

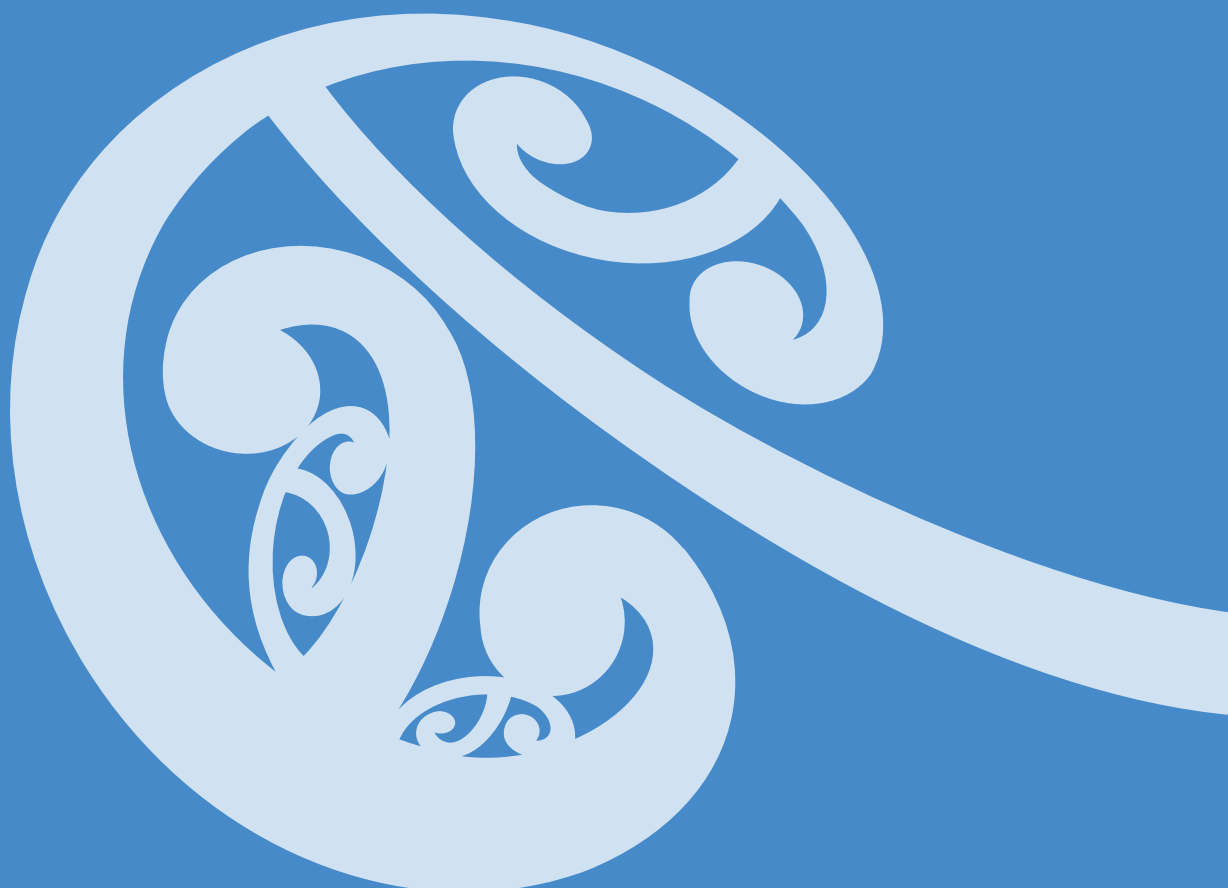
NZALS

New Zealand Artificial Limb Service

Peke Waihanga, Aotearoa

Statement of Performance Expectations 2020–2021

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



Matakitenga

Kia motuhake me te whaihua ngā oranga o ō tātou tūrora

Vision

Independent and productive lives for our amputees

Koromakinga

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

Mission

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

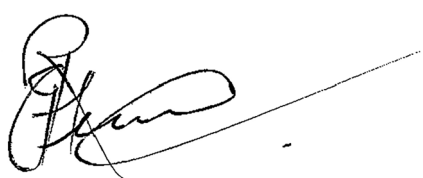
Legislative Function

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

*Artificial limbs means a device that is an artificial arm, hand, leg, or foot; or a similar device.

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 2020 - 2021.



George Reedy
Chair
30 June 2020



NZALS staff learn Waka paddle techniques at Te Wharewaka ō Poneke, NZALS Staff Conference August 2019

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Foreword



He aha te mea nui o te ao. He tāngata, he tāngata, he tāngata. What is the most important thing in the world? It is people, it is people, it is people.

Our service has evolved a great deal over the past year with our new ACC Artificial Limb Contract to include psychological services and peer support to the people we care for, increased rehabilitation, as well as the introduction of the Key Worker role. We are proud of these developments and how they have been integrated successfully into our service to provide positive outcomes for our patients. This year we will focus on further developing our service through prevention interventions and an increased regional presence taking our services closer to patients, as well as operating with flexibility in a post-COVID-19 environment.

Digital technology will allow us to diversify our service offering across multiple fronts this year. We will be utilising 3D printing technology to expedite delivery times, enable creative prosthetic solutions and enhance our workforce's technological capability. Additionally, we will be increasing our silicone capability with our new Silicone Studio in Hamilton.

Our focus for this year will also be on reducing the impact on vulnerable patient groups, especially post COVID-19. COVID-19 has given us the opportunity to evaluate our service offering and find alternative methods of service delivery as we navigate through the different alert levels. As a result, we will continue to utilise Telehealth for patient consultations. Video conferencing and phone consultations minimise patient travel across the country, keeps our patients safe in their homes and addresses an equitable service offering to patients in difficult to reach areas.

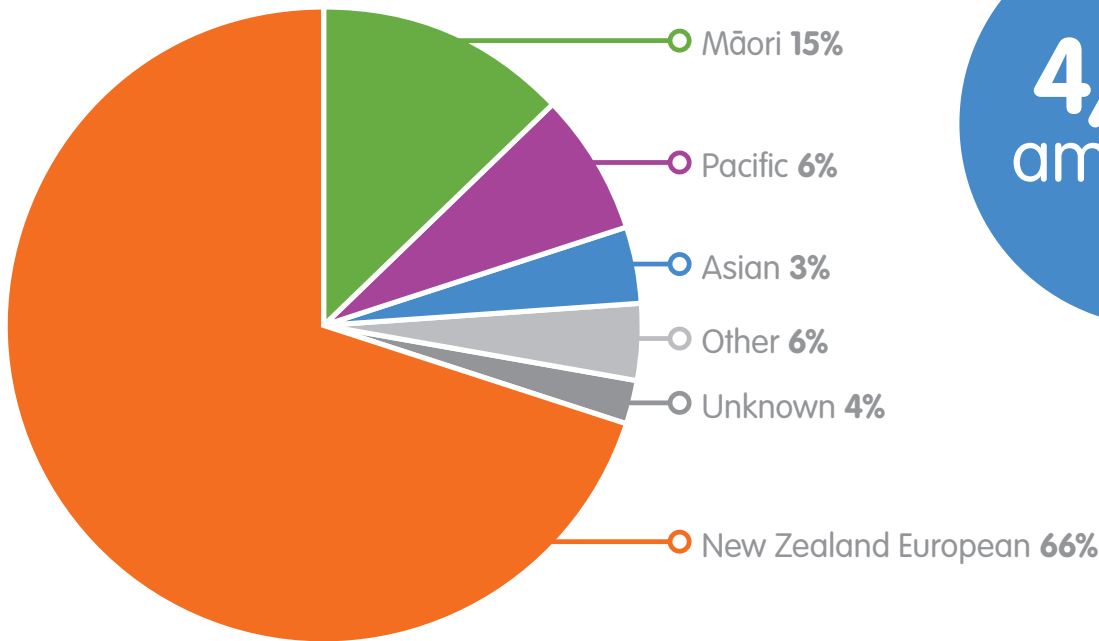
We are becoming responsible for our centres (ownership transferred from MSD to NZALS) for the benefit of amputees and our ability to invest to them. We are also further addressing vulnerable patient groups by expanding to include a permanent regional clinic in Tauranga. This movement into the Bay of Plenty is an exciting start on our expansion into regional services and one we believe will greatly improve health outcomes for patients in this region.

We will continue to use patient feedback to evolve our service. As we operate in a post-COVID-19 environment it is more important than ever to utilise our patient Cemplicity survey responses, social media, and engagement to ensure our patient's feedback is being heard and actioned.

We have been operating under new rehabilitation plans and utilising Key Workers, with all amputees now having a designated Key Worker. This year we will continue with our increased rehabilitation hours per patient and implementing robust patient rehabilitation plans. We will also continue to evolve our orthotic service offering this year building on our current ACC, Waikato and West Coast DHB contracts.

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

Current Statistics



4,536
amputees



this year:

331 new amputees

59% diabetes and vascular amputations

26% trauma amputations

15% congenital, cancer and infection amputations

This page provides an estimate of key NZALS statistics from 2019/2020. 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.

our locations

There are five Centres located in Auckland, Hamilton, Wellington, Christchurch and Dunedin, each of which also provides 14 Regional clinics to bring services to the following areas:



Strategic Objectives

NZALS is a manufacturer of individualised medical devices with an integrated rehabilitation and coordination of care service.

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 tūrora, ngā rōpū kiritaki ā-tūrora me ngā kaiwhaipanga matua. Ko te tukinga 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 tūrora 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 wāhanga katoa o tō rātou ara hauora.

Te Hunga Mahi Mātanga

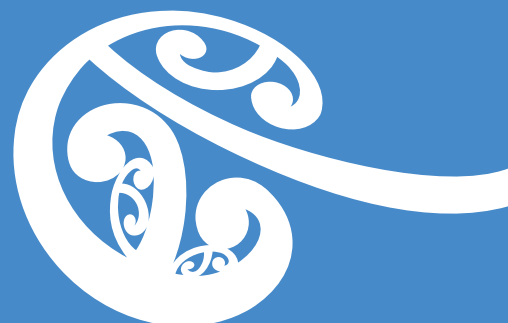
He urupare tō mātou hunga mahi, ā, ka taea te whakawhanake, urutau me te whakatinana i ngā mea hou me te hangarau ki te whakapai tonu i te ratonga me ngā putanga ki ngā tūrora.

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 tūrora. Ko tō mātou takohanga tonutanga ki ngā tūrora 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 tūrora ki ngā hangarau me ngā ratonga e ai ki ō rātou hiahia.



New Resources

NZALS

New Zealand Artificial Limb Service
Puke Wāhanga, Auckland

Below Knee Amputation (BKA)



Advice and Exercises



NZALS

New Zealand Artificial Limb Service
Puke Wāhanga, Auckland

Above Knee Amputation (AKA)



Advice and Exercises



FACT SHEET

Acupuncture



FACT SHEET

Caring for your residual limb after amputation

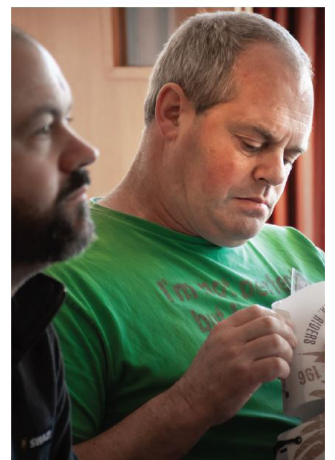


FACT SHEET

How to prevent falls following an amputation



PS
Peer Support
Te Pou Aropā Takitoru



www.peersupport.nz

For more helpful information about our services please visit

www.nzals.co.nz | www.osw.co.nz | www.peersupport.nz

Statement of Responsibility

New Zealand Artificial Limb Service (NZALS) is responsible for the preparation of the Statement of Performance Expectations as well as prospective financial statements, including the assumptions on which the financial statements are based.

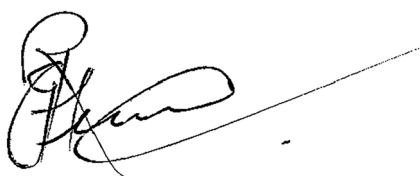
The prospective financial statements of the NZALS have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

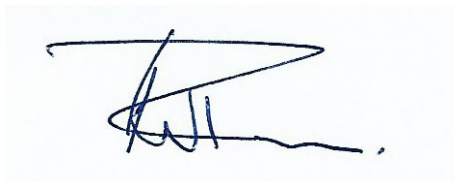
The prospective financial statements have been developed for the purpose of presenting the NZALS' intentions in Parliament, and should not be relied upon by any other party for any alternative purpose without the express written permission of NZALS.

Actual results are likely to be different from the prospective financial statements and the variation may be material.

We have authorised the issue of the prospective financial statements on this day.



George Reedy
Chair
30 June 2020



Kevin Ross
Board Member
30 June 2020

Forecast Statement of Service Performance

In 2020-2021, Ministers have explicitly asked that we continue to focus on the wider needs of amputees and those New Zealanders at risk of amputation. To deliver on this expectation, we will focus on the following initiatives.

1. Proactively seek DHB orthotic service contracts
2. Implement an amputee Social Worker Support Service by contracting local providers*
3. Progress the building of our new Christchurch Rehabilitation Centres
4. Establish a Whangarei and Tauranga Regional Centre**

* Additional support for vulnerable amputees due to COVID-19

** Dependent on the economic environment post COVID-19



Wellington Physiotherapist Anna Kreft with her young patient.

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	2020/2021 Targets
Amputees independence and productivity outcome	85%
Amputees satisfaction with our service	85%
Amputees trust and confidence in our team	85%
Percentage of new amputees prescribed a prostheses with improved independence and mobility assessed using 'Amputee Mobility Predictor' within 18 months of fitting of a new artificial limb	80%
Amputee appointments/interventions delivered by telehealth	400
Amputees offered peer support services	100%
Percentage of active amputees in our service with a Key Worker	100%
Percentage of NZALS' clinical and technical employees hold recognised certification and/or qualifications	100%
Average number of training and professional development days per full time equivalent staff member	10
Minimum number of 3D printed sockets	30
Number of collaborative research projects undertaken on issues designed to improve the provision of services to amputees	2
Minimum number of days that information is available to amputees through the NZALS website	365
Minimum number of business days that services are available to amputees through all five NZALS limb centres	230
Minimum number of regional clinics held	40

Forecast Financial Statements

Prospective Statement of Comprehensive Revenue and Expense for the year ending 30 June 2020

	Budget 2020 \$000	Estimate Actual 2020 \$000	Budget 2021 \$000
Revenue			
Government contract funding	16,477	18,576	18,905
Interest income	36	36	36
Other revenue	183	110*	182
Total revenue	16,696	18,722	19,123
Expenditure			
Personnel costs	5,947	6,280	6,655
Depreciation and amortisation expense	229	262	269
Other expenses	10,866	12,436	12,596
Total expenditure	17,042	18,978	19,520
Total comprehensive revenue & expenses	(346)	(256)	(397)

*this value is subject to increasing as NZALS is revaluing their buildings and operating leases.

Prospective Statement of Change in Equity for the year ending 30 June 2020

	Budget 2020 \$000	Estimate Actual 2020 \$000	Budget 2021 \$000
Balance at 1 July	5,811	5,604	5,348
Total comprehensive revenue and expenditure for the year	(346)	(256)	(397)
Balance at 30 June	5,465	5,348	4,951

Prospective Statement of Financial Position as at 30 June 2020

	Budget 2020 \$000	Estimate Actual 2020 \$000	Budget 2021 \$000
Assets			
Current assets			
Cash and cash equivalents	1,027	375	440
Receivables	1,600	1,550	1,600
Prepayments	50	50	50
Inventories	2,100	2,430	2,380
Investments	1,173	1,175	1,211
Total current assets	5,950	5,580	5,681
Non-current assets			
Property, plant and equipment	1,160	1,700	1,671
Total non-current assets	1,160	1,700	1,671
Total assets	7,110	7,280	7,352

	Budget 2020 \$000	Estimate Actual 2020 \$000	Budget 2021 \$000
Current liabilities			
Payables	960	1,250	1,669
Employee entitlements	575	572	622
Total current liabilities	1,535	1,822	2,291
Non-current liabilities			
Employee entitlements	110	110	110
Total non-current liabilities	110	110	110
Total liabilities	1,645	1,932	2,401
Net assets	5,465	5,348	4,951
Total equity	5,465	5,348	4,951

Prospective Statement of Cash Flow for the year ending 30 June 2020

	Budget 2020 \$000	Estimate Actual 2020 \$000	Budget 2021 \$000
Cash flows from operating activities			
Receipts from government contract funding	16,478	18,630	18,905
Interest received	36	52	36
Receipts from other revenue	182	290	182
Payments to suppliers	(10,460)	(13,313)	(11,912)
Payments to employees	(6,184)	(6,236)	(6,870)
Net cash from operating activities	52	(577)	341
Cash flows from investing activities			
Purchase of investments	36	29	36
Purchase of property, plant & equipment	240	756	240
Net cash from investing activities	(276)	(785)	(276)
Net increase/(decrease) in cash and cash equivalents	(224)	(1,362)	65
Cash and cash equivalents at the beginning of the year	1,250	1,737	375
Cash and cash equivalents at the end of the year	1,026	375	440

Notes to the Financial Statements

Statement of accounting policies

Reporting Entity

New Zealand Artificial Limb Service is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. The relevant legislation governing NZALS's operations includes the Crown Entities Act 2004 and the Crown Service Enterprise Act 2002. NZALS's ultimate parent is the New Zealand Crown.

NZALS' primary objective is to provide services to the New Zealand public. NZALS does not operate to make a financial return.

Basis of preparation

Statement of compliance

These financial statements comply with the PBE Standards Reduced Disclosure Regime.

NZALS has designated itself as a public benefit entity (PBE) for financial reporting purposes.

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

Measurement base

The financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Significant accounting policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from Government Contract Funding

NZALS principally derives its revenue from the Crown through contracts with CCDHB and ACC for services to third parties. Revenue from Government Contract Funding is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised by accruing on a time proportion basis the interest due for the investment.

Provision of services

Other revenue, derived through the provision of services to third parties, is recognised as revenue when earned and is reported in the financial period to which it relates.

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 statement of comprehensive revenue and expense.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Receivables

Receivables are recorded at the amount due less any provision for uncollectibility.

A receivable is considered uncollectible when there is evidence the amount due will not be fully collected. The amount that is uncollectible is the difference between the amount due and the present value of the amount expected to be collected.

Investments

At balance date NZALS assesses whether there is any objective evidence that an investment is impaired.

Term deposits

The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

Inventories

Inventories are held for the provision of goods and services and measured at the lower of cost (calculated using the weighted average cost method) and net realisable value.

Where inventories are acquired at no cost or for nominal consideration, they are measured at the current replacement cost at the date of acquisition. Inventories include stock on hand and work in progress.

Inventories classified as work in progress are valued at the weighted average cost of the materials plus cost of labour.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) 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 surplus or deficit.

NZALS 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 NZALS and the cost of the item can be measured reliably.

An item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive revenue and expense.

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 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 statement of comprehensive revenue and expense 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:

Buildings	50 years	(2%)
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 NZALS are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of overheads. Personnel 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 NZALS website is 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 statement of comprehensive revenue and expense.

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 property, plant, and equipment and intangible 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 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.

Payables

Payables are recorded at the amount payable.

Employee entitlements

Short-term employee entitlements

Employee entitlements that are due to be settled within 12 months of balance date are measured 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, and sick leave.

NZALS 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 and a reliable estimate of the obligation can be made.

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

The discount rates are as specified by Treasury for accounting valuation purposes as at 30 June 2020. The calculation assumes a salary growth rate of 2.7%.

Presentation of employee entitlements

Sick leave, 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 is 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 New Zealand Artificial Limb Service Superannuation Scheme with New Zealand Retirement Trust, are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

NZALS makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme 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 deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

Goods and Services Tax (GST)

All items in the 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 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 statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

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.

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

NZALS has contracted with the DHB's and ACC to receive funding for property costs which is disclosed as revenue in these prospective financials statement. Currently this revenue is offset by matching property operating costs.

The Christchurch centre is in premises provided as a crown asset under lease from the Ministry of Social Development (MSD) at nominal rent. This lease is deemed as a finance lease.

The lease expires in June 2045.

During the 2020 financial year MSD assigned their interests in the Hamilton and Wellington property's to NZALS whereby NZALS inherited all the benefits and obligations of MSD under the existing head leases and MSD's ownership interest in the building in Wellington. The head leases for these property's expire as follows:

- Hamilton – June 2045
- Wellington – June 2079

Also during the 2020 financial year MSD transferred its ownership of the building and other improvements in NZALS's Auckland centre to NZALS and the lease was amended by changing the the definition of 'Premises' to 'all that land at 7 Horopito Street, Mt Eden'.

NZALS is currently obtaining valuations of their interests in the property's noted above and will included the value in the Financial Statements as an Extraordinary item in the Statement of Comprehensive Revenue and Expense.

Copyright Statement

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

- There is no copyright or other intellectual property rights in this Statement of Performance Expectations in New Zealand; and
- It may be copied and otherwise re-used in New Zealand without copyright or other intellectual property right related restriction.

The New Zealand Artificial Limb Service will not be liable to you, on any legal basis (including negligence), for any loss or damage you suffer through your use of this material, except in those cases where the law does not allow us to exclude or limit our liability to you.

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