

NZALS

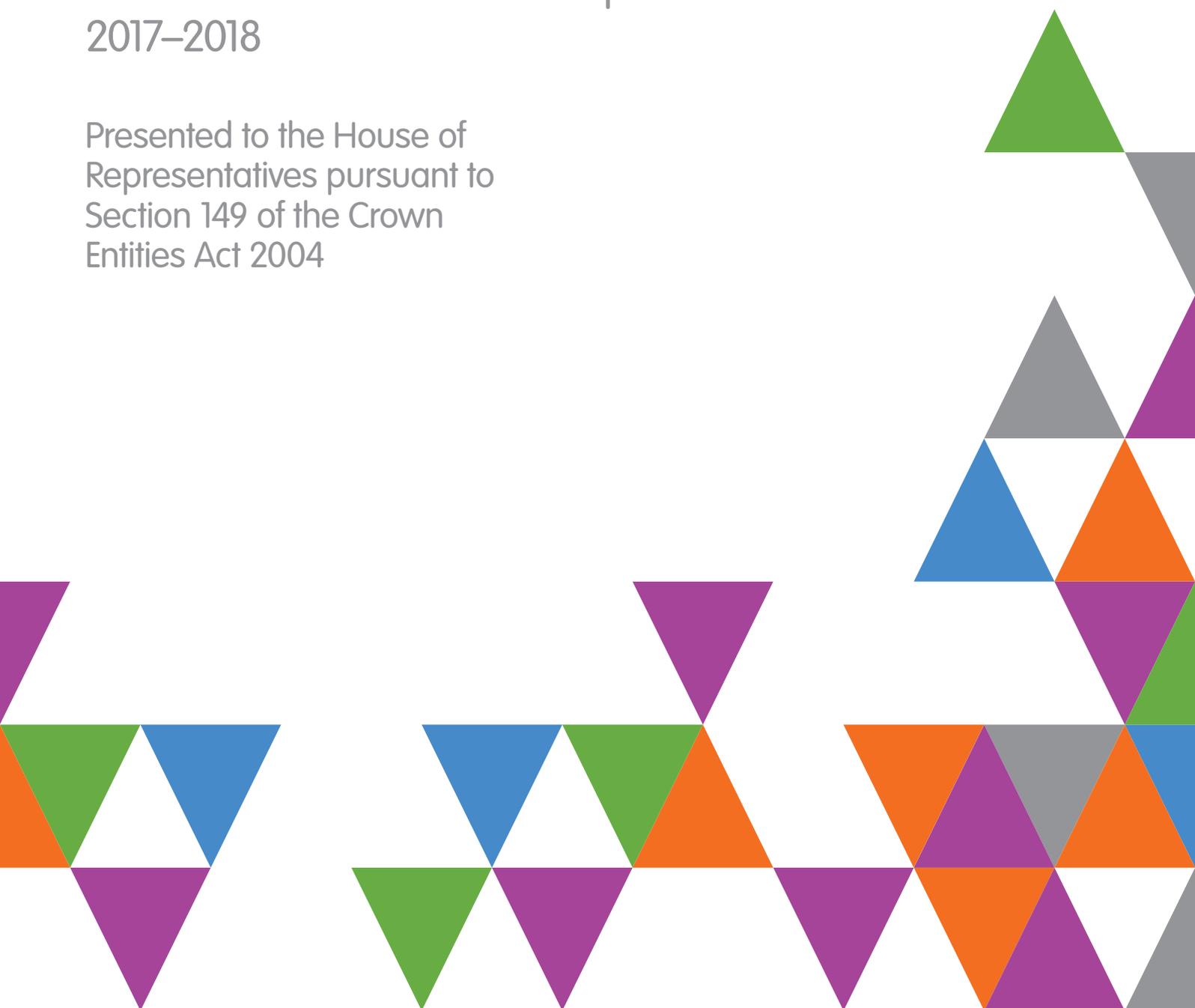
New Zealand Artificial Limb Service

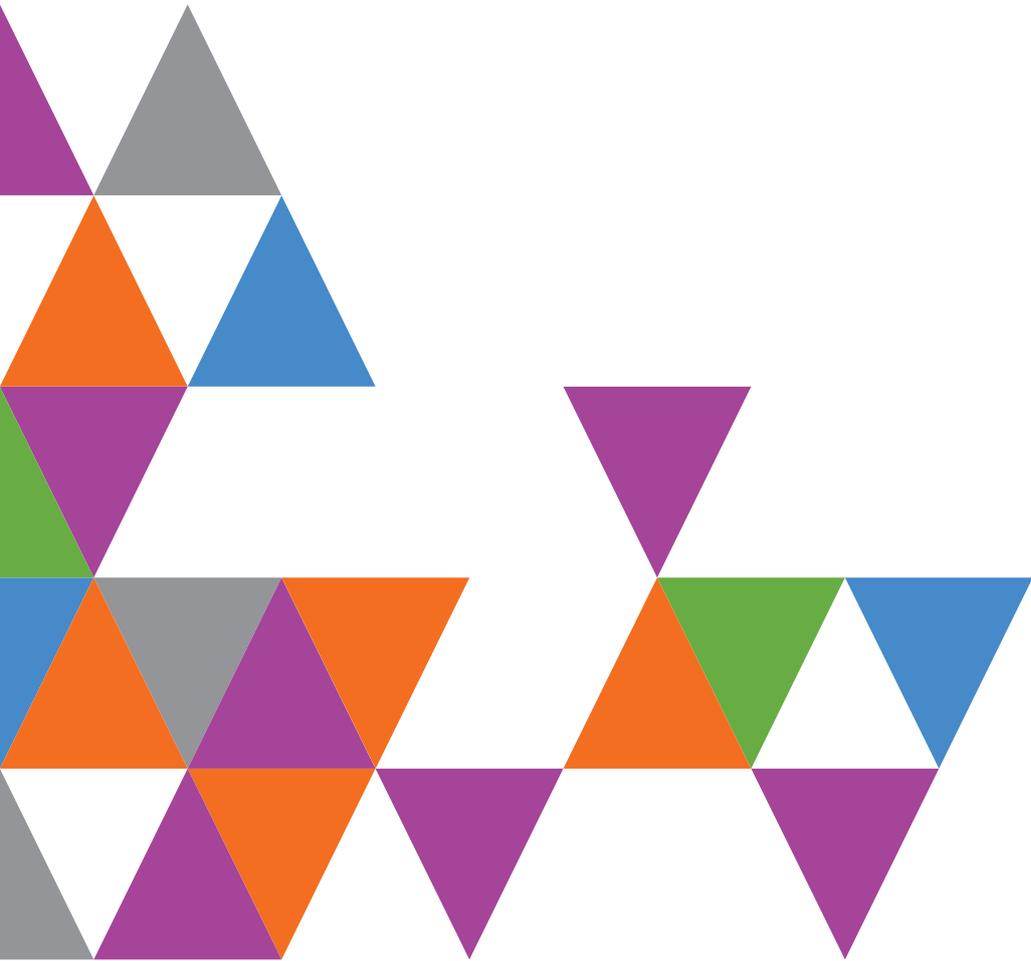
Peke Waihangā, Aotearoa

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## Statement of Performance Expectations 2017–2018

Presented to the House of  
Representatives pursuant to  
Section 149 of the Crown  
Entities Act 2004





# NZALS

New Zealand Artificial Limb Service

Peke Waihanga, Aotearoa

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## Vision

Independent and productive lives for our amputees

## Matakitenga

Kia motuhake me te whaihua ngā oranga o ō tātou tūrora

## Mission

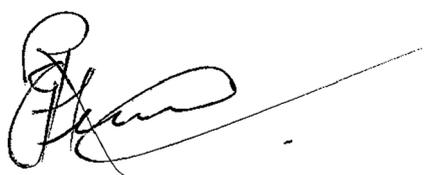
To enable amputees to achieve independence by delivering prosthetic, orthotics and rehabilitation services

## Koromakinga

Kia noho motuhake te tūrora mā te whakarato i ngā ratonga peke waihanga me te whakarauora

# To the Minister for Social Development

In accordance with the Crown Entities Act 2004, we present, on behalf of the New Zealand Artificial Limb Service, the Statement of Performance Expectations for 2017 - 2018.

A handwritten signature in black ink, appearing to be 'G. Reedy', with a long horizontal line extending to the right.

George Reedy  
Chair  
30 June 2017

A handwritten signature in black ink, appearing to be 'P. Tesoriero', with a long horizontal line extending to the right.

Paula Tesoriero  
Deputy Chair  
30 June 2017

# Contents

- 04 Forward
- 05 2016 Statistics
- 06 Nature and Scope
- 08 Strategic Objectives
- 10 Forecast Statement of Service Performance
- 12 Forecast Financial Statements

# Foreword



We are proud of our team and their efforts to assist our patients to live independent and productive lives. Over the last two and a half years, the NZALS team has embraced positive change which supports the required culture to deliver on our 2021 strategy objectives. This has seen us supporting and rising to the challenges of internal benchmarking to create a competitive environment to improve Service Delivery which has seen a 36% increase in our rehabilitation efforts over the last years.

Last year, the team participated in 628 days of structured, on the job training and skills development, including the microprocessor knee certification of all NZALS' prosthetists. In the last 2 years, our training commitment has led to increased numbers of patients using microprocessor knees from 8 to more than 85; and improving the independence and productivity of this patient group.

Implementing Health and Safety policies and procedures to strengthen improvements in the team's health and safety culture and ensure our compliance with the new legislation.

We have continued to experience challenges with our property and funding sustainability. On the property front, there is approximately \$5 million in repairs and maintenance required to have centres that are fit for purpose, we have and will continue to work with our various landlords to resolve these issues. Regarding our sustainability, we have been stretching our funds and have now reached the point where we need a substantial increase in funding to maintain our current service levels. With great momentum in our strategy, it is critical that property and funding sustainability issues are resolved quickly.

Further to our property and funding deliberation, we are required to review the operation of the Service and report on findings every 5 years. Recent stakeholder consultation, has shown that our Strategic Objectives are fit-for-purpose and relevant, NZALS leadership has demonstrated and delivered on the changes required to evolve the service and drive for excellence. It also found that there is potential for NZALS consider alternative ownership models to optimise our contribution to our patients and wider NZ society. We intend to explore the most appropriate ownership model to deliver on our strategic objectives and future delivery of services.

We have ambitious plans for this coming year. It will see us increase our orthotics efforts and collaborations; continue to build our specialist rehabilitation; as well as our 3D printing capability; and implement updated job expectations and our performance framework to align with our strategy and environmental pressures.

It is my pleasure to present this Statement of Performance Expectations on behalf of the NZALS.



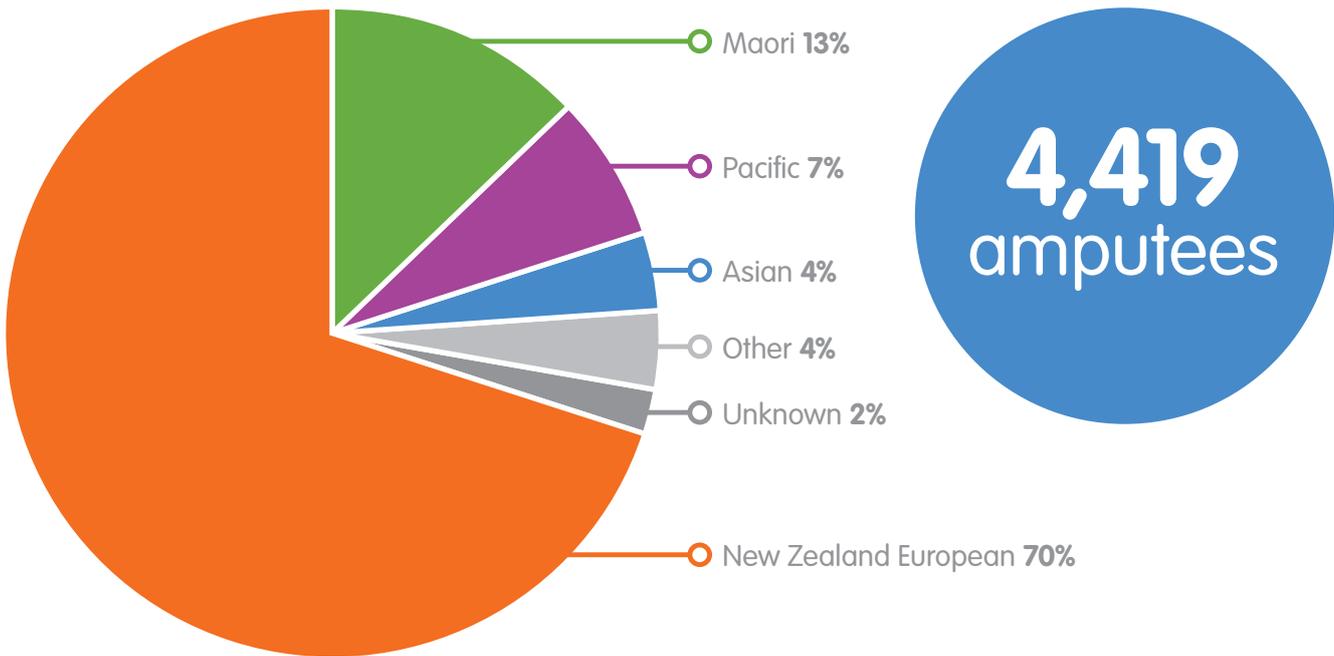
George Reedy, Chair

## NZALS legislative function

1. To manufacture, import, export, market, distribute, supply, fit, repair, and maintain artificial limbs and similar devices
2. To provide rehabilitative and other services to persons in connection with artificial limbs and similar devices
3. To carry out research and development in relation to artificial limbs and similar devices
4. To advise the Minister on matters relating to artificial limbs and similar devices.

# 2016 Statistics

Below is a snapshot of key NZALS statistics from 2016. NZALS has a complex service delivery model where changes in patient statistics can have a significant impact on the service. We are constantly reviewing these statistics to understand the impact and how the service needs to respond.



**349**  
new amputees

**57%** diabetes or vascular amputations

**26%** trauma amputations

**313%** increase in amputees with microprocess on knees

**213%** increase in limb made using 3D scanning



# Nature and Scope

mission – to enable amputees to achieve independence

2020 strategy

outputs

**881** new limbs

**18,165** jobs

**2,710** rehab sessions

**13,991** appointments

**1,510** centre days

**67** regional clinic days

**7,888** website visitors

Service



Technology and R&D

team – **11** orthopaedic surgeons/rehabilitation physicians **9** physiotherapists  
**2** peer support volunteers **8** amputee service coordinators  
**1** privacy and complaints officer **1** HR and workforce planner

values – challenging fair impartial

vision – independent and productive lives for NZ amputees

ance by delivering prosthetic and rehabilitation services

ic objectives



Expert Workforce



Equity

98% overall service satisfaction

80% limb function

70% limb look

80% patient involvement

patient satisfaction\*

physiotherapists 21 clinical prosthetists 18 prosthetic technicians  
ators 1 chief executive officer 1 chief financial officer  
ning manager 3 support people 4 regional managers

ial responsive trustworthy quality

\* 2015 Independent Service Review, 400 amputees, scale 0 worst possible satisfaction and 10 best possible satisfaction level.

# Strategic Objectives

Recently, NZALS engaged and consulted widely with patients; patient consumer groups; staff and key stakeholders. These efforts resulted in a comprehensive analysis of NZALS' internal and external business environment. This analysis was then used by NZALS' Board with management input, to develop the following four 2021 NZALS Strategic Objectives.



# Ngā Whāinga Rautaki mō te tau

I roto i āna mahi whakawhanake i ēnei whāinga rautaki, ka whai wāhi, ka whakawhitiwhiti whānui a NZALS ki ngā tūroro, ngā rōpū kiritaki ā-tūroro me ngā kaiwhaipanga matua. Ko te tuinga iho, i puta he tātari matawhānui o te taiao pakihi ā-roto, ā-waho hoki o NZALS. He mea whakamahi taua tātari e te poari o NZALS me ngā kaiwhakahaere ki te whakawhanake i ngā Whāinga Rautaki 2021 e whā a te NZALS.

## Te ratonga

Ko ā mātou tūroro te pūtake o ā mātou mahi katoa, ā, ka whiwhi i a NZALS ngā ratonga tūroa tonu, tino pai rawa e whakarato ana i tā rātou e hiahia ai i ngā wā hanga katoa o tō rātou ara hauora.

## Te Hunga Mahi Mātanga

He urupare tō mātou hunga mahi, ā, ka taea te whakawhanake, urutau me te whakatinana i ngā mea hou me te hangarau ki te whakapai tonu i te ratonga me ngā putanga ki ngā tūroro.

## Te Hangarau, te Rangahau me te Whakawhanaketanga

Ko tā mātou he urutau me te whakarite ake i te hangarau hei panoni i ngā oranga o ngā tūroro. Ko tō mātou takohanga tonutanga ki ngā tūroro ko te mātou haere ki ngā rongoā me ngā hangarau e tino pai rawa mā rātou, te whai wāhi me te whakarato i ēnei i runga āno i ngā herenga o te pūtea a NZALS.

## Te tōkeke

Ka tautoko a NZALS i te āheinga tokeke o te tūroro ki ngā hangarau me ngā ratonga e ai ki tō rātou hiahia.



# Forecast Statement of Service Performance

In 2017-2018, we will continue our change journey to improve outcomes for amputees by keeping them at the centre of everything we do. With the new NZALS Statement of Intent, and organisation design, we will focus on the following initiatives.

1. To continue our review of the NZALS ownership model and develop a plan to ensure the correct model is in place to deliver on our strategic objectives.
2. Evolve the orthotics and rehabilitation capability and capacity of the NZALS team.
3. Build on our 3D printing research with Victoria University of Wellington and work with our funders to appropriately integrate some 3D prosthetics into service delivery.
4. Negotiate contract increases with the DHB's and ACC to ensure our ability to deliver on the strategic objectives and the sustainability of the service.
5. Develop and implement a plan that will resolve the significant property issues associated with our 5 centres.



Jude Doherty, NZALS Clinical Prosthetist, and Philippa Williams, NZALS Physiotherapist, fitting a young patients prosthetic limb.



Sandeep Uppal, NZALS Clinical Prosthetist taking a patient with their prostheses for a test walk.

The responsible Minister and NZALS have agreed to include the following set of voluntary measures which are aligned to the Strategic Objectives from NZALS' Statement of Intent.

Output, impact and outcome performance measures and standards	2017/2018 Targets
Minimum number of business days that services are available to amputees through all five NZALS limb centres	230
Minimum number of regional clinics held	14
Minimum number of days that information is available to amputees through the NZALS website	365
Percentage of new amputees with improved independence and mobility assessed using 'Time to Up and Go' and 'Locomotor Capability Index' within 18 months of fitting of a new artificial limb	95-100%
Survey amputees to rate the services provided	A positive net promoter score
Percentage of NZALS' clinical and technical employees hold recognised certification and/or qualifications	100%
Number of collaborative research projects undertaken on issues designed to improve the provision of services to amputees	2

Note:

- NZALS conducts the above measures on new amputees at the approximate time of referral for an artificial limb, and then ongoing follow up measures. Amputees are required to attend the centre for these measures to be completed and it not always possible to complete follow up measures due to availability. There is a considerable cost in obtaining these outcome measures, NZALS focuses on the initial 12 months as they are critical in re-establishing an amputee's independent and productive life.
- NZALS will investigate and report on patient's access to technology based on need.

# Forecast Financial Statements

## Prospective Statement of Comprehensive Revenue and Expense for the year ending 30 June 2017

	Budget 2017 \$000	Estimate Actual 2017 \$000	Budget 2018 \$000
Revenue			
Government contract funding	10,042	12,535	13,235
Interest income	120	46	60
Other revenue	84	199	182
<b>Total revenue</b>	<b>10,246</b>	<b>12,780</b>	<b>13,477</b>
Expenditure			
Personnel costs	4,324	4,517	5,066
Depreciation and amortisation expense	173	175	189
Other expenses	6,795	9,409	8,213
<b>Total expenditure</b>	<b>11,292</b>	<b>14,101</b>	<b>13,468</b>
<b>Total comprehensive revenue &amp; expenses</b>	<b>(1,046)</b>	<b>(1,321)</b>	<b>9</b>

## Prospective Statement of Change in Equity for the year ending 30 June 2017

	Budget 2017 \$000	Estimate Actual 2017 \$000	Budget 2018 \$000
Balance at 1 July	5,498	5,347	4,026
Total comprehensive revenue and expenditure for the year	(1,046)	(1,321)	9
Balance at 30 June	4,452	4,026	4,035

## Prospective Statement of Financial Position as at 30 June 2017

	Budget 2017 \$000	Estimate Actual 2017 \$000	Budget 2018 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	764	210	341
Receivables	741	960	1,017
Prepayments	38	39	39
Inventories	1,755	1,982	1,982
Investments	1,182	1,090	1,090
<b>Total current assets</b>	<b>4,480</b>	<b>4,281</b>	<b>4,469</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,297	1,177	1,108
Intangible assets	11	0	0
<b>Total non-current assets</b>	<b>1,308</b>	<b>1,177</b>	<b>1,108</b>
<b>Total assets</b>	<b>5,788</b>	<b>5,458</b>	<b>5,557</b>

	Budget 2017 \$000	Estimate Actual 2017 \$000	Budget 2018 \$000
<b>Current liabilities</b>			
Payables	894	853	1,013
Employee entitlements	350	471	421
<b>Total current liabilities</b>	<b>1,244</b>	<b>1,324</b>	<b>1,434</b>
<b>Non-current liabilities</b>			
Employee entitlements	91	108	108
<b>Total non-current liabilities</b>	<b>91</b>	<b>108</b>	<b>108</b>
<b>Total liabilities</b>	<b>1,335</b>	<b>1,432</b>	<b>1,542</b>
<b>Net assets</b>	<b>4,452</b>	<b>4,026</b>	<b>4,035</b>
<b>Equity</b>			
General funds	1,664	1,687	1,696
Board-created reserves	2,788	2,339	2,339
<b>Total equity</b>	<b>4,452</b>	<b>4,026</b>	<b>4,035</b>

## Prospective Statement of Cash Flow for the year ending 30 June 2017

	Budget 2017 \$000	Estimate Actual 2017 \$000	Budget 2018 \$000
<b>Cash flows from operating activities</b>			
Receipts from government contract funding	9,970	12,713	13,177
Interest received	120	57	60
Receipts from other revenue	84	239	183
Payments to suppliers	(6,415)	(9,466)	8,524
Payments to employees	(4,324)	(4,420)	4,644
Net cash from operating activities	(565)	(877)	251
<b>Cash flows from investing activities</b>			
Sale of investments	299	381	0
Purchase of property, plant & equipment	(208)	(58)	120
Net cash from investing activities	91	323	120
<b>Net increase/(decrease) in cash and cash equivalents</b>	(474)	(554)	131
Cash and cash equivalents at the beginning of the year	1,237	764	210
<b>Cash and cash equivalents at the end of the year</b>	764	210	341

# Notes to the Financial Statements

## Statement of accounting policies

### Reporting Entity

The New Zealand Artificial Limb Service is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the NZALS' ultimate parent is the New Zealand Crown.

The NZALS' primary objective is to provide services to the New Zealand public, as opposed to that of making a financial return.

Accordingly, the NZALS has designated itself as Tier 2 public benefit entity. As a Tier 2 public sector PBE, we are required to report in accordance with Tier 2 PBE Accounting Standards. The NZALS has adopted the Tier 2 Reduced Disclosure Regime (RDR).

### Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### Statement of compliance

The prospective financial statements of the NZALS 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) which includes the PBE accounting standards which apply for public sector public benefit entities. NZALS authorised the forecast financial statements for issue on 25 June 2015.

### 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 NZALS 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 20.

### Revenue

#### Revenue from the Crown

The NZALS principally derives its revenue through service contracts with the DHB's and ACC for services to third parties. The funding is restricted in its use to service specifications outlined in these contracts.

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.

#### Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the NZALS 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.

### Grant expenditure

Discretionary grants are those where the NZALS has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the board and the approval has been communicated to the applicant.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less and bank overdrafts.

### 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, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the NZALS 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).

### Investments

At each balance sheet date the NZALS assesses whether there is 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 NZALS 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.

### 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 Service does not currently use forward exchange contracts to hedge exposure to foreign exchange risk.

### 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 NZALS 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 NZALS 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 the NZALS, 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 Service's website is recognised as an expense when incurred.

### Intangible assets - 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%)

### Intangible assets - 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 NZALS 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.

### 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 NZALS 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.

#### 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.

## Presentation of employee entitlements

Annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

## Superannuation schemes

Defined contribution schemes - Obligations for contributions to Kiwisaver and the NZALS 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 NZALS 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.

## Provisions

The NZALS 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 NZALS 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 NZALS has complied with PBE FRS 42 Prospective Financial Statements 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.

## Significant assumptions used

The NZALS 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 NZALS' current level of service. The budget revenue for 2018 includes the amounts that have been requested from both CCDHB and ACC in papers presented in December 2016 and April 2017 respectively. These additional funds are to cover targeted expenditure including property costs.

## Personnel costs

There is a provision to increase full time equivalents in the 2017-18 year as NZALS plan for succession with an ageing workforce.

## Currency risk

The NZALS 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.

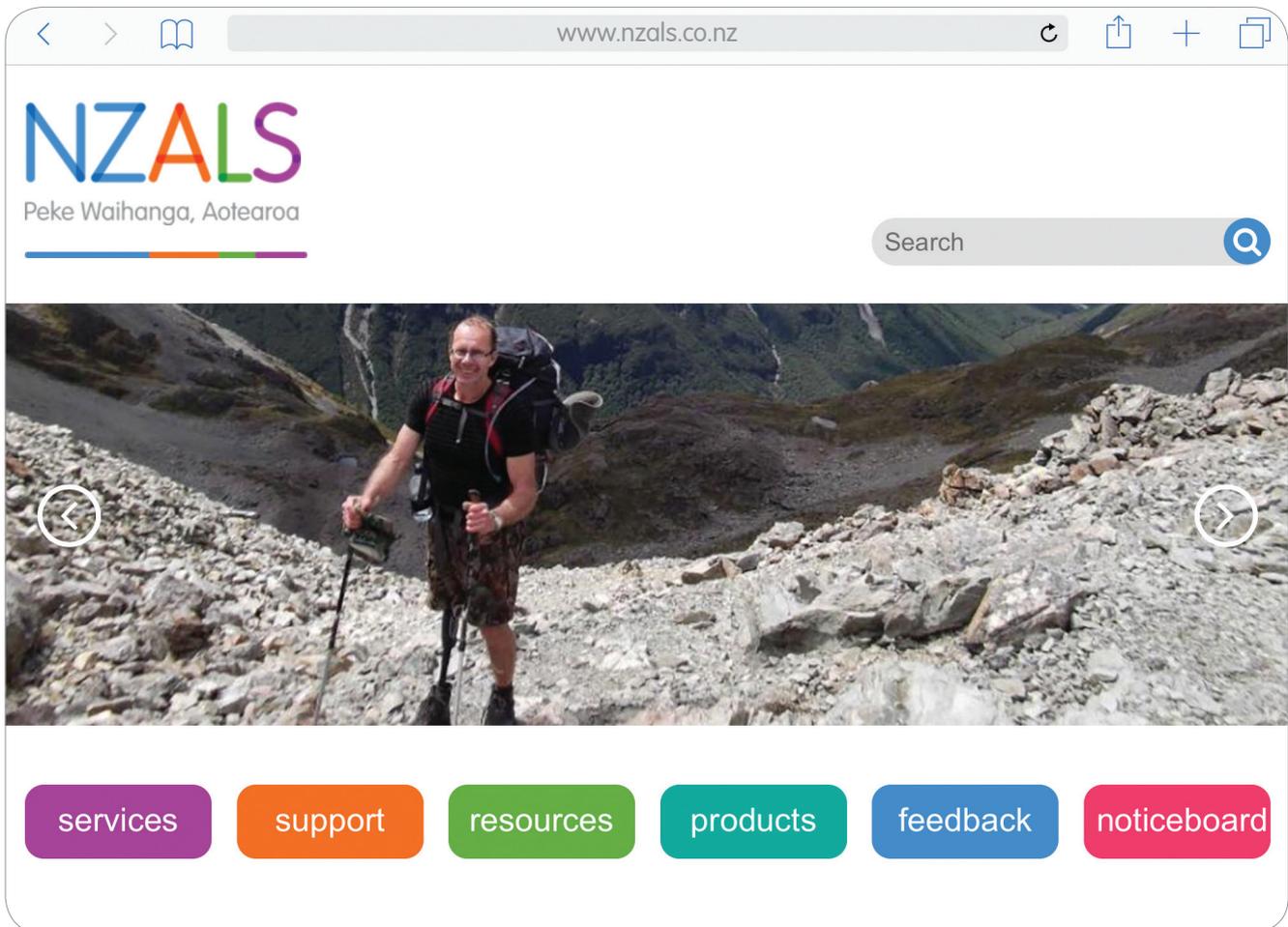
## Operational costs

The NZALS 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 offset by efficiency gains.

## Property occupancy expense

The budget includes costs associated with the properties occupied by NZALS calculated based on valuations and information supplied by Quotable Value.

For more information about  
our service please visit  
[www.nzals.co.nz](http://www.nzals.co.nz)



## Copyright Statement

To the best of the New Zealand Artificial Limb Service's knowledge, under New Zealand law:

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