long term project which is being refined each year and which leads to more effective treatment
 - the addition of CAD/CAM technology, which provided a faster and more convenient fitting process for amputees

¹ Consistent with ACC and Ministry of Health goals.

² See p. 15 for Outcomes Framework expanded to include service management

- a new IT patient database that integrates clinical, financial, and administrative records for administrative efficiency
- training courses on amputee care for allied health professionals to increase knowledge/provide better service
- range of resources e.g. posters, on topics such as bandaging, safe methods of transfer of amputees, post-operative application of rigid removable dressings.

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.

The 4,300 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 – 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 - from babyhood and the frequent changes of prescription necessary for a growing child, through an active life towards retirement, as the following example demonstrates.

Profile: Lou Oldershaw (in her own words)

I became a below knee amputee when I was 11 years old, the result of an accident in Dunedin.

On leaving school, I trained in Wellington as a School Dental Nurse. Most of our training was done with the old treadle drills, but towards graduation we were equipped with electric drills with a more easily operated foot pedal. I boarded in hostels while training and enjoyed all the fun of student life, including dancing.

I continued dental nursing for 10 years with a year off for overseas travel. One of the highlights was twelve weeks camping on the Continent. The style of limbs had changed, making this a lot easier. The original wooden leg with thigh corset had been replaced with the PTB³, a much more user-friendly prosthesis.

In my early 20s I got my driver's license and until recently had only driven a manual car.

In 1970 I was married and over the next five years had three daughters. Being an amputee was never a difficulty with having a family. As most parents do, I was involved with committees and helping at school, and was a very active Girl Guide leader for 10 years.

Once the girls were older, I worked in the office of a health-related Crown Research Institute. Now in retirement, life is just as busy with voluntary work, eg, Citizen's Advice for some years, reading in schools and being a member of other women's groups. We have grandchildren and are fortunate to be busy with them.

For the last few years I have been going to a gym using a tailor-made programme including Pilates.

We have made numerous trips overseas and throughout New Zealand. Travel is a real pleasure.



³ Short for "patella tendon bearing"

Lou's story shows how full life can be for amputees after limb loss.

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
- services for new 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, 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 independence⁴ of its clients, and achieving suitable outcomes for its client base.
- respecting the principles of the Treaty of Waitangi^{5 6}
- 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
- promoting high organisational standards of ethics and integrity
- encouraging a culture of innovation.

⁴ NZ Public Health and Disability Act 2000 S3(1)(a)(ii).

⁵op.cit. S4.;

⁶ 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 rehabilitative 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 31 March 2009, 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 ⁷	
	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 Chief Executive
- monitoring organisational performance towards achieving objectives
- maintaining effective systems of internal control
- accounting to the Minister for plans and progress against them.

No change to the Board has occurred over the last 12 months. One replacement is pending, which secures the Board for the next year. Succession and Board capability issues will be focused on in the coming years as terms of experienced members approach expiry.

⁷ to represent the interests of war amputees.

Staffing

The Board has appointed a Chief Executive to manage all the New Zealand Artificial Limb Board operations.

For many years the Board's most senior executive has been a General Manager, traditionally a qualified prosthetist and essentially responsible for the day-to-day operations of the Limb Centres.

Over more recent years, and especially following the Board's restructuring as a Crown Entity, additional skills have been required including broader strategic leadership and the ability to deal with the very significant compliance activities involved.

The Board's response to this need, previously, was to appoint a very senior and qualified administrative officer to provide support and to work in tandem with the General Manager.

Whilst this arrangement had been extremely effective, the retirement of the General Manager in January 2009 gave an opportunity to re-think the senior position and move it to a more customary chief executive role.

Accordingly, the Board has appointed to the position of Chief Executive Mervyn Monk, a non-prosthetist but skilled and experienced in the chief executive role. Appropriate rearrangement of second tier positions is an early task for the Chief Executive.

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.

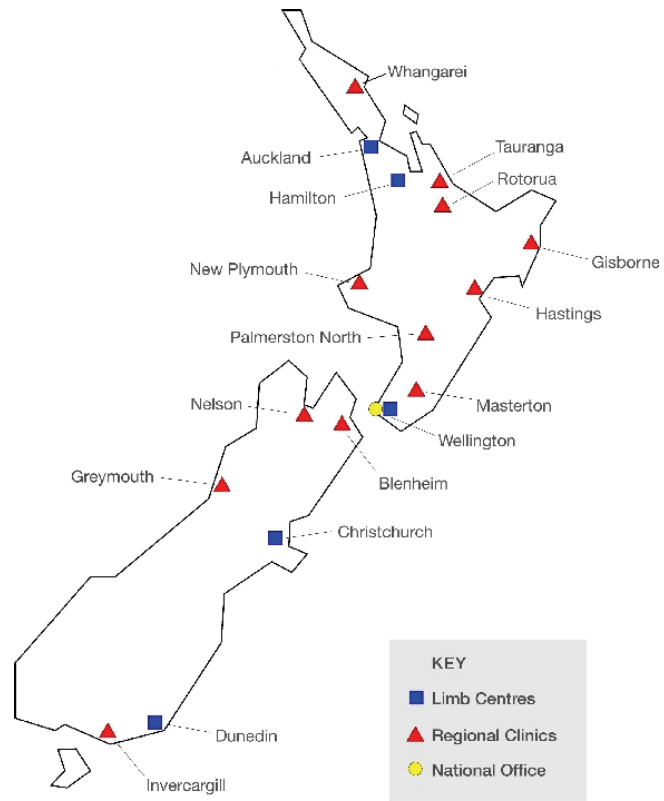
Each centre has a store of limb components. Wellington Limb Centre houses the national store and the CAD carver.

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 are funded separately, and a small number of prostheses are 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 following map:

New Zealand Artificial Limb Board Services



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 **global economic 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 value for money, front-line services and 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 ethnic mix and distribution of our population is changing, with a distinct “drift north”.
5. Advances in **technology and rehabilitation** on the one hand lead to greater functionality and mobility for individuals, but on the other hand require that amputees have access to a wider range of services and treatments. Increasing levels of technology incorporated into particular types of limbs put pressure on the service both financially and clinically. Advanced technology usually involves higher materials costs, higher skills levels and therefore more training. Clinicians must balance carefully what is appropriate for individuals and what they may desire, a desire fed often from clients’ knowledge of new technology gained from the promotional propaganda on the internet. Advances also apply to technological infrastructure such as IT systems and digital imaging, with associated costs.

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. The effects of the trends on the agency are outlined below.

1 and 2: Global Economic 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 three years, following seven years of no increases. 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.

The new Government's emphasis on Value for Money and frontline services reflects the emphasis the New Zealand Artificial Limb Board has embedded in its commitment to excellent and individualized services for New Zealand amputees that in turn result in their ability to live as independently as possible.

Trying to demonstrate amputee benefits in a measurable way led to the development of a comprehensive outcomes framework that allows the New Zealand Artificial Limb Board to show how it contributes to desirable outcomes for a specific group of New Zealand disabled people - amputees - and their families and whānau. This is addressed in detail in the section on New Zealand Artificial Limb Board Impacts, Outcomes and Objectives.

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

3. Service Delivery and Organisational Capability

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 against both production demand and patient loads. Recently staff levels have reduced in the South Island and increased in Auckland. 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 in 2006-07, 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 can delay rehabilitation of amputees.

4. Demographic change

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, varying according to distribution, e.g. high proportions of Pacific Island groups in the Auckland area.

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.

5. Advances in Technology and Rehabilitation

There is a steadily increasing level of sophistication in the kinds of components available for limbs, especially in Europe and America where computer driven limbs are more frequently used with related higher costs. New Zealand amputees are well informed about developments overseas through internet access and, as in other areas of high cost health care, tensions arise between what is desirable and what is appropriate for individuals.

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. Technological advances also involve constant upskilling for staff, and often exert financial pressure on the organisation.

Risk Management

Change is often associated with risk. Risk management assessment is fully integrated within the New Zealand Artificial Limb Board'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, and quarterly reporting against them to the Board
- monthly financial reporting to the Board
- regular monitoring and reviews of policies and procedures
- building risk management into project planning
- audits, and following up on Audit NZ's suggestions for system and policy improvements
- a system of strict adherence to internal delegated authorities
- rigorous health and safety policy and procedures, including a natural disaster plan

- senior management monitoring of prescription of higher cost components
- regular analysis of staffing levels in relation to outputs and productivity data
- a programme of regular IT updates to ensure good infrastructure support.

Monitoring occurs as often as weekly in key areas such as production. Internal reviews are undertaken targeting specific issues, as well as regular statistical and financial analysis and trends, and regular reporting, including “no surprises” briefings to funders, the monitoring agency and Minister. Ongoing projects on “lean thinking” and waste contribute to managing the pressures on the Limb Service’s financial management.

Services for New Amputee Referrals

New patient numbers⁸ 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 patients⁹ 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). Within that context, a customised limb is prescribed.

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

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

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

From then on, the Limb Service looks after repairs and maintenance of the limb, and when the limb eventually wears out, replaces it. The useful life of an individual artificial limb is influenced by the amount of wear on it, which in turn depends on activity levels 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.

⁸ A full profile of the current and new patient groups may be seen in Appendix 2.

⁹ 59% aged 60+ in 2005-06

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 in 2005 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
- ii. quality of life
- iii. employability, and
- iv. independence.

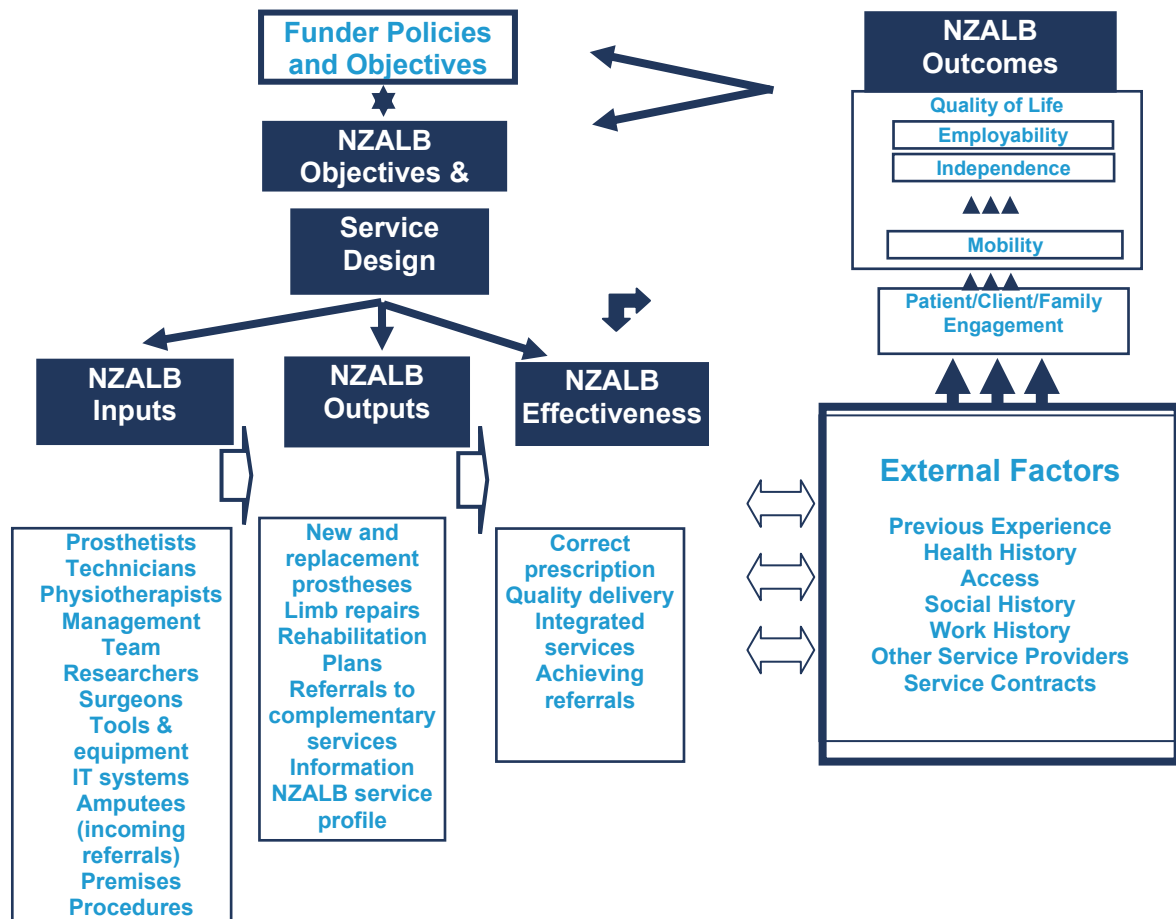
The first and prime outcome of mobility/functionality is a key contributor to the remaining outcomes. Mobility and function impact on all aspects of people's lives – their ability to move and carry out the ordinary tasks of daily living, health related quality of life, their independence, their ability to work, their recreation and, for the older group, the ability to live independently for as long as possible.

The prime outcome is a direct result of New Zealand Artificial Limb Board services, and our main energies and focus are on mobility/functionally. The remainder are indirect outcomes, but are still measurable.

The New Zealand Artificial Limb Board provides a variety of demand-driven outputs in delivery of 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). Because of the demand driven nature of the service, the aim is to have the capability to meet likely demand, based at least on the same outputs as the previous year. In fact, these vary in weighting from year to year, with a steady trend towards fewer new limbs (which last longer than they used to because of more durable componentry) and towards more maintenance and service jobs.

Various outputs all contribute to overall engagement with the clients and the other outcomes listed, as illustrated in the model below:

New Zealand Artificial Limb Board Outcomes Framework – Service Design



The contribution of outputs to outcomes is demonstrated by the following case study. A measure of outputs is an incomplete picture of what is achieved for clients within the NZALB service, partly because the outputs are demand-driven and partly because they all have an impact on the whole outcome for a client. It is therefore more indicative of the service to measure the outcomes themselves. In the case study, outputs are indicated by italics.

Betty Martin, a 50 year old receptionist, active in sports, developed an infection in her foot, which ultimately led to amputation at mid-calf level. She was referred to the New Zealand Artificial Limb Board team consisting of an orthopaedic surgeon, a physiotherapist and a prosthetist for *assessment and fitting.*

A *new limb* was prescribed, that took into account her circumstances, health, and activity levels. A comprehensive individual *rehabilitation plan* was developed. This included *exercises* to build up muscle strength, intensive gait training and *referrals for workplace and home assessments* to ensure those environments were adapted for an amputee's needs. As the stump settled down, Mrs Martin returned to the prosthetist who refitted her with a *new socket* on her artificial limb.

The physiotherapist administered *outcome tests* three times during the first year. One test for health-related quality of life indicated depression and the physiotherapist *referred* Mrs Martin for counselling, which had a positive

result. Steady progress was measured through mobility and independence testing. At a subsequent *checkup*, an *adjustment* to the limb was made and a further *gait check* made.

Mrs Martin is now walking confidently, as demonstrated by her outcomes tests, has returned to work, is playing bowls again and has resumed normal life.

Work to date:

Since the 2006/07 year, the New Zealand Artificial Limb Board has implemented and tested outcome measures based around the prime measures of mobility, independence, and quality of life. In its client satisfaction survey in 2006 it also included questions on employability, though this was seen as a lower priority for development. Internationally there is no general or professional consensus on an approved *package* of outcome measures for amputees, though there are many measures available. The NZALB has therefore not only been breaking new ground in this area, but views outcomes measures as a “work in progress” rather than a definitive solution.

Significant infrastructure was required in order to provide the information on which outcomes could be measured. The New Zealand Artificial Limb Board had to define the information needed, build IT systems to collect it, train staff in the collection process, build reports to provide the basis for analysis, obtain extra physiotherapy hours, and so on.

Key performance indicators (KPIs) were trialled and have been slightly amended during the period since implementation. They were devised to track outcomes on the patient journey.

Key Performance Indicators

The first KPI occurs when patients enter the service. The second occurs within the first year a patient is in the system and measures mobility and independence. The third looks retrospectively at overall client satisfaction with the service.

KPI at Entry: The performance indicator aims that hospitals advise the New Zealand Artificial Limb Board of all amputees, thus maximising the potential for amputees to regain mobility/functionality. Some will merely be notified (e.g. if they have died in hospital), others will be referred for assessment. The KPI requires the cooperation of the Ministry of Health for national health information and of hospitals for referrals.

The greater the proportion of notifications and referrals, the more likely it is that every amputee is assisted towards mobility/functionality to their individual potential. A data match enables a profile to be derived of the non-referrals. This enables the New Zealand Artificial Limb Board to be assured that non-referrals occur for good reason and, where there is doubt, it can be appropriately followed up with the hospital/s concerned.

<p><i>Performance Indicator 1. 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, over a financial year.</i></p>

RESULTS: 80% of amputees in 2006-07 were referred to the New Zealand Artificial Limb Board by May 2008. 79% of amputees in 2007-08 were referred to the New Zealand Artificial Limb Board by January 2009.

SHORT TERM TARGET: January is the date chosen for future data matches, and so the target in 2009-10 will be to equal the 2007-08 result.

MEDIUM TERM TARGET: To gather at least three years of data in order to set a benchmark.

This KPI is a quality and efficiency measure that:

- enables the New Zealand Artificial Limb Board to monitor the referrals and non-referrals of individual hospitals
- provides a data match with the Ministry of Health that has led to several hospitals auditing their referrals of amputees and improving referral procedures¹⁰.
- provides annual amputee statistics for research and assessing trends, such as the incidence of above-knee and below-knee surgery, and the impact of the ageing population on the prosthetics service for planning purposes

KPIs during first year. The second and third KPIs track the first vital year of fitting and progress in gaining **mobility and independence**. It uses a 14 question questionnaire called the Locomotor Capability Index, the LCI-5. Its basis is the World Health Organisation's classification of locomotor disabilities. The index is task-oriented and evaluates the dependence-independence continuum based on empirical grounds. It has been internationally approved as a measure of mobility and independence by the prosthetics profession.

Performance Indicator 2: The percentage gain in mobility and independence of primary lower limb amputees over a six month period after the initial limb fitting.

RESULTS: Performance Indicator 2: 73% of new patients in 2006-07 completed Measures 1 and 2¹¹ and improved their overall median scores from 28 to 42.5 out of a possible 56 (27% increase).

SHORT TERM TARGET: To equal this score in 2009-10.

MEDIUM TERM TARGET: To gather at least three years' worth of data in order to set benchmark.

Performance Indicator 3: 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).

RESULTS: Performance Indicator 3: 73% of new patients in 2006-07 completed Measures 1 and 2. The median of Measure 2 as a percentage of the maximum possible score for mobility and independence was 76%.

SHORT TERM TARGET: To equal this score in 2009-10.

MEDIUM TERM TARGET: To gather at least three years' worth of data in order to set benchmark.

KPI on overall service. The fourth performance indicator targets the whole patient population and asks about their experience of the service in retrospect. Their experience could be a few months or a lifetime of receiving our services. Amputees who are satisfied with the appearance, weight, comfort and functionality of their prosthetic limbs are more likely to use them in order to be mobile, independent and employable. In turn, this success depends on contributions from a range of aspects of the overall service.

¹⁰ Audits so far have indicated that when hospitals decide not to refer, this is for good reason - usually patients have died, or have above knee amputations combined with high levels of co-morbidities or age-related frailties that indicate they are unsuitable for fitting with artificial limbs

¹¹ Measure 1 is taken approximately a week after fitting, Measure 2 at 3-6 months later, Measure 3 at a year after Measure 1.

The survey covers this range of services provided, from outputs such as details about individual limbs and quality issues of outputs and services. It includes outcomes such as how long they are wearing their limbs each day, the contribution made by the prosthesis to aspects of daily living – e.g. cooking and cleaning, employment, etc. Once these questions are covered, amputees are asked to rate their satisfaction levels with the overall experience of the service covering the previous three years.

The survey is used as an efficiency and effectiveness tool, to pin-point areas needing attention within the service. It is done once every three years and will be completed again in early 2010.

Performance Indicator 4. Amputee satisfaction with the service as measured by customer satisfaction surveys.

RESULTS: The 2006 client satisfaction survey revealed that 92% were satisfied with the overall New Zealand Artificial Limb Board service.

TARGET: Over 12 years, four surveys have been held, with satisfaction levels of 92-96%. Given these consistently high results it is considered reasonable to aim for 90% or more.

This target takes into account the fact that through the internet, clients are more up to date with what is provided at the high technology end of the market, and are consequently becoming more demanding.

The client satisfaction survey also helps in providing a quality measure – timeliness of Limb Centres in providing limbs. The satisfaction level was 92% in the 2006 client satisfaction survey and 93% in the previous survey. Given these results it is considered reasonable to aim for 90% or more.

In addition to the key performance indicators:

- a 12 question questionnaire (SF-12¹²) was also applied to measure **health related quality of life** in new patients in 2006-07 three times over their first year. The questionnaire is divided into two parts, the physical health score and the mental health score. The US norm for both parts is 50.

RESULTS: The physical health score average increased from 34 for Measure 1 to 39 for Measure 3, levels below the norm and unsurprising given the physical nature of our clients' disability, combined often with other adverse health conditions.

The mental health score was 53 for both measures. This is towards the higher end of the range compared with other Australasian SF-12 (52) and SF-36 (41-54) surveys for mental health scores¹³. The New Zealand Artificial Limb Board results are likely to reflect the higher number of males and older people in the New Zealand Artificial Limb Board database. These subgroups scored higher in the mental health scores in two surveys with which we compared our results.

SHORT TERM TARGET: To equal these scores in 2009-10.

MEDIUM TERM TARGET: To gather at least three years' worth of data in order to set benchmarks.

- Part of the NZALB service is physiotherapy care. Physiotherapists routinely prepare treatment plans for amputees who are assessed for limb fitting. These plans include

¹² This and the SF-36 (with 36 questions) are the most widely internationally used health related quality of life measures.

¹³ *Quality of Life in South Australia* as Measured by the SF-12 Health Status Questionnaire, Department of Human Services, South Australia, March 2004; *Taking the Pulse*, the 1996/97 New Zealand Health Survey, Department of Health, 1999

mobility tests, referrals where needed (e.g. to GPs where there is skin breakdown), goal setting, etc. all of which contribute to the rehabilitation of amputees.

In the 2006-07 cohort of new patients, 85% received a mobility test¹⁴ as part of the treatment plan, this figure being a proxy for preparation of treatment plans.

SHORT TERM TARGET: To equal these scores in 2009-10.

MEDIUM TERM TARGET: To gather at least three years' worth of data in order to set benchmarks

- the three yearly client satisfaction survey was used in 2006 to inquire about **employability**. As this was an indirect¹⁵ outcome it has had a lower emphasis in the work so far.

RESULTS: 36% of all respondents were in paid employment (note that only 58% of the total were of working age 18-64 years), of whom 90% considered their limb provided them with the ability to work in employment.

Based on that work, it has been decided to refine the definition of employment in the 2010 research study and extend it to include the categories of paid employment, job search, and voluntary work. These extensions will more fully measure the impact of artificial limbs in their contribution to amputees' lives.

SHORT TERM AND MEDIUM TARGETS: A client satisfaction survey will be undertaken in the 2009-10 year for monitoring purposes. Results will be sought to provide basic data to contribute to benchmarking for the future.

Data from the individual outcomes tests were analysed at the end of June 2008 from the 2006-07 cohort and these results appear in the 2008 Annual Report. However, because it was found that a number of patients still had not had their third test at that time, it was decided to do another analysis in early 2009 so that the data was complete, and the more recent data is used in this report.

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. Over time, as more data builds up, it will be possible to assess whether this translates into ongoing and meaningful annual aggregated *organisational* measures. This is pioneering work in the world of prosthetics and will require more research to evaluate its success.

The overall value of the exercise for individual amputees is undoubted, as testing has provided motivation for patients, an extremely useful clinical tool for clinicians, and a means of identifying mental health issues in patients that need referral, to name but a few of its results. From an organisational point of view, there have been enhancements to referral processes in hospitals, and it has provided a consistent way of measuring patients around the country. The outcomes project has achieved overall gains that were never anticipated when it was started.

¹⁴ Timed Up and Go Test, Measure 1

¹⁵ Indirect in the sense that the New Zealand Artificial Limb Board has no direct responsibility for employment of amputees, but artificial limbs do contribute to their employability.

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.

The target for the 2009-10 year is to deliver a total of 20 training sessions to allied health professionals and placements of students.

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 greater expertise in amputee issues.**

The New Zealand Artificial Limb Board considers that its rehabilitative services continue to 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.

To achieve quality rehabilitative services, the New Zealand Artificial Limb Board operates as an efficient and effective enterprise with efficient and effective business practices, and appropriate internal monitoring and reporting practices. For example, as a quality measure and to ensure correct prescriptions are applied to match individual need, all jobs over \$1,000 are signed off by managers.

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.

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.

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.

Special requests are catered for from time to time, such as the New Zealand Artificial Limb Board and Paralympics New Zealand entering into a Memorandum of Understanding to facilitate the participation of five amputee athletes at the Olympic Games in 2008. The opportunity to support these high achievers is welcomed and ongoing.

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. It reports on a quarterly basis to funders of New Zealand Artificial Limb Board services. 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. Traditionally, technicians have developed and been trained as prosthetists, thus combining technical and clinical skills. The New Zealand Artificial Limb Board has participated in trying to establish a tertiary level degree course in New Zealand, but it has not proved to be economically viable.

La Trobe University in Melbourne is continuing to develop its prosthetics and orthotics course in a direction that makes it more accessible to overseas students. The New Zealand Artificial Limb Board will continue its close contacts with La Trobe and continue providing placements for La Trobe's students.

Currently, the New Zealand Artificial Limb Board is regularly approached by experienced, qualified, overseas prosthetists wishing to work in New Zealand, and recruitment is not of serious concern.

C 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. A formal write-up of the content of conferences attended is disseminated amongst all staff to share updates and new technology, which flow on to amputees.

The New Zealand Artificial Limb Board can best serve its amputee clients by being energetic and innovative, and being recognised 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 New Zealand 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.

Regular 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:

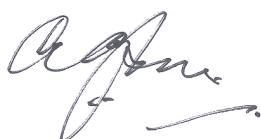
- manufacture, import, export, market, distribute, supply, fit, repair and maintain, artificial limbs and similar devices
- provide rehabilitative and other services to persons in connection with artificial limbs and similar devices
- carry out research and development in relation to artificial limbs 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.

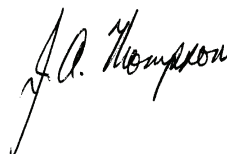
The prospective financial statements have been prepared in accordance with NZ IFRS. The New Zealand Artificial Limb Board does not intend to update and republish the prospective financial statements.

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 will be published in the Annual Report to Parliament, 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, 20 May 2009.



A G Hall
Chair



J A Thompson
Deputy Chair

Statement of Forecast Service Performance

Key Tasks for 2009-10

Output Class. The New Zealand Artificial Limb Board 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 2009-10 year, the New Zealand Artificial Limb Board intends to achieve the following key tasks towards the New Zealand Artificial Limb Board's objectives. It should be noted that the majority of the deliverables are included in Objective 1, as the large proportion of the organisation's work is devoted to "business as usual".

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 greater expertise in amputee issues.**

Focus	Output/Outcomes															
<i>Capacity</i>	Organisational capacity to make, fit and service prostheses to at least the same level as in previous years: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Actual 2008</th> <th style="text-align: right;">Actual 2007</th> </tr> </thead> <tbody> <tr> <td>New Limbs Supplied</td> <td style="text-align: right;">830</td> <td style="text-align: right;">860</td> </tr> <tr> <td>Remodels</td> <td style="text-align: right;">263</td> <td style="text-align: right;">209</td> </tr> <tr> <td>Resockets</td> <td style="text-align: right;">386</td> <td style="text-align: right;">361</td> </tr> <tr> <td>Servicing Jobs</td> <td style="text-align: right;">9,399</td> <td style="text-align: right;">9,013</td> </tr> </tbody> </table>		Actual 2008	Actual 2007	New Limbs Supplied	830	860	Remodels	263	209	Resockets	386	361	Servicing Jobs	9,399	9,013
	Actual 2008	Actual 2007														
New Limbs Supplied	830	860														
Remodels	263	209														
Resockets	386	361														
Servicing Jobs	9,399	9,013														
<i>Measure of mobility testing in physiotherapy treatment programmes</i>	Of new primary, lower limb adult amputees, 85% will receive mobility testing by physiotherapists as part of treatment programmes ¹⁶															
<i>Quality measure re timeliness of limbs supplied</i>	Client satisfaction survey: 90% or more of clients are satisfied with the timeliness of the limbs supplied															
<i>High level of referrals from DHBs</i>	KPI 1: 79% of new amputees become New Zealand Artificial Limb Board clients (equal to 2007-08 cohort) and non-referrals will be for good reason															
<i>Mobility and independence</i>	KPI 2: <i>Percentage gain in mobility and independence of primary lower limb amputees over a six month period after the initial limb fitting: new patients who complete measures 1 and 2 of the Locomotor Capability Index improve their overall median scores by 27% (equal to 2006-07¹⁷ scores) or more</i>															
<i>Mobility and independence</i>	KPI 3: <i>The level of mobility and independence achieved at 6 months after the initial limb fitting as a percentage of the optimal level of mobility and independence will be at least 76% (equal to 2006-07 score)</i>															

¹⁶ Of base population, those tested for Measure 1 of the Timed Up and Go Test

¹⁷ Note: for the purposes of this SOI the cohort will be 2007-08 new patients, as it takes 18 months after the end of the financial year to complete measures for all patients. The data will therefore not be available until January 2010.

<i>Amputee satisfaction with the service</i>	KPI 4: 2010 client survey: Client overall satisfaction with the service will be 90% or more
<i>Health related quality of life</i>	Measured by SF-12 ¹⁸ health survey: Physical health scores average 39 in the first year after fitting; mental health scores average 53 ¹⁹
<i>Employability</i>	Through client satisfaction survey 2010, monitor extent to which artificial limb fitting contributes to amputees' participation in paid employment, voluntary work and job seeking

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>	Regular reports by agreed dates provided to: <ol style="list-style-type: none"> i. the Minister for Social Development and Employment, including advice on public good issues as per agreed Memorandum of Understanding ii. Capital and Coast Health District Health Board (on behalf of the Ministry of Health) and the ACC
	Collate annual hospital amputations statistics, including referrals and non-referrals, with the Ministry of Health,

Objective 3

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

Focus	Output
<i>Service enhancement through product and staff development: research, shared ideas and new information</i>	Service enhancement through product and staff development by attending national and international scientific meetings. Staff to: <ul style="list-style-type: none"> • research and present at least two scientific papers at national and international meetings • gather information on new technology and practice • prepare a report of the meeting, disseminate new information to colleagues
	A total of at least 20 training sessions delivered to allied health professionals/ACC staff, and placements for students

¹⁸ Short Form Health Survey, a 12 question survey divided into physical health and mental health sections

¹⁹ US norms of 50 for general population

Financial Performance

Output Class:	Budgeted	Estimated Actual	Budgeted	Budgeted	Budgeted
<i>Provision of prosthetic and rehabilitation services</i>	2009 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000
Income					
Revenue from Crown	7,073	7,186	7,654	7,884	8,120
Interest Income	271	196	97	101	102
Other revenue	93	86	92	95	98
Total income	7,437	7,468	7,843	8,080	8,320
Expenditure	7,166	7,348	7,746	7,979	8,218
Net surplus/(deficit)	271	120	97	101	102

PROSPECTIVE FINANCIAL STATEMENTS

for the year ending 30 June 2010

Prospective Statement of Financial Performance

for the year ending 30 June 2010

	Budgeted 2009 \$000	Estimated Actual 2009 \$000	Budgeted 2010 \$000
Income			
Revenue from Crown	7,076	7,186	7,654
Interest income	271	196	97
Other revenue	90	86	92
Total revenue	7,437	7,468	7,843
Expenditure			
Personnel	3,110	2,986	3,119
Operating	3,649	4,007	4,228
Depreciation	155	160	155
Rehabilitation	144	136	145
Training & Research	108	59	99
Total expenditure	7,166	7,348	7,746
Net surplus/(deficit)	271	120	97

Prospective Statement of Changes in Equity
for the year ending 30 June 2010

	Budgeted 2009 \$000	Estimated Actual 2009 \$000	Budgeted 2010 \$000
Operating surplus/(deficit)	271	120	97
Total recognised revenues and expenses for the period	271	120	97
Public equity as at 1 July 2008	5,896	5,851	5,971
Public equity as at 30 June 2009	6,167	5,971	6,068

Prospective Statement of Financial Position
as at 30 June 2010

	Budgeted 2009 \$000	Estimated Actual 2009 \$000	Budgeted 2010 \$000
Assets			
Current assets			
Cash and cash equivalents	3,801	3,714	3,799
Debtors and other receivables	582	533	553
Prepayments	39	35	35
Inventory	1,295	1,220	1,200
<i>Total current assets</i>	5,717	5,502	5,587
Non-current assets			
Property, plant and equipment	1,177	1,232	1,203
Intangible assets	32	13	34
<i>Total non-current assets</i>	1,209	1,245	1,237
Total assets	6,926	6,747	6,824
Liabilities			
Current liabilities			
Trade and other payables	409	452	426
Employee entitlements	205	220	210
Accruals salaries	85	20	25
<i>Total current liabilities</i>	699	692	661
Non-current liabilities			
Employee entitlements	60	84	95
<i>Total non-current liabilities</i>	60	84	95
Total liabilities	759	776	756
Net Assets	6,167	5,971	6,068
Equity			
General funds	4,006	3,785	3,870
Board created reserves	2,161	2,186	2,198
Total equity	6,167	5,971	6,068

Prospective Statement of Cash Flows
for the year ending 30 June 2010

	Budgeted 2009 \$000	Estimated Actual 2009 \$000	Budgeted 2010 \$000
Cash flows from operating activities			
Receipts from Crown revenue	7,040	7,216	7,638
Interest received	267	217	97
Receipts from other revenue	90	95	90
Payments to suppliers	(3,884)	(4,178)	(4,478)
Payments to employees	(3,082)	(3,119)	(3,113)
Goods and services tax (net)	(8)	2	(2)
Net cash from operating activities	423	233	232
Cash from investing activities			
Receipts from sale of property, plant and equipment	-	-	-
Purchase of property, plant and equipment	(77)	(69)	(117)
Purchase of intangible assets	(20)	-	(30)
Net cashflow from investing activities	(97)	(69)	(147)
Net increase/(decrease) in cash and cash equivalents	326	164	85
Cash and cash equivalents at the beginning of the year	3,475	3,550	3,714
Cash and cash equivalents at the end of the year	3,801	3,714	3,799

Statement of accounting policies for the Year ending 30 June 2010

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 New Zealand Artificial Limb Board's primary objective is to provide public service to the New Zealand public, as opposed to that of making a financial return.

Accordingly, the New Zealand Artificial Limb Board has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Statement of Compliance

The prospective financial statements of the New Zealand Artificial Limb Board have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The prospective financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

New Zealand Artificial Limb Board is a qualifying entity under the Framework of Differential Reporting as it is not deemed publicly accountable for this purpose and is a small entity.

Functional and presentation currency

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

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 these 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 prospective 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 40.

Revenue

Revenue from the Crown

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. The funding is restricted in its use to the purpose of meeting the New Zealand Artificial Limb Board's objectives as specified in the statement of intent.

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

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Provision of services

Revenue derived through the provision of services to third parties is recognised upon completion at the balance sheet date.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the New Zealand Artificial Limb Board are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the prospective statement of financial performance. Lease incentives received are recognised in the prospective statement of financial performance over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, 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 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. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the prospective statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

Inventories

Inventories are held for the provision of services and measured at the lower of cost (calculated using the weighted average cost method) and current replacement cost. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. Inventories include stock on hand and work in progress.

Inventories in work in progress are valued at the weighted average cost at the time they were used. Labour is included at cost.

The write-down from cost to current replacement cost or net realisable value is recognised in the prospective statement of financial performance in the period when the write-down occurs.

Accounting for foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the prospective statement of financial performance.

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

Investments

At each balance sheet date the New Zealand Artificial Limb Board assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. For bank deposits, impairment is established when there is objective evidence that the New Zealand Artificial Limb Board will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Property, plant and equipment

Property, plant and equipment asset classes consist of leasehold improvements, plant and equipment, furniture and fittings and computer equipment.

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the New Zealand Artificial Limb Board and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the 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 prospective statement of financial performance as they are incurred.

Depreciation

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

Leasehold Improvements	4.75 to 50 years	(2%-21%)
Plant and equipment	10 years	(10%)
Furniture and fittings	5 years	(20%)
Computer equipment	3 years	(33%)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

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

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by New Zealand Artificial Limb Board, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of overheads. Staff training costs are recognised as an expense when incurred.

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

Costs associated with the development and maintenance of 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:

Acquired computer software	5 years	(20%)
Developed computer software	5 years	(20%)

Impairment of non-financial assets

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the New Zealand Artificial Limb Board would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the prospective statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the prospective statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the prospective statement of financial performance, a reversal of the impairment loss is also recognised in the prospective statement of financial performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the prospective statement of financial performance.

Creditors and other payables

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

Employee entitlements

Short-term employee entitlements

Employee entitlements that 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, retiring and long service leave entitlements expected to be settled within 12 months.

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 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 employee entitlements

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, the 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.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to Kiwisaver and the NZ Artificial Limb Board Superannuation Scheme are accounted for as defined contribution superannuation scheme and are recognised as an expense in the prospective 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. Further information on this scheme is disclosed in note 16.

Provisions

The New Zealand Artificial Limb Board recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Good and Service Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The New Zealand Artificial Limb Board is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

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% 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

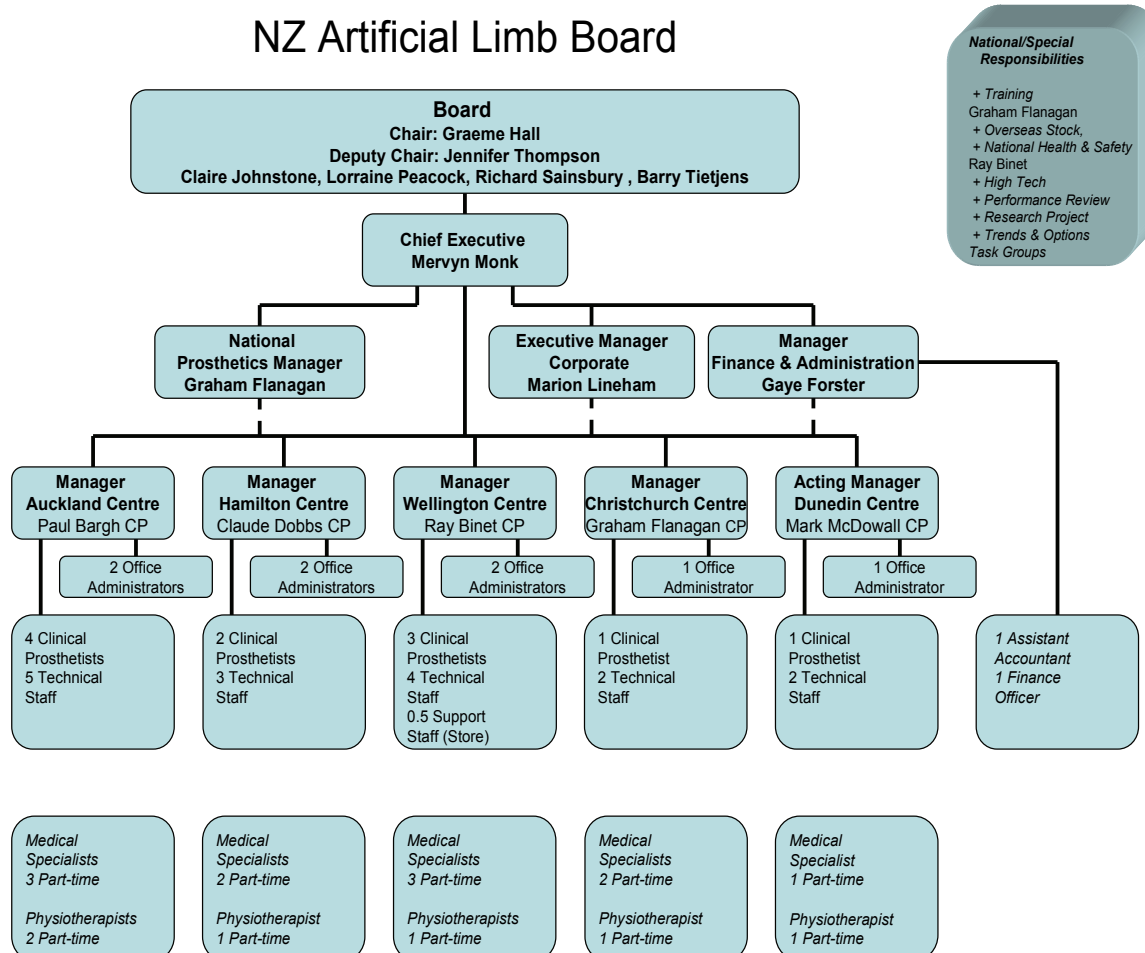
The New Zealand Artificial Limb Board continues to improve efficiency and effectiveness in its business practices. However, provision has been made for increases in operational expenditure where movements are expected due to inflationary pressure.

Capital expenditure

There is no major capital expenditure projected for 2009-2010.

Appendix 1: Staffing

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



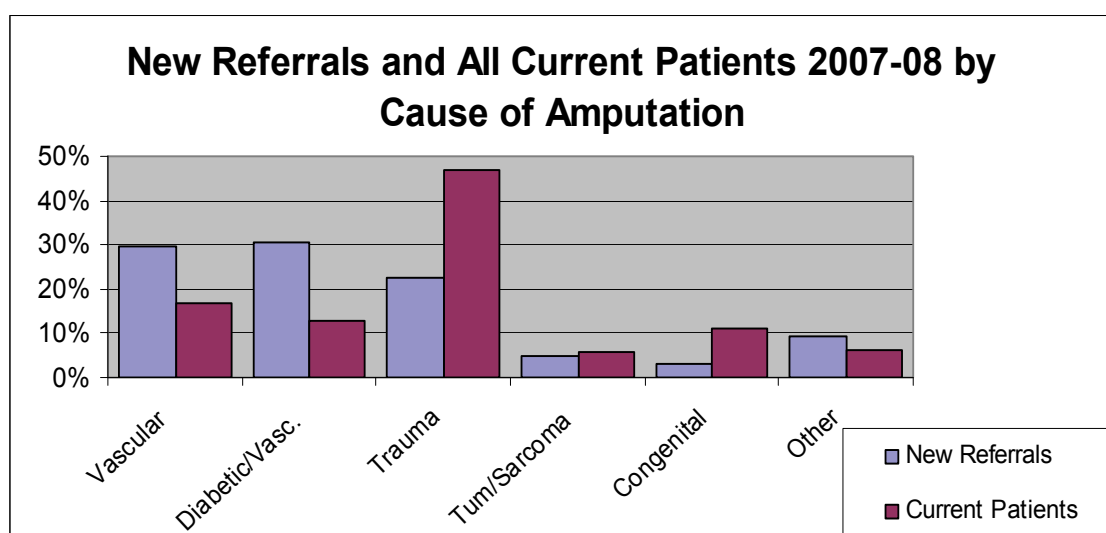
Appendix 2: Profile of Amputees

Two profiles of amputees are provided – those for new amputees in 2007-08 and those for the entire data base. The profiles vary considerably in the distributions of age and cause of amputation.

Profile of New Patients

New patients vary from year to year, but approximately 400 or so present each year. The profile of new patients differs from that of current patients in that 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 2007-08 year, as well as amputations for all current patients as at 30 June 2008. The main cause of amputations for new patients were: vascular 30%, diabetes/vascular 30%, while trauma caused 23% of amputations for this year. This differs considerably from the main causes of amputations for current patients on the database at June 2008 which were trauma (47%), followed by vascular (17%) and diabetes/vascular (13%).



Profile of Amputees on the data base as at 30 June 2008

As at 30 June 2008, the group of 4,356 current patients on the New Zealand Artificial Limb Board data base was made up of 74% males, and 26% females. In ethnicity, 75% were New Zealand European, 12% Maori, and 7% were from the Pacific Islands. A variety of other ethnic backgrounds made up the remaining 6%.

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