


New Zealand Blood Service
annual report

2013/2014

Presented to the House of
Representatives pursuant
to section 150 of the Crown
Entities Act 2004





Unfortunately when bub was just 7 days old I was rushed back to hospital. After 3 days of monitoring and treatment, I suffered a postpartum haemorrhage and lost over 2L of blood.

Jesse with her two sons, Vann (2 years old) and Reid (10 months old).

A heartfelt thanks

When Jesse graduated from university she knew where she wanted to work - New Zealand Blood Service.

Having completed a project during university in which she led a group to help promote blood drives to university students, Jesse discovered she had a real passion for encouraging young Kiwis to donate blood. She very ably secured herself a 3-month trial contract after which she became a full time Donor Recruiter and then moved into the role of Youth Marketing Coordinator. In this role she developed and implemented projects aimed at recruiting donors between 16-25 years of age for four years before leaving NZBS to start her family.

"On Valentine's Day 2012, my husband Jamie and I welcomed the birth of our perfect baby boy. Following a complicated labour and 3 days recovery in Birthcare, we finally arrived home and began settling in as a family.

Unfortunately when bub was just 7 days old I was rushed back to hospital. After 3 days of monitoring and treatment, I suffered a postpartum haemorrhage and lost over 2L of blood.

At 28 years of age and having just had my first baby, I was told by the surgeon they may need to perform a hysterectomy before being taken into emergency surgery. On my way to theatre, I remember being asked to sign a form giving consent to receive a blood transfusion.

During what was a most distressing time, there was one thing I finally needn't worry about... the safety of the blood I was about to be given. As the surgeon and obstetricians explained to me yet another list of risks and complications associated with a procedure I was about to have (this time, my transfusion), it was a small relief to finally nod away with confidence and calm, knowing that

if anything was to be ok... it was this. To be honest, although the risk is real, transfusion transmitted disease was the least of my worries. I had complete faith in NZBS and this brought a small but much needed comfort in that moment. I came out of surgery having received blood donated by generous strangers and was taken into the recovery ward where I was given some more."

Since then, Jesse has had her second son and fundraised \$3600 for Starship and the Ronald McDonald House Auckland (by cutting off her beloved dreadlocks which she had for nine years).

"As I had worked for NZBS for 4 years prior to the birth of my son, I understood the work involved in getting those little bags of blood onto my IV stand. From registering a donor at reception through to blood banking and everyone in between, the good folks in National Office and of course the donors.

So to everyone who plays a part in providing the life-saving service for unsuspecting recipients like myself, I wish to express a very personal and heartfelt thanks for doing what you do."

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safety is our cornerstone

Ko te haumaru tāmātau mātapono taketake

striving for excellence

Kia tau kite Tihi

team work

Te Mahi Ngātahi

integrity & respect

Te Pono me Te Tika

open communication

Te Whakawhitiwhiti Whakaaro i runga i te Māharahara

NZBS enduring outcome

Health needs of people in New Zealand are supported by the availability of safe and appropriate blood and tissue products and related services.

Our vision

As the provider of blood services for New Zealand, the New Zealand Blood Service will be recognised for excellence in meeting the needs of donors, patients, its staff and the wider healthcare community.

The year in review

It is with much pride and pleasure that we present this Annual Review outlining the activities and accomplishments of New Zealand Blood Service (NZBS) staff and donors over the 2013/14 financial year.

NZBS is an important trusted partner in New Zealand's health sector, working closely with prescribing clinicians up and down the country to ensure that they have access to the "right product at the right time, every time" to treat patients in need and to deliver our enduring outcome:

Health needs of people in New Zealand are supported by the availability of safe and appropriate blood and tissue products and related activities.

Safety is the cornerstone of everything that NZBS does and this is reflected in the quality of blood and blood products available to treat patients in New Zealand.

ENSURING APPROPRIATE BLOOD PRODUCT UTILISATION

NZBS is a demand driven service. Our role is to respond to clinicians' requests, not only for blood products and stem cells, but also in many areas of organ and tissue donation and transplantation. Between July 2013-June 2014 we collected 157,314 donations (last year 169,527 donations) each of which is individually tested; we supplied 230,488 units of blood products (last year 230,818 units) to New Zealand's hospitals and facilitated 181 organ transplants (last year 182) and 99 matched stem-cell transplants (last year 79) through our Tissue Typing service.

Working in partnership with clinicians in the District Health Boards, we support clinically appropriate prescribing of blood and blood products. This has been very effective, as evidenced by the 17% reduction in demand (sales) for Red Blood Cells (RBCs) between 2010-2014 as DHBs, with the support of NZBS, progressively implemented blood management programmes such as "Blood is a Gift – why use 2 when 1 will do?" This reduction is great for patients and for the health sector in general as it means that patients are receiving excellent care, but requiring fewer transfusions. However it does create challenges for NZBS, as our revenue is reduced, requiring us to constantly look at doing things differently.

RESHAPING BLOOD COLLECTION ACTIVITIES

In response to this sustained decline in demand for RBCs we have revised our donor recruitment and retention activities to better align with forecast demand. This has seen a much greater focus on blood-group specific donor recruitment and inventory management activities and strong encouragement to donors to make an appointment to donate, rather than just "dropping in" (see article on page 11). This assists us to more closely manage the country's blood product inventory, ensuring that on any day we only collect the quantity by each blood-group that is required to meet demand, minimising expiry and ensuring patient needs are always met.

The sustained decline in demand over the last few years led us to making the difficult decision to close our Donor Centres in Napier and Nelson in November 2013. Donors in these two regions can now donate at scheduled mobile blood drives. Sadly, as a result of these closures, we lost 17 of our loyal part-time staff who we supported through a managed redundancy process.

Additionally we have scaled back our mobile collection activities in other regions throughout the country to better align collections with demand.

However, with an increase in the number of older people in the community and in order to maintain a sustainable panel of both whole blood and apheresis donors into the future, we will need to recruit 24,000 new blood donors in the next year to replace those who retire and ensure we have sufficient donors to meet forecast demand. A PLEDGE campaign was launched in June in association with World Blood Donor Day (see article on page 21) with the aim of recruiting 12,000 new donors by December 2014.

ENHANCING SAFETY

As part of our deep commitment to providing the safest possible blood supply, we have progressively reduced the risk of transfusion related acute lung injury (TRALI) which is one of the most significant causes of transfusion related morbidity and mortality. One of the causes of TRALI is thought to be antibodies found in the blood donated by women who have been pregnant. NZBS now provides the following products produced only from male donors and/or antibody screened female donors: fresh frozen plasma (since 2008), platelets (since 2012), cryoprecipitate and cryosupernatant (since 2013). Annual Haemovigilance reporting (see www.nzblood.co.nz/clinical-information/haemovigilance-programme) demonstrates the significant reduction in reported cases of TRALI since these changes were implemented.

In 2013 we initiated an independent expert panel review of our Behavioural Donor Deferral Criteria (last review in 2008) with a particular focus on the deferral of men who have sex with men (MSM). The Review Group have recommended a reduction in the MSM deferral period from five years to one year (the same as Australia). The NZBS Board accepted these recommendations at its May 2014 meeting and we are currently working through the process with our regulator Medsafe prior to implementation of the change by early 2015.

PLANNING FOR THE FUTURE

Now into our 16th year, NZBS is investing in infrastructure at its key hub sites in Christchurch and Auckland in response to changes in technology, space pressures, regulatory compliance requirements, and in the case of Christchurch, issues arising from the 2010/2011 earthquakes.

Good progress has been made on the new Christchurch Blood Centre building which is being developed in partnership with Ngāi Tahu Property who will be our long-term landlord. The building is due for practical completion in September and will be in operational use by the end of 2014.

Meanwhile, planning to extend the Auckland laboratories is about to commence, with the aim of completing the building work in 2016/17.

FINANCIAL SUSTAINABILITY

The decline in RBC demand has led to a range of initiatives to enhance efficiency and deliver cost savings. Product expiry, with revised inventory levels both at NZBS and the DHB Blood Banks, has seen a significant reduction in collection requirements and expiry. Unfortunately, a level of expiry is inevitable in an environment with short shelf-life product and a requirement to supply 100% of the time – 24 hours per day, 7 days per week.



As part of our focus on expenditure we conducted a project in 2013/14 which will see us changing the configuration of blood collection packs from July 2014. We will change to using the same packs as those used by the majority of countries in Europe (and Australia later in 2014) which will deliver a useful saving compared with historical prices paid. This is one of the benefits of being a member of several global transfusion medicine networks who are always looking for ways to share information that enhances safety, improves service efficiency and reduces cost.

There have been various process and technology changes over the last year related to platelet collection and manufacture. With just a five day shelf-life, we commenced manufacturing pooled platelets during weekends, which has assisted in better inventory and expiry management. In 2013 we introduced Terumo-BCT's TRIMA apheresis equipment in two of our centres, allowing us to collect three adult doses of platelets from one donor. For resilience we use two different suppliers for platelet collection and are currently piloting a software change with the Haemonetics equipment used in the other centres aimed at reducing the donor time required to donate apheresis platelets. We have also commenced a project to introduce additional testing, which will potentially enable us to extend the shelf-life of platelets to seven days, subject to Medsafe approval. Seven day platelets are starting to be introduced internationally, as the longer shelf-life assists in managing inventory levels in hospitals, reducing expiry and cost.

Cost control, whilst not compromising safety, has become embedded in the way that we work, enabling us to deliver a surplus of \$864k for the year after delivering a \$2M rebate to the DHBs. This has been achieved through a combination of expenditure constraint, inventory and staffing level management in line with the reduced RBC demand, exchange rate risk management and technology and consumable enhancements aimed at further reducing expenditure. In order to minimise the price increase to DHBs, NZBS is forecasting to deliver manageable deficits into the future, which, together with ongoing cost containment, will not adversely impact on the organisation's underlying financial viability.

OTHER ACHIEVEMENTS

NZBS is well positioned to embrace New Zealand's upcoming Health & Safety (H&S) legislative changes after gaining ACC's Workplace Safety Management Practices tertiary level status in 2013 (see article on page 23). With Safety as our overarching organisational value, we take the safety of our staff, donors and contractors seriously and are very proud of this great achievement on our first audit. We see it as evidence of the strong commitment to safety by all our people and the hard work and leadership of Rosemary Olwage, our National H&S Advisor, and the regional H&S teams. Additionally, we have implemented an e-learning programme 'MoveSafe' to assist in minimising staff injury as a result of manual handling and lifting.

Donor recruitment and retention activities are moving more into a digital format. With the establishment of a new digital donor acquisition programme, we have stopped all television recruitment activities. Increasingly, donor invitations are being sent by email rather than post and we are increasing the use of text message reminders. Facebook continues to be a popular and effective means of communicating with our 35,000 Facebook friends.

The move to digital is also being applied to how we interact with hospitals. One of our Transfusion Medicine Specialists, Dr Richard Charlewood, has developed

a new clinical web-site for DHB clinicians to enhance access to transfusion medicine information for busy hospital medical staff. Complementing the hard-copy Transfusion Medicine Handbook, which will become fully electronic at next review, the clinical web-site is being further developed to customise information specifically for each of the larger DHBs.

In order to be more responsive to donor queries, we have established a centralised Donor Triage function, "DAPS", which is staffed by Registered Nurses who can immediately answer donor queries to the Call Centre (see article on page 18). These same nurses have also assumed responsibility for taking calls from donors after-hours who are asked to notify NZBS if they become unwell in the 48 hours after they have donated or if there is any reason why they think that their blood should not be used for transfusion, enabling it to be recalled.

After a formalised training programme provided in partnership with the University of Auckland, we have established nurse-led clinics to manage patients undergoing therapeutic venesection. Therapeutic venesection is a service we provide for a number of DHBs and is used to treat patients with blood conditions like Haemochromatosis. Nurse-led clinics extend the career path opportunities and job satisfaction for our nurses and frees up time for our small number of Transfusion Medicine Specialists who are already heavily committed.

As we move to employing more registered Donor Technicians, we have developed a training programme to expand their technical skills to include plasmapheresis collections, under supervision by a Registered Nurse. This provides greater job satisfaction for our valued Donor Technicians and better rostering flexibility.

GOVERNANCE AND LEADERSHIP

The Board farewellled Tania Kingi in late 2013 after two terms on the Board and thanked her for her contribution and in particular, her support to management in establishing the NZBS Māori Responsiveness Strategy. Victoria Kingi was welcomed to the Board in March 2014 as Tania's replacement.

There have been no changes in the senior management team over the last year.

IN CONCLUSION

We are proud of our achievements during the 2013/14 year and will build on them to deliver greater benefits to patients in the years to come. Our success is only possible due to the generosity of the many donors across the country who donate their "gift of life" to those who are strangers to them. Through the expertise and commitment of our loyal staff, we are able to transform those precious donations into life-saving and enhancing high quality treatments that benefit patients all over New Zealand.

Our heartfelt thanks to our wonderful staff and to each of our generous 112,744 donors, you are the life-blood of our organisation.



David Chamberlain
Board Chairman



Fiona Ritsma
Chief Executive

28 August 2014



Left to right: Ian Ward, Raewyn Idoine, David Wright (Deputy Board Chairman), David Chamberlain (Board Chairman) and Prof Peter Browett
Inset image - Victoria Kingi

Structure and governance

NZBS is a Crown entity established in 1998 under the New Zealand Public Health and Disability Act 2000.

Its legislated primary purpose and core activity is the safe, timely, high quality and efficient provision of blood, blood products and services to clinicians for the people of New Zealand. In addition to this, NZBS provides services for matching of patients and donors prior to organ/tissue transplantation, tissue banking (skin and bone) and stem cell services. These activities, which are provided free of charge to all people of New Zealand, contribute to achievement of the organisation's single Enduring Outcome:

Health needs of people in New Zealand are supported by the availability of safe and appropriate blood and tissue products and related services.

NZBS is required under the Crown Entities Act 2004 (the Act) to give effect to Government policy as directed by the responsible Minister, the Minister of Health. The NZBS Board is appointed by and responsible to the Minister of Health and performs strategic and governance functions for the organisation in accordance

with the Act. The collective duties of the Board under the Act include ensuring that NZBS acts consistently with its objectives, functions, Statement of Intent and Annual Statement of Performance Expectations; performs its functions efficiently, effectively and consistently with the spirit of service to the public; and operates in a financially responsible manner. Board members who have a range of appropriate and complementary skills and experience to govern this complex manufacturing entity also have individual duties to: comply with the Act (including with respect to disclosure of information); act with honesty and integrity; act in good faith and not at the expense of NZBS's interests; and act with reasonable care, diligence and skill.

The NZBS Board appoints the Chief Executive Officer (CEO) who reports directly to them. An Executive Management Team (see pages 6-7) supports the CEO, with individual members of that team holding separate responsibilities for key operational areas within the blood service.

The NZBS Board ensures that the organisational activities support achievement of the following seven Strategic Goals for the 2013/14 year:

1. NZBS builds on core capabilities to provide a range of products and services which are appropriate to New Zealand health needs and priorities.
2. NZBS achieves the highest possible Safety and Quality standards in all that it does.
3. NZBS manages a sustainable donor population capable of supporting ongoing product demand in New Zealand.
4. NZBS's relationships with other health sector entities are mutually supportive and productive.
5. NZBS has a sustainable, competent and engaged workforce.
6. NZBS uses international best practices and internal Research & Development capabilities to improve and develop products and services for the New Zealand health and disability sector.
7. NZBS is a financially sustainable organisation operating effectively and efficiently.

David Chamberlain

Board Chairman

Joined NZBS Board:
1 October 2009

Current term concludes:
30 September 2015

David Chamberlain is currently Head of Insurance at Kiwibank leading the transformation and expansion of Kiwi Insurance Ltd, a sister company to Kiwibank. He has over 25 years commercial experience in the financial services sector and has experience both as an Executive and as a Director.

Prior to joining Kiwibank in 2010, David worked as an independent consulting actuary for over 10 years. He has been an NZBS Board Member for 5 years, taking over the Board Chairman role in August 2011.

As a consultant, David worked with a diverse variety of clients from fishing companies to superannuation funds providing advice ranging from strategy and investment through to financial statement compliance.

David has a Bachelor of Economics from Macquarie University in Sydney, is a Fellow of the New Zealand Society of Actuaries, Fellow of the Institute of Actuaries of Australia and a member of the Institute of Directors. He is the Appointed Actuary to Kiwi Insurance Limited.

David Wright

Deputy Board Chairman

Joined NZBS Board:
15 August 2008

Current term concludes:
14 August 2014
(pending renewal decision)

David is a Professional Director and Management Consultant with a career spanning both the corporate and state sectors. He is currently Chair of West Coast Energy Pty Ltd and a Director of Workbridge Inc and the New Zealand Domain Name Registry Limited. His health experience includes providing advice on business opportunities to amalgamate support functions of the 20 District Health Boards for Health Benefits Limited.

David has previously held senior appointments in the meat, dairy and transport sectors including Chief Executive and Director of the Land Transport Safety Authority (LTSA) and Chief Executive of Dairy InSight Inc.

David has an MBA awarded with Distinction and a BTech (Food) (Hons) degree.

Prof Peter Browett

Joined NZBS Board:
1 October 2009

Current term concludes:
30 September 2015

Peter is a Consultant Haematologist at Auckland City Hospital and Professor of Molecular Medicine and Pathology within the Faculty of Medical and Health Sciences at the University of Auckland. Peter is currently a Committee Member of the Auckland City Hospital Transfusion Advisory Committee and a Board Member and Medical Advisor to Leukaemia and Blood Cancer New Zealand.

Peter is a member of the Auckland Medical Research Foundation Board and chairs their medical committee.

He is also on the Board of the Cancer Society of New Zealand Auckland Division. He has also been involved in several clinical and laboratory studies related to research on blood disorders, in particular leukaemia.

Peter is a graduate of the University of Otago Medical School and after postgraduate training in clinical and laboratory haematology in Auckland, he was a Wellcome – HRC research fellow in the Department of Haematology, Royal Free Hospital School of Medicine, London.

Raewyn Idoine

Joined NZBS Board:
1 October 2012

Current term concludes:
30 September 2015

Raewyn is currently Chair of the Southern Regional Health and Disability Ethics Committee and Advisor Marketing and Vocational Strategy for Lincoln University. She has significant experience at a senior level in the education, tourism and health sectors, having been Independent Chair of the Local Government Industry Training Organisation, Stakeholder Engagement Manager for the Tertiary Education Commission and a board member of Learning State (the state sector industry training organisation).

Involved in a number of successful business startups, Raewyn established the Sir George Seymour National College of Tourism and Travel, Natcoll (now Yooabee) and the Achievement Institute of Language. She is also a past member of the Ministry of Education's Tertiary Advisory Group and was on the Quality Council of the NZ Qualifications Authority.

Raewyn commenced her career as a Registered Nurse at Auckland Hospital.

Victoria Kingi

Joined NZBS Board:
26 February 2014

Current term concludes:
25 February 2017

Victoria is the Managing Director of her own consultancy company specialising in property asset development working with Māori land trusts and post Treaty settlement entities. She is Chair of the Māori Housing Advisory Committee to the Associate Minister of Housing currently involved in developing the first National Māori Housing Strategy for the Ministry of Business, Innovation and Employment. Prior to that she was extensively involved in the review and refinement of lending criteria for housing development on Māori land. She is a Director of Pacific Coast Retirement Village and is also the Deputy Chairperson of Nga Potiki, a Tamapahore Trust, a Treaty Settlement Trust, and Māori land incorporation, Mangatawa Papamoa Blocks, both based in Tauranga.

Victoria has significant experience working with Māori communities and related professional entities. She has been involved in a number of initiatives and Advisory Boards tasked with improving outcomes for these communities.

Earlier in her legal career, Victoria worked for Russell McVeagh, Auckland, specialising in resource management and planning law and after an academic year at the University of British Columbia, Vancouver, returned to New Zealand and specialised in Trusts and estate planning with law firm Taylor Grant Tesiram. Victoria lives in Tauranga with her family and is of Nga Potiki, Te Arawa, Ngati Porou and Ngāi Tahu descent.

Ian Ward

Joined NZBS Board:
19 August 2011

Current term concludes:
18 August 2014
(pending renewal decision)

Ian is the Chief Executive of the Auckland Energy Consumer Trust, the 75.4% major shareholder of Vector Group Limited.

Ian has considerable experience in the health sector and was recently reappointed to the Board of the Auckland District Health Board (ADHB) where he chairs the Audit and Finance Committee. He has been on the Board of ADHB since 2007 as an elected person and also as a government appointee.

Prior to his current roles, Ian has held Chief Executive and General Manager roles within diverse industries. He was the first General Manager of Finance and Corporate for the Auckland Regional Transport Authority (now Auckland Transport) and was the

General Manager of Finance and Corporate of ADHB between 1998 and 2003. Earlier in his career, Ian was Managing Director of Educorp Services Ltd, the company formed out of Tomorrows Schools to provide a full range of educational services to all schools in the Waikato/Bay of Plenty Region, Group Director of Change Management at Carter Holt Harvey Limited after being General Manager of the Finance Pulp and Paper Group at Carter Holt Harvey, and was the General Manager of Finance and Special Projects for the Property and Construction Sector of Fletcher Challenge Group.

Note: Interests as at 27 June 2014



Left to right: Meredith Smith, Ray Scott, Christine Van Tilburg, Dr Peter Flanagan, Fiona Ritsma (CEO), John Harrison, Sue Jensen and Olive Utiera

Executive management team

Fiona Ritsma Chief Executive Officer

Joined NZBS: 2006

As CEO, Fiona leads the Executive Team and is accountable to the NZBS Board. She has overall responsibility for organisational performance including delivery of both its Annual and Strategic Plans.

Fiona has a strong focus on values and teamwork. The matrix structure of her leadership team sees the National Medical Director, National Manager Technical Services and National Manager Donor Services act as strategic partners to the CEO, providing critical clinical advice and support to enable achievement of the organisation's objectives. The other Executive Managers are: National Manager

Operations, CFO, National Manager Human Resources and National Manager Quality & Regulatory Systems. The Information Services and Marketing functions also report directly to Fiona.

Fiona commenced her career in health as a radiotherapy radiographer in Christchurch and spent the 18 years prior to joining NZBS in various management roles at Auckland District Health Board. Fiona is an active member and past President of the New Zealand Institute of Health Management and is currently Vice Chair of the Asia Pacific Blood Network.

Dr Peter Flanagan National Medical Director

Joined NZBS: 1998

Peter leads the NZBS Clinical Services team which plays a key role in ensuring that clinically appropriate blood products are provided to patients in need, wherever and whenever they are required. Expert transfusion medicine advice is available at all times and is drawn upon in a wide range of situations from selection of donors, to assisting hospital clinicians to provide treatment for complex or urgent clinical transfusion problems.

The clinical function for the organisation is provided by six Transfusion Medicine Specialists located in various centres around New Zealand with support from a number of Medical

Officers, six Transfusion Nurse Specialists and three Scientists.

Peter is actively involved in a number of professional organisations and is currently the President of the International Society of Blood Transfusion (ISBT), a member of the World Health Organisation (WHO) Expert Advisory Panel on Blood Transfusion Medicine and a member of a number of working groups of the European Directorate for the Quality of Medicines (EDQM) relating to the 'Guide to the Preparation, Use and Quality Assurance of Blood Components'.

John Harrison Chief Financial Officer

Joined NZBS: 2008

John leads the NZBS Finance function with responsibility for all finance related activities of NZBS as well as the management of procurement related activities.

The Finance team have responsibility for all invoicing and debtor management duties; procurement of general supplies and services with post contract performance monitoring; insurance risk management; creditor management; product and service costing and pricing management; and treasury and funds management. The Finance team are also responsible for the annual budgeting process, financial

forecasting, monthly financial management reporting and statutory financial reporting and associated financial audit and regulatory compliance requirements. The financial management information systems and business intelligence system maintenance and development are also finance function responsibilities.

John is a Chartered Accountant and member of the New Zealand Institute of Chartered Accountants. He has a wealth of experience in varied finance roles and since 1992 he has worked primarily within the Crown entity sector.

Sue Jensen
National Manager
Human Resources

Joined NZBS: 2006

The National Manager HR is responsible for providing strategic human resource leadership ensuring policies, programs and HR services support a high performing culture supportive of the enduring outcome, vision and values of NZBS.

Sue's team includes regional HR Advisors, the NZBS Health and Safety Advisor and Payroll team, all of whom are focused on helping NZBS evolve as 'a great place to be'. Working in partnership with members of the Executive and Senior Management teams, Sue's team works towards attracting, selecting, motivating and retaining a highly qualified and

diverse workforce; promoting effective leadership and management practices; managing salary and benefits; developing employee recognition programmes; promoting fair and equitable treatment of employees through employee relations services; leading health and safety, inclusive of wellbeing initiatives; and providing training and development.

Sue has an extensive history working in the health sector, initially as a Registered Nurse in New Zealand and overseas and since 1999, in a range of Human Resources (HR) management roles, primarily within DHBs.

Christine Van Tilburg
National Manager
Operations

Joined NZBS: 1998

Christine leads the Operations function which provides all routine business activities for NZBS sites in the collection, manufacturing, testing and distribution of more than 150,000 blood donations which are dispensed through NZBS or DHB Blood Banks around New Zealand.

Christine's team includes six Area Managers, each of whom are responsible for the performance of their regions and the Logistics team who ensure safe and efficient receipt, storage, distribution and transportation of products between NZBS sites and external customers. Christine's team also plays a key role in determining the collection targets for each

region and managing the call centre to ensure the schedules are filled to meet demand.

Christine trained as a Medical Laboratory Scientist specialising in transfusion science, haematology and immunology and has over 30 years of experience in these fields. Prior to moving into her current role, Christine spent several years as an Area Manager and following this, her role as Business Development Manager involved the management and implementation of complex projects within NZBS.

Ray Scott
National Manager
Technical Services

Joined NZBS: 1970

The Technical Services function which Ray leads, is responsible for the processing, testing and supply of blood components to meet clinical requirements in hospitals throughout New Zealand. In addition, Ray's role has particular focus on strategic development of technical areas of NZBS and in maintaining accurate and responsive collections and production forecasting and planning. More recently, this has been further extended to the oversight of NZBS facilities development with major building projects to future proof the Christchurch and Auckland facilities.

Technical Services also undertakes pretransfusion testing to match blood components for transfusion to patients and

histocompatibility testing to support the various transplant programmes within New Zealand. Tissue Banks for the provision of bone and skin and a Red Cell Reference Laboratory, are also operated by NZBS.

Ray commenced training as a Medical Laboratory Scientist in 1970 (qualifying with specialisation in clinical chemistry, haematology and immuno-haematology) and his association with blood services in New Zealand began in 1971. Ray has a wealth of experience and technical expertise in blood service operations.

Meredith Smith
National Manager
Quality and Regulatory Systems

Joined NZBS: 2004

The NZBS Quality and Regulatory function is responsible for implementing the quality systems required for regulatory compliance in the manufacturing and diagnostic areas. It is also the champion for quality improvement initiatives within the organisation.

Meredith leads the Quality Systems team who are located across all main sites and provide the operational teams with support and advice on quality and regulatory issues and conduct audits to verify compliance with requirements. Quality also includes the Document Systems team which is responsible for the controlled document and records

management systems. Meredith also holds the role of NZBS Privacy Officer.

Meredith has 30 years experience in the fields of haematology and transfusion. Meredith originally trained in Australia as a Medical Laboratory Scientist specialising in haematology and immuno-haematology. After several years in hospital laboratories and Blood Banks, Meredith spent twelve years in production and quality roles with the Australian Red Cross Blood Service before moving to NZBS to take up the role of Quality Manager.

Olive Utiera
National Manager
Donor Services

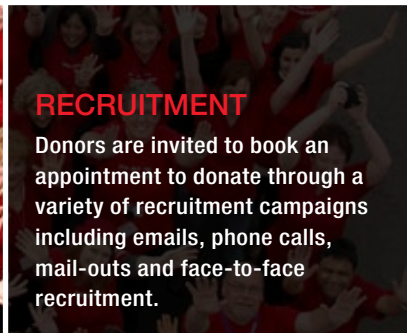
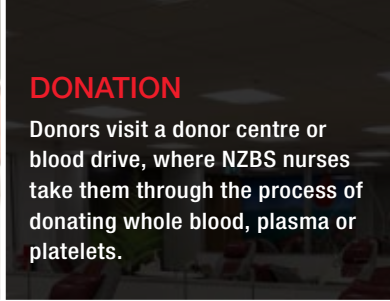
Joined NZBS: 1980

The Donor Services function which Olive leads, is responsible for recruiting and retaining new and existing donors and performing all blood collection activities.

A key responsibility for Olive and her team is to provide the strategic direction for the Donor Services function, to incorporate best practice methods and to ensure Donor Services staff receive the training and support required to provide a consistent, high standard, customer driven service. The Professional Development Unit which Olive also leads, is tasked with supporting the development of nurses

and Donor Technicians in Donor Services. Olive also heads the Māori Staff Advisory Group who provide guidance at various levels within the organisation.

Olive joined the Blood Transfusion Service as a Registered Nurse over 30 years ago. She has worked in a number of key roles and was an Area Manager prior to moving into her current strategic role. Olive is the organisation's head nurse and represents NZBS on the Nurse Executives New Zealand (NENZ) committee group.



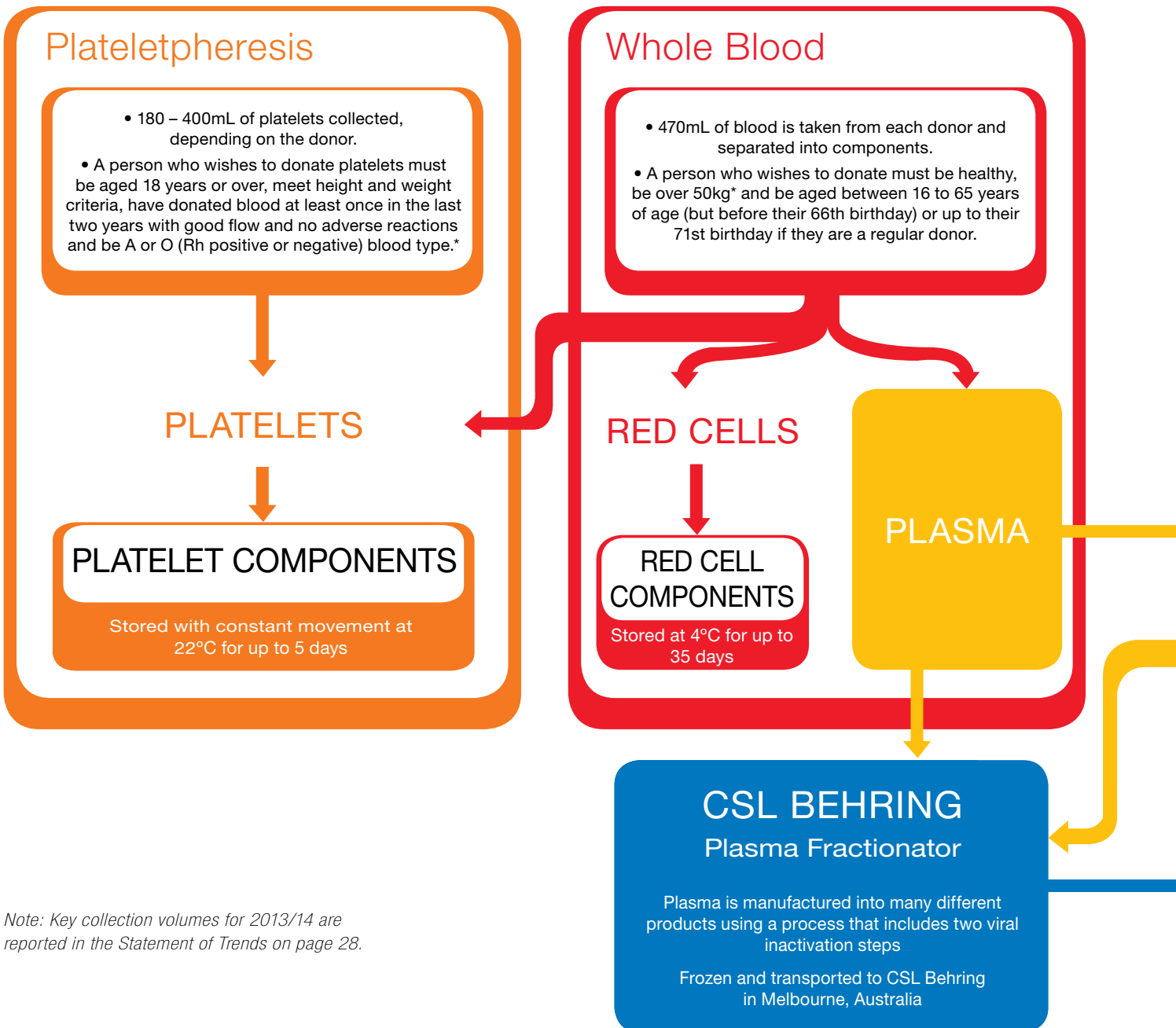
DONATION

Donors visit a donor centre or blood drive, where NZBS nurses take them through the process of donating whole blood, plasma or platelets.

RECRUITMENT

Donors are invited to book an appointment to donate through a variety of recruitment campaigns including emails, phone calls, mail-outs and face-to-face recruitment.

The giving of life – from donors



Note: Key collection volumes for 2013/14 are reported in the Statement of Trends on page 28.



BLOOD BANKS & LOGISTICS
 Ensure blood and blood products are available and delivered to clinicians for various lifesaving treatments.



PROCESSING & TESTING
 Every donation is processed and tested for its blood group and screened for specific infectious diseases before being transfused.



TRANSFUSION MEDICINE SUPPORT
 NZBS Clinical team provides a 24 hour service supporting hospital staff with all transfusion related issues.

to patients

Plasmapheresis

- 600 – 800mL of plasma only collected, depending on the donor.
- A person who wishes to donate plasma must be aged 18 years or over, meet height and weight criteria, have donated blood at least once in the last two years with good flow and no adverse reactions and can be any blood type.

FRESH FROZEN PLASMA
 Stored below -25°C for up to 2 years

PLASMA

FRACTIONATED PLASMA PRODUCTS
 Products stored for up to 2 years

CRYOPRECIPITATE
 Stored below -25°C for up to 2 years

*Other basic criteria include

- You cannot donate if you have a cold, flu, sore throat, cold sore, stomach bug or any other infection.
- If you have recently had a tattoo or body piercing you cannot donate for 6 months from the date of the procedure.
- If you have visited the dentist for a minor procedure you must wait 24 hours before donating; for major work you must wait a month.
- You must not donate if your lifestyle or behaviour puts you at an increased risk of coming into contact with major blood borne infections such as HIV or hepatitis C infection.
- You must not have lived in the United Kingdom, France or the Republic of Ireland between 1980 and 1996 for a cumulative 6 months or more, or received a blood transfusion in ANY of these countries since 1980.

Eligibility criteria can be subject to change. More detailed eligibility criteria are available at www.nzblood.co.nz.

Getting the right donor to donate at the right time

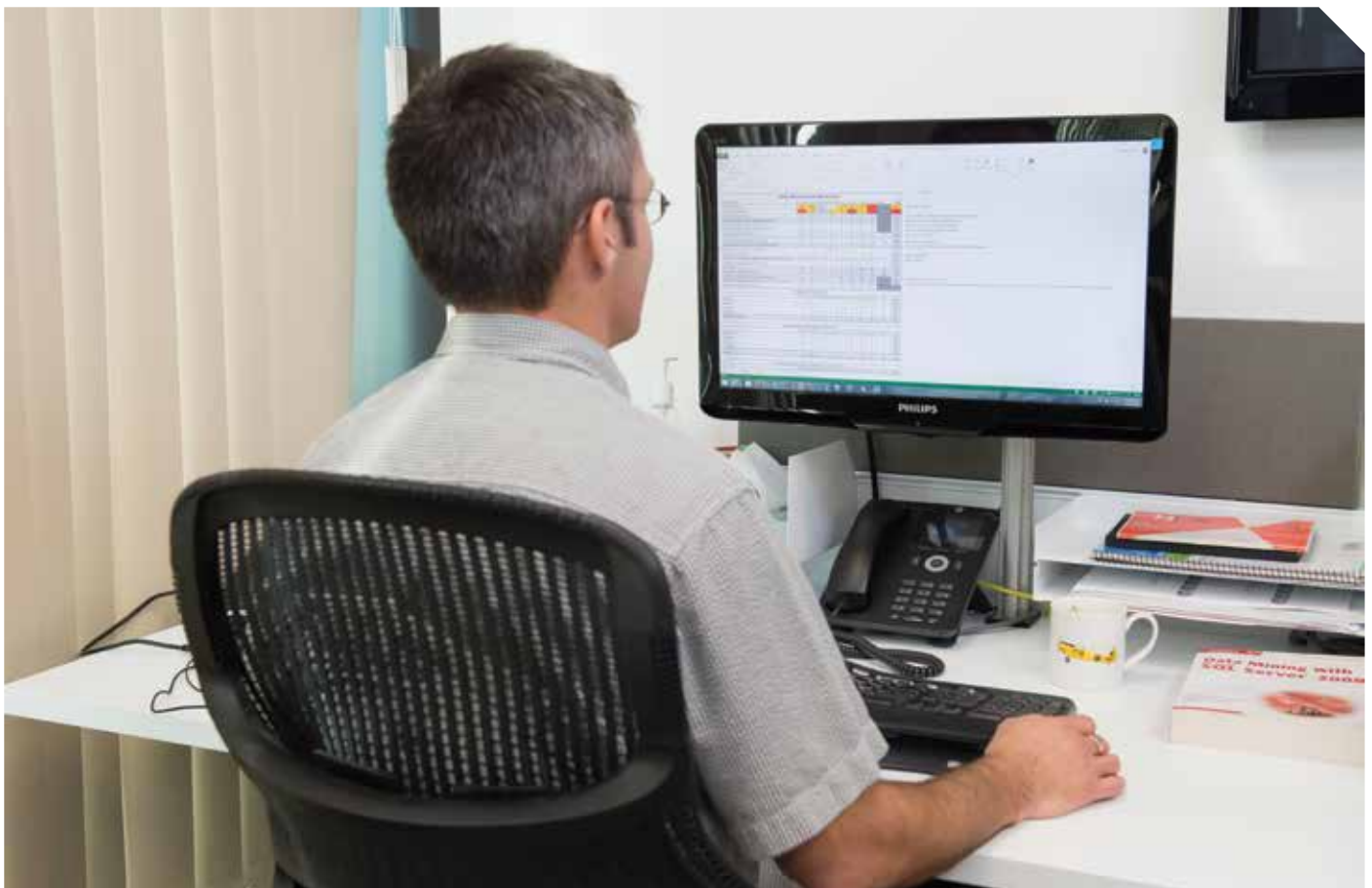
NZBS needs to collect around 3,400 donations every week nationwide and is always working to maintain and grow its register of active donors. Our dedicated staff work around the clock to ensure that the right blood and blood products are available for those who need them and this requires meticulous daily management and long-term forecasting.

Blood and blood products have very specific shelf-lives. For example, platelets must be transfused within five days of collection and red cell components from blood within 35 days.

To ensure donations do not go to waste through over-collection, and to ensure there are sufficient stock levels of all blood and blood products at all times, NZBS operates a right donor, right product, right place, right time policy. Using the appointment system to pre-book blood donations allows NZBS to manage donations nationwide and ensure the right platelet, red cell and plasma types are available when we need them – every time.

This means that depending on their blood type and the location at which they donate, some regular donors may be asked to donate more, or less often than others. For example, O Negative (O-) blood donors are needed to donate more frequently because their red cells are needed for many emergency transfusions. Others who have an uncommon blood type (such as AB and B donors), while still vitally important, may be required to donate blood less often. NZBS appreciates donors understanding why they may be called upon often or infrequently, as it ensures their donations will go to someone in need.

The ability to ensure ongoing access to the appropriate blood and blood products for those who need them, is a testament to the blood donors of New Zealand who continue to demonstrate their generosity and support.



Partners for Life

Partners for Life is a vital New Zealand Blood Service programme that helps to ensure the valuable supply of blood to local and regional communities through group blood donations. A key contributor for the past two years is GE Healthcare who, based in Whakamarama, is only a 20 minute drive from the Tauranga Donor Centre.

GE Healthcare employs a group of highly motivated people who make a two hour round trip 3 to 4 times per year to donate whole blood and “do something for the community.” A core of 11 committed donors make the ‘donation day’ a social outing even running competitions for the fastest bleed time – GE co-ordinator, Grant Stewart, generally wins according to the staff!

New Zealand Blood Service is their charity of choice and the team are committed to the idea of ‘paying it forward’. Comforted post donation by chocolate biscuits, the team appreciate the excellent phlebotomists and “if Sky Sport were available it would be the ‘icing on the cake’ especially if the golf was on!” says Grant.

As the GE Healthcare: NZBS Coordinator, Grant commented that “the hardest part of Partners for Life was organising the roster for staff to donate, but it is well worth the effort involved.”

GE Healthcare highly recommends the programme and is proud to be a part of this successful lifesaving partnership.



imagination at work

PARTNERS FOR LIFE

Why appointments are important at NZBS

One of the challenges NZBS faces is to ensure that we collect enough blood and blood products to meet clinical demand without over-collecting and incurring unnecessary expiry, which is a waste. A critical element in achieving this goal is to focus collection activities by each blood type to ensure blood is only collected from those donors whose blood type is required at that specific time.

The introduction and promotion of appointments for blood donors has been essential to help NZBS meet this goal. With appointments, we know how many donors are booked to give blood and what blood types they are. This enables us to make decisions around how many more appointments by each blood type we still need to arrange.

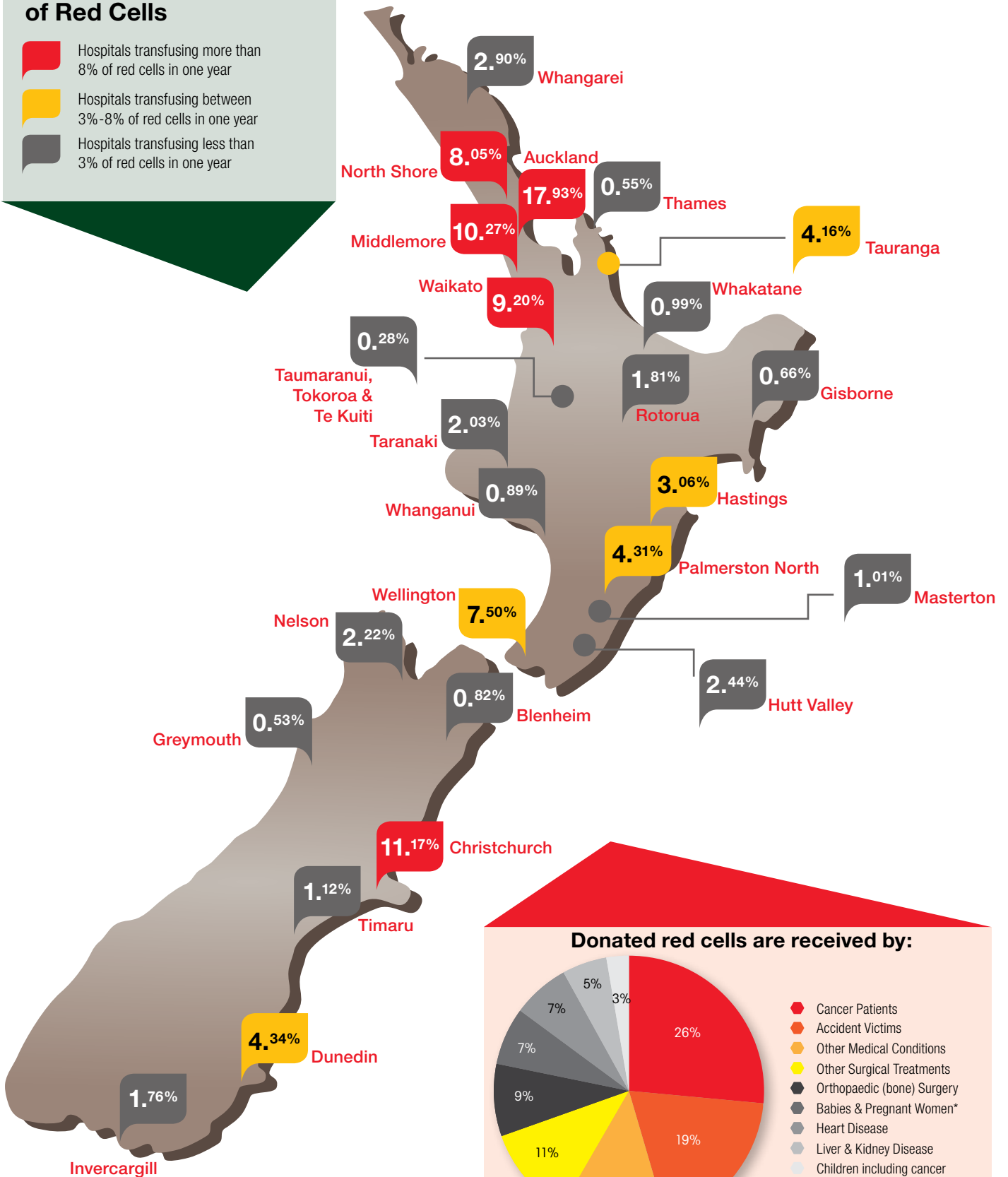
In summary, appointments are essential in helping us to forecast and plan collection activities, reduce unnecessary (wasteful) expiry, estimate workload and assign appropriate staff and resources to enable us to provide a good level of service to our donors.



Where and how is blood used?

National transfusion of Red Cells

- Hospitals transfusing more than 8% of red cells in one year
- Hospitals transfusing between 3%-8% of red cells in one year
- Hospitals transfusing less than 3% of red cells in one year



* Includes women's surgery (obstetrics and gynaecology)

Changes in the demand for blood

The last 10 years has seen major shifts in the demand for blood components both internationally and in New Zealand. Red blood cell and Fresh Frozen Plasma demand has been falling, while the demand in some blood products made from plasma, such as Prothrombinex-VF™, Intragam P® and Albumex®, has doubled.

Clinical use of red cell components has reduced significantly over the period with transfusion rates falling by almost 25% from 29.6 red cells per 1000 population in 2006 to a projected 22.3 per 1000 by the end of 2014. There are a number of reasons for this. There is increasing evidence that a restrictive approach to transfusion in the peri-operative setting leads to at least as good patient outcomes as does a more conservative approach involving maintaining haemoglobin at a higher level. Essentially, maintaining a patient's haemoglobin level at a slightly lower level appears to not only result in no clinical harm but is also possibly better for them. In New Zealand the decrease in red blood cell usage was initially driven by blood conservation programmes such as "Why use two when one will do?" emanating from Canterbury District Health Board (CDHB). This was subsequently implemented hospital-wide at Auckland DHB and is now being followed by several other DHBs across the country. Increasing awareness of the importance of maximising patient's haemoglobins prior to surgery has also contributed to the fall in clinical use. Pre-operative assessment identifies many patients who are iron deficient. Increasing use of intravenous iron infusions improves haemoglobin levels prior to surgery and this is associated with a consequent reduction in the need for transfusion both intra-operatively and post-operatively.

Internationally, clinical demand for intravenous immunoglobulin has been a major driver for blood service activity. Demand for Intragam P®, the intravenous immunoglobulin product manufactured from New Zealand plasma, has increased by 27% from 52g per 1000 population in 2006 to a projected 66g per 1000 population by the end of this calendar year.





Clinical use of Prothrombinex-VF™ has doubled over the same period. This product contains three coagulation factors and is used mainly to reverse the anti-coagulant effect of warfarin in patients who are bleeding or require surgery. There has been a corresponding reduction in the use of Fresh Frozen Plasma although the impact of this has been offset by increased use associated with the introduction of massive transfusion protocols (MTPs). These are now in place in all major hospitals across New Zealand. Evidence arising from the Gulf war demonstrated that the early use of Fresh Frozen Plasma in massive bleeding situations reduces bleeding and improves patient outcomes.

The change in usage patterns has resulted in significant logistical challenges for NZBS and has led to a significant reduction in whole blood collection levels with a corresponding increase in plasmapheresis procedures. Nonetheless, NZBS is a strong advocate for these changes, including those that decrease the demand for some of the components because these are in the best interests of the patients, and continues to advocate for best practice in transfusion.



Blood and blood products and their uses

Blood donations contribute to the existence of many different products, all serving vital roles in helping New Zealanders in need.

Fresh Blood Components		
	Red Blood Cells	Used for treatment of people with chronic anaemia resulting from disorders such as kidney failure or cancers; and acute blood loss as a result of trauma or surgery.
	Platelets	Used to support patients undergoing treatment for some blood diseases and cancer and also to control bleeding following cardiac surgery and trauma.
	Fresh Frozen Plasma	Used to control bleeding in patients following trauma or transplantation.
	Cryoprecipitate	Contains blood clotting factors and is used for treatment of trauma patients and during cardiac/transplant surgery.

Products manufactured from New Zealand Plasma by CSL Behring Australia		
	Albumex®4	Used for patients suffering burns, or shock due to blood loss.
	Albumex®20	Used in the treatment of liver failure or renal failure associated with severe protein deficiency.
	Rh(D) Immunoglobulin-VF (Anti-D)*	Used to prevent haemolytic disease of the newborn (HDN) caused by an incompatibility between the blood types of a mother and her baby. Complications of HDN can vary from mild jaundice to serious disability or death.
	Biostate® (Factor VIII)	Used for management of haemophilia A, an inherited bleeding disorder requiring lifelong treatment.
	MonoFIX®-VF (Factor IX)	Used for the treatment of the inherited bleeding disorder haemophilia B (or Christmas disease).
	Prothrombinex™-VF (Factors II, IX & X)	Used primarily to reverse the anti-coagulant effect of warfarin in patients who are bleeding.
	Hyperimmune Globulins	Provides the recipient with temporary protection against a specific infection e.g. chickenpox, tetanus or hepatitis B.
	Intragam P® and Evogam®	Intravenous and subcutaneously injected normal immunoglobulin products used for treatment of people with immune deficiencies or in treatment of a range of diseases where a patient's immune system is compromised.
	Normal Immunoglobulin	Used in prevention of hepatitis A in people travelling overseas to high risk areas.
	Thrombotrol	Used prior to surgery or during pregnancy and childbirth in patients with an inherited deficiency of antithrombin III.

* Where necessary supplemented by imported commercial plasma

NOTE: Key production volumes for 2013/14 are reported on page 28.

CSL Behring Australia – New Zealand’s National Plasma Fractionator

Plasma, the liquid component of blood, contains many proteins essential to life. Using highly complex scientific processes, these proteins can be extracted, separated and purified (fractionated) to manufacture lifesaving medicines - blood products manufactured from plasma.

Since 1963, plasma donated by New Zealand’s donors has been sent to CSL in Australia for fractionation, and blood products manufactured from the plasma returned for use in New Zealand. This approach has enabled New Zealand to be one of the few countries in the world that is able to meet the clinical needs for the main blood products from plasma donated by New Zealanders (self-sufficiency). Where necessary and clinically appropriate, NZBS will procure commercial blood products to treat patients when these cannot be manufactured by CSL Behring Australia. This ensures access to a reliable source of high quality blood products tailored for use by New Zealand’s healthcare professionals to improve the health of New Zealanders suffering serious medical conditions.

Established in 1916, CSL is one of the world’s largest biopharmaceutical companies. CSL employs over 12,000 staff in over 27 countries and has substantial manufacturing facilities in Australia, Germany, Switzerland and the USA. CSL’s products are distributed in over 100 countries.

CSL’s largest division is CSL Behring, one of the world’s largest suppliers of plasma products and recombinant coagulation factors. CSL Behring Australia operates CSL’s Australian-based plasma fractionation facility, which employs over 660 staff and is purpose built to manufacture a comprehensive portfolio of 15 plasma products (13 of which are supplied in New Zealand), including small volume lifesaving products for the treatment of very rare diseases.



Overview of buffer preparation vessels in Albumin manufacturing facility.



Immunoglobulin precipitation vessel (IG Facility).

CSL Scholarships for NZBS employees

CSL also provides an annual scholarship to NZBS employees working in the Technical or Donor Services areas for two years or more, to provide an opportunity to attend an industry related Annual Meeting, Workshop or Conference within Australia or New Zealand.



Mable Nyashanu (Medical Laboratory Scientist) receiving her CSL Scholarship award from Waikato Area Manager, Andrew Mills.



Denise Groves (DAPS Coordinator) receiving her CSL Scholarship award from CEO Fiona Ritsma.

Blood and bone marrow saved my life

Amanda Iese was only 20 years old when she noticed that she had bruises appearing on her body, was feeling faint and had a loss in appetite.

She went to see her doctor who ran some blood tests, and was informed that she needed to go to hospital to have more tests done.

On 10th June 2011 Amanda was admitted to hospital and was diagnosed with Acute Myeloid Leukaemia.

She required four courses of chemotherapy over a 6 month period. Unfortunately, after finishing chemotherapy the doctors found that the leukaemia had become more aggressive and she was advised her only option was to have a bone marrow transplant.

Coming from a large Samoan family, the first step was to see if any of her siblings were a match. However they were not, so the search was extended to the NZ Bone Marrow Donor Registry (NZBMDR) and then to the International Registries.

Thankfully, a match was found for Amanda from the International Registry and she received her bone marrow transplant in August 2012.

During the course of Amanda's treatment she received 90 units of red cells and 40 units of platelets.

"Diagnosed with leukaemia, chemotherapy treatment led to low haemoglobin as a side effect where I needed 90 red blood cell transfusions that helped me fight. I desperately call out to my Polynesian people from all walks of life to give blood today. I also want to encourage my Samoan Community and all Pacific Islanders to come forward to register for New Zealand Bone Marrow Donor Registry (NZBMDR) to save a life of someone in need today. Blood is precious, together with life."



New Zealand Bone Marrow Donor Registry

- NZ Bone Marrow Donor Registry is the only Registry in the world set up for Māori and Pacific Island ethnicities
- 7,000 Māori are currently on the Registry
- 1,500 Pacific Islanders are currently on the Registry
- European patients have access to over 15 million donors worldwide
- Only 1 in 3 patients will have a matched family member
- 6 New Zealanders are diagnosed with a type of blood cancer every day
- 26% of red blood cells go to cancer patients

The NZ Bone Marrow Donor Registry (NZBMDR) is part of a worldwide network of registries of people who are willing to donate their bone marrow, if they are found to match a patient in need of a bone marrow transplant.

NZBMDR are currently recruiting the following people to the NZ Registry:

- People with Māori or Pacific Island ancestry
- People with ancestors from other NZ ethnic minorities
- Aged 18 – 40 years and in good health
- People who are able to meet the NZ Blood Service requirements to donate blood

You can join the Registry by donating a unit of blood (470mL) at a New Zealand Blood Service Donor Centre or blood drive. You could be the match that saves a life!

**For more information go to:
www.bonemarrow.org.nz**

A day at the Blood Bank

New Zealand Blood Service manages the Blood Banks in six of New Zealand's largest hospitals, between them responsible for the major proportion of the country's pre-transfusion testing.

No two days are ever the same in the Blood Bank laboratory, as the below example of just one day at the Dunedin Blood Bank shows.

"As the day begins, routine samples and requests are sent to the laboratory. These may be for pre-operation patients, post-operation patients, or for those patients undergoing cancer treatment (to name a few). A blood group and antibody screening is performed on each sample and for those with a positive antibody screen, antibody identification is required.

A phone call is received. There has been a motor vehicle accident involving multiple people, one of whom is critically injured and is haemodynamically unstable.

Three units of emergency O Negative red cells are requested in the Emergency Department and are needed as soon as possible. This quickly escalates; the patient is rapidly bleeding and the massive transfusion protocol is activated. The Blood Bank staff spring into action.

While the patient's sample is urgently processed, further emergency O Negative red cells are issued, Fresh Frozen Plasma (FFP) is thawed and the need for further red cells, plasma, cryoprecipitate and platelets is anticipated. Ten hours and 40 units of red cells, 36 units of FFP, 15 units of cryoprecipitate and 4 units of platelets later, the patient is stable, albeit very unwell with multiple injuries.

Calm is restored in the Blood Bank just in time to deal with the next challenge – a patient identified as having an antibody - Anti-Fyb - is rushed to theatre actively bleeding from an undiagnosed aneurysm. Two units of Fyb negative cross match compatible blood are immediately available, however further units are urgently

required. With no more known antigen negative red cells on site, and only 20% of people being Fyb negative, work begins immediately to source these red cells.

Four units of antigen negative red cells are sourced from the nearest NZBS hub-site and Blood Bank staff begin typing the red cells remaining on site to identify further compatible units. A further two units are found, and the patient is transfused these while in theatre. The patient stabilises quickly in theatre and the aneurysm is successfully repaired. Blood Bank can stand down and get back to routine work."



Fresh Frozen Plasma is thawed using a water bath



Blood Bank fridges stocked with blood

Minister's visit

The NZBS Board and Auckland based staff were delighted to welcome the Minister of Health, Hon Tony Ryall, for a visit and tour of its Epsom, Auckland facility in late January 2014. The visit provided an opportunity for the Minister to meet with donors, discuss their motivation for donating and to personally thank them for their contribution to improving the health of New Zealanders.

After explaining the donor interview and collection process, National Medical Director Dr Peter Flanagan took the Minister and Board on a tour "behind the scenes" into the various NZBS laboratories, following a unit of blood through to testing, separation into red blood cells, platelets and plasma and on to the national store and logistics functions which transport it to hospitals for transfusion. He also visited the country's only specialist Red Cell Reference Laboratory which supports hospital Blood Banks throughout the country, the cryogenic storage facility and Tissue Bank, and the National Tissue Typing Laboratory, before meeting staff from Donor Recruitment and Information Services.

Throughout the tour, the Minister showed a genuine interest in how things worked, what our people were doing and asked what it is that they like about working at NZBS. The regular response was "the personal pride and satisfaction of knowing that what you do every day contributes to helping people and saving lives and I enjoy the people I work with." A number of our staff have benefited from treatment in the public health system and took the opportunity to briefly tell the Minister their story and how great the treatment they received was. Obviously music to the Minister's ears!



The Donor and Product Safety Service

The Donor and Product Safety Service (DAPS) was implemented in November 2012 to provide a centralised triage function for managing health queries from donors who have been referred by the Call Centre.

The service, based in Epsom, Auckland, utilises Registered Nurses experienced in health assessment who work during the hours the NZBS Call Centre operates, enabling health queries to be answered in 'real time'. There is now a consistent approach in how donor health queries are managed ensuring a more effective and customer driven service.

The DAPS Service is also responsible for the receipt and management of post donation information during evening and weekend hours. These are calls received from donors who recall and/or volunteer information that may result in their donation being withdrawn. Post donation information may also involve management of donor adverse events. This service ensures that donors are able to speak without delay to a Registered Nurse who can give advice and ensure all events are documented and followed up, outside of normal work hours.

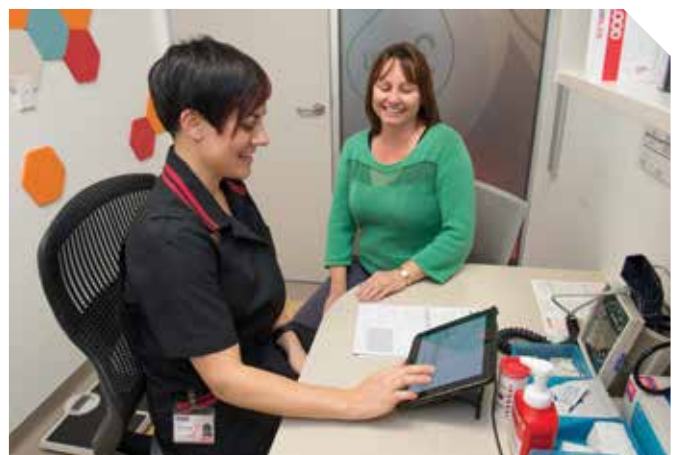


Moving with the times

All donors must undergo a health assessment by a Registered Nurse each time before they donate blood. This is one of several mandatory activities that assist NZBS to ensure the safest possible blood and blood products for transfusion, ensuring that donors are healthy and able to give blood without impacting on their own health or that of the eventual recipient.

In late 2013 all NZBS collection sites moved from using hardcopy resources to iPads in these assessments. This move provided electronic access to pertinent resources such as our National Collection Standards, MIMS New Ethicals (medicine/pharmaceutical information) and our National Acupuncture Practitioner Register. These resources are now able to be updated quickly and easily, ensuring all information is current at time of use.

Use of the iPads has proven to be a valuable tool today and will provide a platform for other electronically based applications in the future.





Quality systems at NZBS

At NZBS safety is our cornerstone. Not only does this mean safety for staff but also safety for donors and patients.

This translates into safety of processes for donors and delivering safe, effective blood and tissue products to patients when and where they are needed. This is reliably achieved by having robust quality systems in place for everything we do.

The manufacturing and testing processes for blood and blood products are extremely complex. Quality systems make it possible to ensure that all blood components and tissues are manufactured and delivered to the same high standard every time.

The NZBS quality systems ensure that:

- staff are trained and competent
- policies and procedures are tightly controlled in an electronic system accessible to all staff
- donors meet strict selection criteria
- comprehensive records are kept
- every donation can be tracked through to the products manufactured from that donation
- equipment is always maintained and calibrated
- consumables are quality checked before use
- finished blood components meet quality requirements
- errors are reported and investigated for future learning
- internal audits are conducted to identify improvement opportunities

As experts of regulatory compliance, we live and breathe our key value of 'safety is our cornerstone' to ensure the safety of New Zealand's blood supply.

Becoming more effective and proactive with process improvement is the focus for the next 2-3 years, including identifying where improvement opportunities lie to help reduce wastage/expiry and bottlenecks in processes.

NZBS is inspected annually by Medsafe in order to maintain a licence to manufacture blood components. NZBS is also assessed annually by International Accreditation New Zealand (IANZ) in order to maintain accreditation for medical testing in our six Blood Banks, Red Cell Reference Laboratory and Tissue Typing Laboratory.



Ella-Rose

Nail polish, homework and EVOGAM® – a teen's story living with an immune deficiency

Hypogammaglobulinemia is a bit of a tongue-twister, but for teenager Ella-Rose Meagher, it's a way of life that she manages with spirit, maturity and infusions of EVOGAM® every six days, and a good dose of humour.

Ella-Rose was diagnosed at the age of two with the immune deficiency disorder of hypogammaglobulinemia, meaning she has very low levels of antibodies. Regular infusions of a plasma-derived immunoglobulin product, EVOGAM®, help to 'top up' her antibody concentration to help her fight infections.

For the courageous 13-year-old, to receive EVOGAM® means facing a needle every six days— no mean feat for someone who is not a fan of needles.

"I get the EVOGAM® out of the fridge, prepare the needle and pump and set everything up. But it's Mum's job to put the needle into my abdomen. I can't bring myself to do that yet," says Ella-Rose.

Not one to mess about, Ella-Rose likes to get on with her day while she's receiving the infusion, which takes about an hour to complete. That means getting on with homework, eating her dinner or painting her nails.

"What I like about EVOGAM® is that it fits around Ella-Rose's life, not the other way round. We have taken EVOGAM®, needles and other equipment along to restaurants, cafés and even family trips to the UK to visit the grandparents. EVOGAM® has made a huge difference to my daughter's life. It means she can go on sleepovers and have late nights without always getting sick. It gives her normality – something I believe is very important for a teenager," says Samantha Meagher, Ella-Rose's mother.

Passionate about giving back to the New Zealand Blood Service, and as a way of saying thank you to the thousands of regular plasma donors, Ella-Rose helped organise a blood drive in 2012 at her school and is proud of the fact that she convinced "at least one teacher and around 10 seniors" to donate blood.

"As a parent, you're not relying on medication being made in a factory – you're relying on the generosity of complete strangers to give a part of themselves to help make my daughter better. As a mother, that takes a while to get your head around," Samantha adds.



EVOGAM®

EVOGAM® is one of several blood products made from approximately 50 tonnes of plasma collected by New Zealand Blood Service each year.

EVOGAM® is a subcutaneous immunoglobulin (SCIg) product. It is made from human plasma that is collected by New Zealand Blood Service and then sent to CSL Behring in Melbourne, Australia to be manufactured into EVOGAM®.

EVOGAM® contains human immunoglobulins, also known as antibodies, which are a type of protein found in the blood. Immunoglobulins are produced by the body's immune system to fight infections caused by bacteria and viruses. If a person doesn't have enough antibodies, they may not be able to fight off diseases.

EVOGAM® can be used as antibody replacement therapy to correct this lack of antibodies and has been shown to keep immunoglobulin levels stable with regular infusion to provide a consistent level of protection against infection.



Safe blood for safe motherhood

World Blood Donor Day 2014

World Blood Donor Day, celebrated in New Zealand and internationally on 14 June each year, is our most important annual campaign to remind New Zealanders of the importance of donating blood. It is also an opportunity to say a huge thank you to all our donors, supporters and volunteers who together form part of an amazing lifesaving team.

Last year alone almost 12,000 units of blood and blood products were used by mums and newborn babies across New Zealand. But it's not just mums and newborns that benefit from the kindness of blood donors. Across New Zealand, 115 people need lifesaving blood and blood products every day - that's 42,000 people every year whose lives are touched by the selfless generosity of donors throughout the country.

This year we launched an online pledge campaign to encourage more people to become blood donors.

People across the country were asked to pledge their support via an app on the New Zealand Blood Service Facebook Page or www.nzblood.co.nz. Those who were eligible to donate were notified on how to book an appointment to donate. Those who weren't, were thanked for supporting NZBS and encouraged to help spread the word about the life saving role donors play. A target of 12,000 pledges was set, with the overall goal of encouraging more new donors to donate before the end of 2014.

Events were held all over the country to create a memorable day for everyone involved.



Celebrating our staff - Logistics

Getting from A to B (and every blood type in between)

The Logistics team not only connects all the departments in NZBS together from collections through to processing, but also ensures blood and blood products are available to hospitals when they are needed.

The NZBS Logistics team includes the National Manager Logistics, four Team Leaders of Logistics who look after a region each within New Zealand, and several assistants and drivers to ensure everything works smoothly.

They look after the supply of consumables, everything from blood bags to laboratory equipment but also are responsible for the intricate operational management of moving blood around the country to ensure it reaches the NZBS Laboratories within key timeframes for processing and accreditation. Sometimes this includes sending blood around the country to “top up” hospitals in other regions if there is an excess in one region and need in another.

John Christiansen has led the Logistics and Customer Services team for the Northern Region since 2008 and is a passionate member of the NZBS family.

“It’s about carefully managing the weekly donations being collected, as well as the manufactured blood products, and all of the consumable items used during the blood donation, testing and processing procedures. At any given time, blood stock levels must be able to meet demand, which can fluctuate quite a lot. It’s

all about expecting the unexpected. We need to ensure a steady supply for scheduled procedures such as patients with cancer and surgeries, but we also always need to be prepared for a car crash victim that may need multiple units of blood anywhere in New Zealand.”

The holiday periods can be challenging for the team, especially with public holidays falling on regular working days which means donors need to be called in to do special donations on those days to ensure demand can still be met.

“During the holiday period, the logistics can sometimes get a bit more complicated but at the end of the day, there is a constant need for blood. For example, depending on when Christmas falls each year can also make things difficult, particularly when you have blood products with a short shelf life like platelets which have a five-day life span. Sometimes we’ve had to ask donors to come and donate on Boxing Day, but thankfully our incredible donors happily come in. It really just comes down to having a tried and tested plan in place, as we know that behind every logistics challenge is a person in need of the blood we supply – someone’s brother, mother, child, or friend.”



Health and safety at NZBS

'Safety is our cornerstone' is the foundational statement leading NZBS's core values. As such, the NZBS Health and Safety (H&S) Programme is an important part of the day to day processes and culture of safety within the organisation.

The H&S Programme is managed by the National Manager Human Resources, with assistance from the National H&S Advisor.

The programme is overseen by a National Committee made up of executive and senior managers and an elected staff representative from each of the four regions around NZ.

Each region has a Regional H&S Committee comprised of management and staff representatives from core departments. The development and education of committee members and representatives is supported, with external training provided.

The effectiveness of the H&S Programme is measured using key performance indicators against which annual targets are set. Updates are reviewed by the NZBS Executive and Board on a quarterly basis.

Accountability and responsibility for safety at all levels of the organisation is driven through the employment structures and internal H&S Audits are undertaken annually at department level, to ensure that effective compliance to systems and legislation is maintained at every location.

H&S achievements made during 2013-2014 include:

- Adoption of the Accident Compensation Corporation's (ACC) Workplace Safety Management Practices (WSMP) programme, a robust safety management system that was developed to meet the requirements of the Australian - New Zealand Standard AS/NZS 4801 for Occupational Health & Safety Management. NZBS obtained the highest level (tertiary) at its first audit on 1 September 2013. This external ACC audit will be repeated biennially.
- NZBS received a 24.24 % discount on its 2012/2013 workplace ACC levies due to its injury and injury management performance as against the ACC industry benchmark.
- A large-scale review and implementation of a robust blood and body fluid exposure management programme utilising a new external service provider.
- Installation of man-down alarms at all four NZBS hub-sites to be used by employees working alone or in isolation.

- Introduction of 'MoveSafe', a unique manual handling training programme that uses blended learning (e-learning modules and workshops) to assist staff with managing their ergonomic issues.
- Implementation of a Contractor Management Programme that provides a robust H&S management process from pre-qualification to contract conclusion.
- Implementation of a Stay at Work or Return to Work injury management programme for all employees who have had greater than 1 week off due to injury or illness (work or non-work related).

The safety of all NZBS workers, donors, clients and products is essential for good business and we will continue to develop the bedrock of health and safety systems that will support the continuous improvement of our safety culture and practices.



The man-down alarm is worn by employees working alone or in isolation.



Safety gear is worn while operating the dry ice machine.

Being a good employer

Good Employer Elements of NZBS Activity in 2013 / 2014

New Zealand Blood Service (NZBS) is proud to be committed to being an employer of choice. Ensuring we have a sustainable, competent and engaged workforce is vital to ensuring we continue to achieve our core purpose.

A number of activities promoting the seven elements of the 'Good Employer' framework were undertaken during the 2013/14 year, illustrated in the following pages. These progressively build on strategies from prior years to ensure we continue to meet our multifaceted obligations to all stakeholders including our employees, donors, patients and health sector stakeholders.

Flexibility and change remain a key focus as we continue to rise to the challenge of scrutinising our business in response to changing product demands and subsequent shifts in collection and manufacturing volumes. A range of initiatives are in place to ensure sustainability and greater efficiency in this changing and dynamic environment.

'Safety is our Cornerstone'

During 2013/14 NZBS has continued to build on the work commenced in 2011 to review the Health & Safety (H&S) Management Systems to ensure that elements are fit-for-purpose, take into account proposed new legislation and are representative of appropriate best practice. Over the past two years there has been a deliberate reformation of the health and safety culture, emphasising our cornerstone value of safety in our workplace alongside the ongoing commitment to product safety.

Leadership, Accountability and Culture

- NZBS remains committed to its defined 'Good Employer Policy' providing a clear statement on how we provide and support an environment where employees feel valued and respected, including a commitment to established policies which guide the organisation to treat employees fairly and properly in all aspects of their employment. This also includes our commitment to meeting Equal Employment Opportunities (EEO) obligations in our recruitment processes and practices.
- The NZBS Shared Values guide our behaviour as an organisation and are incorporated in core HR policies, job descriptions, induction processes and the performance review framework.
- The NZBS Leadership Programme continues to be provided to new frontline and support leaders.
- Improved alignment of collections with demand, resulting in a significant decline in expiry of both red blood cells and platelets.
- The NZBS Board and senior management support the continued development of a positive workplace culture in which health and safety is part of everyday business. This leadership has led to NZBS achieving ACC WSMP (Workplace Safety Management Practices) at tertiary level for three years – a wonderful achievement for a first audit.
- Quarterly reports to the Board include progress against key H&S performance indices relating to H&S projects, internal audits, systems reviews, incidents and ACC benchmarking data/trends.
- Staff are encouraged to contribute to the continuous improvement of NZBS H&S systems by raising issues, generating ideas and participating in the H&S policy reviews through their H&S representatives and via the mechanism of regional and national H&S Committees.
- A programme of six monthly internal H&S audits and annual Quality audits of all NZBS sites has been established. The findings from the audits provide feedback on H&S and Quality performance at NZBS department level and allow for future planning as part of the annual H&S and Quality system planning and review process.
- A staff forum to identify 'Cost Savings' has identified over \$195,000 in ongoing annual savings.

- The NZBS Māori Staff Advisory Group have this year refreshed the NZBS Māori Responsiveness Strategy.
- Launch of the new clinical website (www.clinicaldata.nzblood.co.nz) for District Health Board (DHB) staff.
- Ongoing research, development and implementation to ensure best practice effectiveness in costing, process, information systems and equipment.

Recruitment, Selection and Induction

- NZBS continues to work collaboratively with DHB colleagues on the Kiwi Health Jobs website and associated recruitment initiatives demonstrating an impressive increase in the profile and usage of this sector job board.
- The refreshment of the NZBS recruitment career website has been completed. Prospective employees are shown role specific videos outlining key professions and are provided with information allowing us to target and recruit those people we wish to work for our changing organisation.
- NZBS recruitment, selection and induction policies and systems are also being refreshed to ensure that best practice impartial, transparent employment processes are in place and in line with EEO principles.

Employee Development, Promotion and Exit

- The NZBS Professional Development & Recognition Programme (PDRP) framework for Nursing and Registered Donor Technicians has been endorsement by the New Zealand Nursing Council for the maximum timeframe of five years.
- Expansion of the Donor Technician training and skill set to include plasmapheresis procedures under the supervision of a Registered Nurse.
- Continued partnering with the University of Auckland to provide training and up-skilling of nurses to manage Nurse-led clinics to care for Haemochromatosis patients.



Martin LeRoux (Technical Support Officer) - joint winner of the Sir John Staveley Scholarship with Angela Durham (Registered Nurse - not pictured).



Vladimir Slyshkov receiving his Life Blood Award from CEO Fiona Ritsma.

- The NZBS run 'Workforce Trainer Programme' continues to operate with refresher training now in development to ensure up-to-date skills for the team of 'on-the-job trainers' who are critical to maintaining competency development in our nursing and laboratory workforces.
- Ongoing review of process and forms to make performance planning meaningful and effective for all.
- Upgrade to our 'NZBS eLearn Site' (online moodle learning system) providing a more accessible, effective and engaging forum to support induction, training and development of our people.
- Rollout of 'MoveSafe' (online learning programme) to assist in minimising staff injury as a result of manual handling and lifting.
- Development of a library and suite of resources to support our laboratory staff with 'Continued Professional Development' (CPD). This resource is now also being shared with the wider DHB operated Blood Bank network to support their staff development.
- NZBS staff are provided with access to online educational and clinical journals. NZBS staff scholarships continue to be judged and awarded annually, with recipients utilising the awards to visit and study in international blood services and laboratories and to attend conferences.
- Progressive implementation of an Electronic Training Records System across Technical Services is well underway. HR mandatory training and leadership records have also been reviewed and included into the system.
- Staff are encouraged to apply for secondments within NZBS providing development opportunities, project and change management experience.
- Sadly NZBS said farewell to the collections staff in both Napier and Nelson during November 2013 as a result of a restructure in response to the decline in demand for red blood cells.
- A new Clinical Scientist role has been implemented in the National Component Development Laboratory team in Auckland to facilitate an enhanced focus on component development in response to changing scientific developments and complex procedures.

Flexibility and Work Design

- NZBS is progressing the development of a new Blood Centre in Christchurch to address significant space pressures and compliance issues evident within its current site. The new future proofed building will also include space to provide for technology changes and workflow design in line with anticipated future manufacturing and regulatory requirements. The new building is expected to be fully operational by December 2014.
- Opening of the refurbished Auckland Blood Donor Centre in Epsom, addressing space and regulatory requirements and also designed to provide an enhanced donor experience, incorporating 'lean design' to ensure optimisation of space and workflow.
- Piloting new UPP software on the Haemonetics plateletpheresis machines, shortening the donation time for platelets.
- Implementation of MacoPress automated blood separation equipment to replace Compomat equipment that has reached the end of its economic life. The new equipment enhances efficiency and is ergonomically designed to reduce the risk of repetitive strain injury.
- Change in blood packs which will result in collection volume efficiencies and significant cost savings.
- Change in work hours at some of our sites to better enable weekend processing of platelets, crucial for reducing expiry of this short-life product.
- Development and implementation of a new digital Donor Acquisition Programme supporting our recruitment staff to maintain and enhance the attraction and retention of voluntary blood donors.
- NZBS has systems and processes in place to support staff requiring rehabilitation associated with illness or injury.
- Workstation assessments are being conducted following all reports of early pain and/or discomfort. The new 'MoveSafe' eLearning programme also provides tools and guidance on workstation setup and practices to ensure prevention of pain and discomfort.
- Ongoing worksite assessments have been undertaken as part of NZBS's commitment to providing a supportive Return to Work programme as part of individual staff rehabilitation following injury or illness.

Remuneration, Recognition and Conditions

- NZBS adheres to the government's clearly stated expectations on pay and employment conditions in the State Sector. We also collaborate with the DHB employment relations forums on matters of mutual interest, given our connection with the wider public health sector.
- The NZBS recognition framework continues to provide a focus to ensure consistent and appropriate recognition of staff achievements and service. The framework utilises three levels of recognition; "in the moment", regional and two annual national awards - the Life Blood Award and the Dr Graeme Woodfield Prize.
- The Life Blood Award for 2013 was presented to Vladimir Slyshkov of the National Component Development Laboratory team for his professionalism and leadership skills during the restructuring of the processing department.
- The Dr Graeme Woodfield Prize was awarded to John Christiansen, Team Leader Logistics in Auckland for his contribution to enhancing visibility around platelet stock management at NZBS leading to increased efficiencies and lowering expiry in this complex area.
- The Sir John Staveley Scholarship was jointly presented to Angela Durham, Registered Nurse from Tauranga and Martin LeRoux, Technical Support Officer. Angela will attend the Australian Hemochromatosis Conference to explore future research and review allied organisation policies. Martin will visit the United Kingdom NHS/Immunology Department of Royal Devon Hospital to discover more about Haematopoietic Progenitor Cells (HPC) and also to look at Cord Blood Banking.
- As part of a 'no-cost' employee benefit scheme we continue to offer 'Work Perks' in collaboration with Waitemata and Counties Manukau DHBs. This provides staff with direct access to a range of discounts offered by retailers and providers and has been gratefully received by our staff.
- Centralisation and co-ordination of internal NZBS scholarships for external study continues.

Harassment and Bullying Prevention

- NZBS has a robust policy and system for preventing and managing harassment and bullying which we believe aligns with the recently released February 2014 WorkSafe NZ 'Best Practice Guidelines on Preventing & Responding to Workplace Bullying'. The programme includes a specific policy, induction processes for all new staff, a workshop for leaders on prevention and management of harassment and bullying, and a staff booklet 'Working Effectively Together'. The booklet blends our expectations related to NZBS values, behaviours and the State Services Commission's "Standards of Integrity and Conduct." It also informs staff of the informal and formal steps and processes that can be taken if bullying or harassment is evidenced.
- In addition, NZBS provides a confidential EAP (Employee Assistance Programme) available 24 hours a day, accessible to all staff.
- The 'Working Together Effectively' booklet has been updated providing an opportunity for a refocus on harassment and bullying prevention for all currently employed staff.
- Induction of all new employees includes an overview of this important policy together with a clear outline of behavioural expectations in line with the NZBS Shared Values. This is provided both in our National Orientation Programme and also in the individual targeted staff induction supported by the direct manager and human resources team.

Safe and Healthy Environment

- Over the past 12 months there has been a focus on a range of initiatives to support the safety and health of our employees and to ensure we continue to meet our obligations to all who visit and interact with our organisation in any capacity.
- Some of these initiatives include:
 - > The cyclic review and updating of the NZBS Hazard and Hazardous Substances Registers.
 - > Review of the NZBS Emergency Plan and procurement of equipment and foodstuffs to increase NZBS's capacity and resilience during an emergency event or civil disaster situation.
 - > Continued implementation of an improved contractor H&S management process.
 - > Review of the NZBS Blood and Body Fluid Exposure Management process.
 - > Development of a robust manual handling eLearning programme that includes the setting up of a safe workstation.
 - > Implementation of man-down alarms at sites where staff may work in isolation.
 - > Continued training of H&S Representatives to level 2 during the year.
- All new managers to NZBS have attended 'Foundations for Safety Leadership' training.
- Continuation of the NZBS Wellbeing Programme, including provision of regular messages focused on 'wellness, health and safety', participation in fitness activities (such as Round the Bays, Relay for Life and Corporate Sky Tower Step Challenge) and participation in a nutrition fitness programme Power of 3.
- Annual free Influenza Vaccination Programme for all staff.
- Continuation of the pre-employment hepatitis B screening and immunisation programme.

Looking Forward

In the next 12 months NZBS has prioritised the following areas for further action:

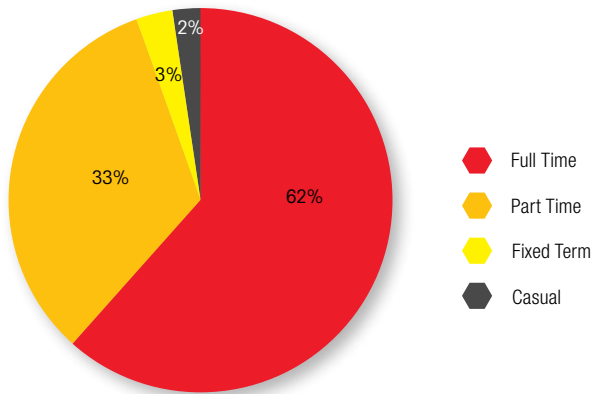
- Opening of the new Christchurch Blood Centre and progression of the upgrade of the laboratory and logistics areas of Auckland Donor Centre in Epsom.
- Continuation of a range of crucial initiatives to ensure flexibility, financial and operational sustainability and responsiveness to changing supply demands. As a demand driven organisation this includes ongoing review of collection, manufacturing activities, staff numbers, facilities and infrastructure.



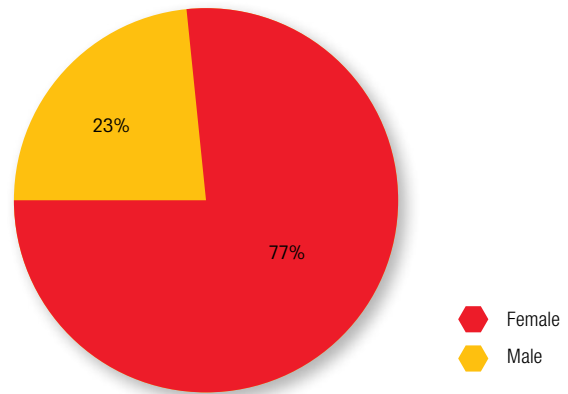
John Christiansen receiving the Dr Graeme Woodfield Prize from CEO Fiona Ritsma.

NZBS Workforce Profile - Total Organisation

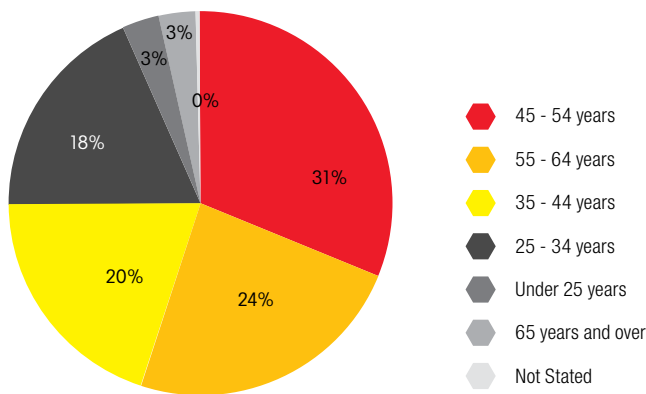
Total Staff



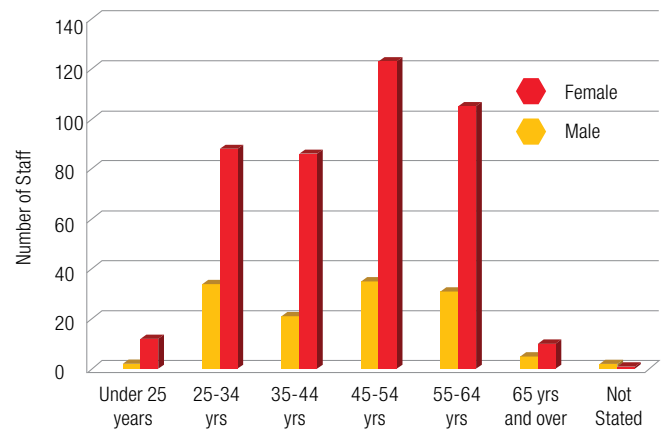
Gender



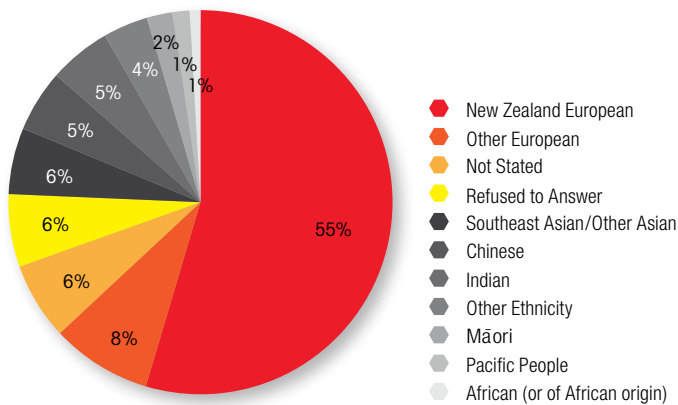
Age Distribution



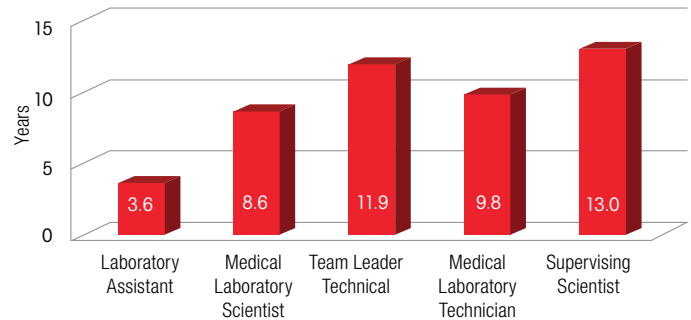
Age and Gender Distribution



Ethnicity

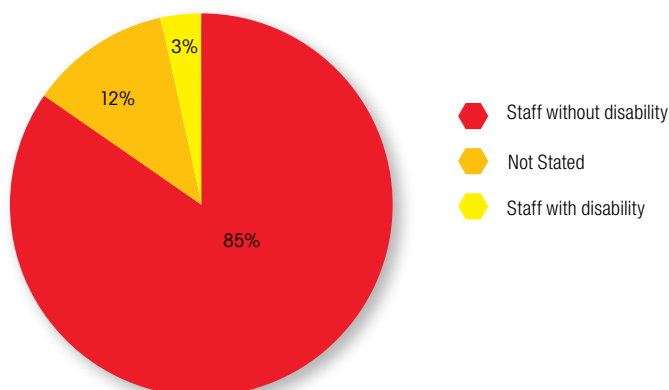


Average Length of Service - Technical Services*

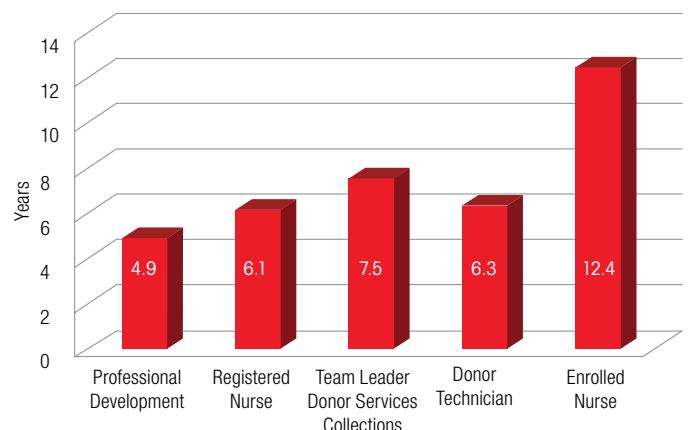


*Does not include logistics

Disability



Average Length of Service - Donor Services*



*Does not include Recruitment and Administration

Statement of Trends - Actual Results and Forward Outlook

Commencing 1 July 2009 through to 30 June 2017

KEY INDICATORS	ACTUAL RESULTS					FORWARD OUTLOOK		
	2009/10 Year	2010/11 Year	2011/12 Year	2012/13 Year	2013/14 Year	2014/15 Year	2015/16 Year	2016/17 Year
COLLECTIONS & PRODUCTION VOLUMES								
Donor Population								
- Active donors at 30 June each year	128,337	128,412	126,041	121,167	112,744	120,000	120,500	120,500
- Active donors as a % of the total population	2.94%	2.91%	2.84%	2.71%	2.48%	2.63%	2.63%	2.61%
Collection Volumes								
- Donation collection volumes	171,467	180,655	181,822	169,527	157,314	163,720	163,860	162,785
- Donor to donation ratio - Average donation frequency per donor	1.34	1.41	1.44	1.40	1.40	1.36	1.36	1.35
Production Volumes								
- Production red cells - units	141,347	138,093	132,152	120,683	110,483	109,800	108,200	109,250
- Production platelets - adult doses	19,392	20,981	22,337	22,266	19,202	17,900	18,150	18,400
- Production plasma - units	20,889	19,890	20,621	19,767	15,675	15,354	15,449	15,625
- Production - cryoprecipitate - units	3,120	3,358	4,632	4,413	4,979	4,850	4,950	5,050
- Production plasma issued for fractionation - kgs	44,612	49,546	54,308	52,941	52,881	58,800	59,700	58,550
TOP 5 PRODUCT & SERVICE DEMAND VOLUMES								
Top 5 Blood Products by volume								
- Total red cells issued - units	130,896	126,745	122,058	114,773	108,653	106,700	105,400	106,500
- Immunoglobulin - intragam & evogam - 12gm vial equivalent	20,727	22,340	23,757	23,044	24,773	25,538	26,049	26,585
- Total platelet issues - adult doses	14,394	14,311	14,751	14,073	14,672	14,294	14,506	14,680
- Total clinical FFP plasma issues - units	21,199	19,644	20,135	17,980	14,801	14,600	14,698	14,848
- Biostate (factor VIII) - 500iu equivalent	6,679	7,093	6,853	7,310	7,233	6,500	6,500	6,500
- Revenue derived from top 5 blood products (\$000s)	73,000	74,911	75,842	74,614	73,910	75,429	77,424	80,008
- % of top 5 blood product revenues to total reported revenues	73.47%	73.24%	71.89%	71.14%	69.73%	69.99%	69.75%	69.81%
Top 5 Services by volume								
- Patient antibody screens	142,770	142,399	143,327	144,267	144,998	143,000	144,000	145,000
- Patient blood groupings	146,611	146,644	147,491	148,382	149,151	146,750	147,250	148,000
- Tissue typing associated with transplant patients / donors	6,949	7,230	6,532	6,543	6,361	6,887	6,945	7,012
- Patient compatibility testing	129,236	127,265	123,563	114,418	109,302	107,500	107,250	107,250
- Antibody screens for patients awaiting organ transplants	6,655	7,260	7,444	7,941	7,883	7,985	8,090	8,189
- Revenue derived from top 5 services (\$000s)	11,157	11,484	11,549	11,781	12,386	12,749	13,142	13,516
- % of top 5 services revenues to total reported revenues	11.23%	11.23%	10.95%	11.23%	11.69%	11.83%	11.84%	11.79%
NZBS PRICING TRENDLINE versus CPI BENCHMARK - Based off June 2007 Position								
- Compound all groups CPI % movement	7.75%	13.43%	14.51%	15.29%	17.16%	19.52%	22.27%	24.96%
- Compound NZBS price % movement (net any rebate paid)	4.46%	6.33%	6.88%	9.66%	9.59%	11.69%	14.04%	16.19%
- NZBS Price movement differential with the CPI % - (xx.x%) = favourable	<i>(3.28%)</i>	<i>(7.10%)</i>	<i>(7.63%)</i>	<i>(5.64%)</i>	<i>(7.57%)</i>	<i>(7.83%)</i>	<i>(8.23%)</i>	<i>(8.77%)</i>
EARNINGS PERFORMANCE								
- Total revenues - pre DHB distributions (\$000s)	99,359	102,282	105,501	104,890	105,995	107,769	111,002	114,613
- Full time equivalent employees - FTEs	457.75	476.30	490.31	490.25	471.49	481.03	481.03	481.03
- Revenue per full time equivalent employee (\$000s)	217.06	214.74	215.17	213.95	224.81	224.04	230.76	238.27
- Reported Surplus / (Deficit) before DHB Price Rebates (\$000's)	3,587	9,252	3,447	(2,105)	2,864	(975)	(1,540)	(290)
- Price Rebates to DHBs (\$000's)	2,000	-	-	-	2,000	-	-	-
- Reported Surplus / (Deficit) after DHB Price Rebates (\$000's)	1,587	9,252	3,447	(2,105)	864	(975)	(1,540)	(290)
FINANCIAL POSITION (\$000s)								
- Total equity	25,653	34,905	38,352	36,247	37,111	34,257	32,717	32,427
- Total non-current borrowings	4,276	4,057	3,822	4,495	4,150	4,987	4,825	4,651
- Total assets	44,384	53,512	57,959	59,082	61,555	59,030	58,993	60,142
- Working capital	22,537	29,861	30,297	28,788	31,183	27,262	27,311	27,006
- Inventory stock turn (times per annum)	5.98	4.43	4.27	3.98	4.58	4.61	4.94	5.12
- Receivables - days sales outstanding (days)	38.11	36.14	36.47	32.28	37.73	37.76	37.73	36.57
DEBT / EQUITY GEARING								
- Equity ratio - %	85.71%	89.59%	90.94%	88.97%	89.94%	87.29%	87.15%	87.46%
- Debt ratio - %	14.29%	10.41%	9.06%	11.03%	10.06%	12.71%	12.85%	12.54%
CASH FLOWS (\$000s)								
- Cash flow derived from operating activities	6,758	7,222	5,732	4,180	8,160	5,330	4,420	5,012
- Investing activities - investments & capital expenditure	(2,474)	(5,021)	(6,348)	(7,370)	(7,399)	(4,648)	(4,193)	(4,162)
- Financing related activities - borrowing & debt repayment	(191)	(204)	(219)	753	(316)	643	(150)	(162)
- Cash movement in the financial year - (xxx) = cash reduction	4,093	1,997	(835)	(2,437)	445	1,325	77	688
- Cash position at balance date (\$000s)	8,844	10,841	10,006	7,569	8,014	4,927	5,004	5,692
BANKING COVENANT COMPLIANCE								
- Adjusted tangible assets (TTA) (\$000s)	43,216	50,996	52,769	53,204	56,387	53,482	53,925	54,681
- Calculated bank equity - (TTA - total liabilities) (\$000s)	24,579	32,389	33,162	30,369	31,943	28,709	27,709	26,966
- Bank equity ratio - requirement of a minimum 30% of adjusted TTA	56.87%	63.51%	62.84%	57.08%	56.65%	53.68%	51.38%	49.32%
- Surplus before Interest, Depn. & DHB Price Rebates (EBITDA) (\$000's)	7,003	12,589	6,845	1,968	6,904	4,065	3,871	4,782
- Interest cover ratio - minimum 1 times cover of EBITDA	26.63	60.90	37.57	11.90	31.51	17.15	12.06	14.40

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for the year ended 30 June 2014

- **Statutory Disclosures**
- **Statement of Comprehensive Income**
- **Statement of Financial Position**
- **Statement of Changes in Equity**
- **Statement of Cash Flows**
- **Notes to the Financial Statements**
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- **Independent Auditor's Report**

**New Zealand Blood Service
Statutory Disclosures
For the year ended 30 June 2014**



Your Board Members take pleasure in presenting their Annual Report including the Financial Statements of the New Zealand Blood Service for the year ended 30 June 2014. The presented Annual Report is also published on the New Zealand Blood Service website - www.nzblood.co.nz.

Principal Activity

The New Zealand Blood Service (NZBS) was established in 1998 to ensure the supply of safe blood and blood products to the New Zealand health sector and has responsibility for all aspects of the transfusion process in New Zealand; from the collection of blood from volunteer donors to the transfusion of blood components and products to recipients; a 'vein to vein' transfusion service.

Financial Performance

The Board of the New Zealand Blood Service set the financial targets for the entity at the beginning of the 2013/14 financial year and continuously monitored actual performance against these targets during the course of the year.

Key financial performance indicators for the 2013/14 financial year are set out below

Financial Indicators	Actual	Budget	Last Year
Net Income (\$000's)	103,995	109,665	104,890
Reported Surplus / (Deficit) (\$000's)	864	(1,220)	(2,105)
Total Expenses (\$000's)	103,131	110,885	106,995
Capital charge (8% on equity) paid to Crown (\$000's)	2,971	2,735	3,003
Total Assets (\$000's)	61,555	58,610	59,082
Equity plus Non Current Borrowings (\$000's)	41,261	38,337	40,742
Equity Ratio %	89.94%	89.16%	88.97%
Debt Ratio % (based on non current external borrowings)	10.06%	10.84%	11.03%
Banking Ratio - times EBITDA (minimum 1 times)	31.51	13.02	11.90
Banking Ratio - Bank defined Equity to Total Tangible Assets (minimum 30%)	56.65%	53.26%	57.08%

Auditor

Audit New Zealand on behalf of the Auditor-General is appointed in accordance with Section 15 of the Public Audit Act 2001 and Section 43 of the New Zealand Public Health and Disability Act 2000. Remuneration of the auditor was as follows:

Description	Audit Year	30 June 2014	30 June 2013
Audit fees for financial statement audit	2014	101,300	-
Audit fees for financial statement audit	2013	-	98,750

Board Members

All Board Members are appointed by the Crown.

Remuneration of Board Members

The following Board Members held office during the period under review and were paid fees accordingly:

Board Members' Remuneration		30 June 2014	30 June 2013
Mr David Chamberlain (Chairman)	Appointed 1 October 2009	32,000	32,000
Mr David Wright (Deputy Chairman)	Appointed 15 August 2008	20,000	20,000
Professor Peter Browett	Appointed 1 October 2009	16,000	16,000
Mr Ian Ward	Appointed 19 August 2011	16,000	16,000
Ms Raewyn Idoine	Appointed 1 October 2012	16,000	12,000
Mrs Victoria Kingi	Appointed 26 February 2014	5,333	-
Mrs Tania Kingi	Retired 7 July 2013	-	16,000
Mrs Pamela Jefferies	Retired 30 September 2012	-	4,000
Total Board Members' remuneration		105,333	116,000

Board Members' Interests - Related Party Transactions

Current Year

The following entries were made in the NZBS Interests Register with regard to the Board Members:

Board Member	Entity	Position	NZBS Appointed
Professor Peter Browett	Leukaemia & Blood Cancer New Zealand	Board Member effective 27 April 2005	Appointed 1 October 2009

The Leukaemia and Blood Cancer New Zealand entity operates the New Zealand Bone Marrow Donor Registry.

Related Party Transactions and Balances with the New Zealand Bone Marrow Registry	30 June 2014 \$000	30 June 2013 \$000
Supply of Products and Services by NZBS to NZ Bone Marrow Donor Registry	561	388
Purchase of Services by NZBS from NZ Bone Marrow Donor Registry	-	-
Outstanding Balances from NZ Bone Marrow Donor Registry to NZBS	129	30
Outstanding Balances to NZ Bone Marrow Donor Registry from NZBS	-	-

**New Zealand Blood Service
Statutory Disclosures
For the year ended 30 June 2014**



Board Members' Interests - Related Party Transactions *continued*

Board Member	Entity	Position	NZBS Appointed
Mr Ian Ward	Auckland District Health Board	Board Member effective 13 December 2010	Appointed 19 August 2011

Related Party Transactions and Balances with the Auckland District Health Board	30 June 2014 \$000	30 June 2013 \$000
Supply of Products and Services by NZBS to Auckland District Health Board	25,710	25,195
Purchase of Services by NZBS from Auckland District Health Board	369	336
Outstanding Balances from Auckland District Health Board to NZBS	2,661	2,050
Outstanding Balances to Auckland District Health Board from NZBS	22	32

Board Members' Interests

No Board Member of the entity has received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by Board Members shown in Remuneration of Board Members.

Statement of Use of Entity Information

There were no notices from Board Members of the entity requesting to use entity information received in their capacity as Board Members which would not otherwise have been available to them.

Donations

No donations were made by the entity during the year ended 30 June 2014. (2013: Nil).

Insurance

The New Zealand Blood Service carries insurance cover to protect Board Members and its employees from legal liability arising from their carrying out of their duties. During the year NZBS provided Board Members with a Deed of Indemnity when acting in pursuance of the functions of the organisation. The issuing of Deeds of Indemnity has been recorded in each Board Member's Interests Register.

Employee Remuneration Range

Employee Remuneration range	30 June 2014 No. Employees	30 June 2013 No. Employees
\$100,000 - 109,999	4	7
\$110,000 - 119,999	6	1
\$120,000 - 129,999	5	6
\$130,000 - 139,999	2	3
\$140,000 - 149,999	1	-
\$150,000 - 159,999	2	2
\$160,000 - 169,999	1	3
\$180,000 - 189,999	-	1
\$190,000 - 199,999	3	1
\$200,000 - 209,999	2	-
\$210,000 - 219,999	-	1
\$230,000 - 239,999	1	2
\$240,000 - 249,999	1	1
\$250,000 - 259,999	1	1
\$260,000 - 269,999	1	-
\$310,000 - 319,999	-	1
\$320,000 - 329,999	1	-
\$340,000 - 349,999 *	1	1
	32	31

* Chief Executive Officer

Employee remuneration includes the following elements; base salary, cash allowances, bonuses and incentive payments, non-monetary benefits, any Fringe Benefit tax paid on any element of the remuneration package and any termination, severance or end of contract payments.

Termination Payments

During the year ended 30 June 2014, the Napier and Nelson donor centres were closed resulting in 13 employees receiving redundancy payments totalling \$244,637. Two employees received termination payments totalling \$5,000 in 2014. (2013: Nil).

David Chamberlain
Board Chairman
28 August 2014

David Wright
Board Deputy Chairman
28 August 2014

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**New Zealand Blood Service
Statement of Comprehensive Income
For the year ended 30 June 2014**



	Note	Actual 2014	Budget 2014	Actual 2013
Income				
Revenue from supplying blood products		83,902,852	89,134,235	84,667,643
Revenue from supplying services		19,863,721	18,762,957	17,921,115
Revenue from overseas sales		1,693,151	1,539,365	1,314,508
Interest income		464,854	222,128	374,511
Other income		70,543	6,500	611,867
Gross Income		105,995,121	109,665,185	104,889,644
Less Price Rebate to District Health Boards		(2,000,000)	-	-
Net Income		103,995,121	109,665,185	104,889,644
Expenditure				
Cost of Consumables and changes in Inventory	2	39,454,186	42,276,204	42,634,874
Employee benefit expense	3	37,004,966	40,551,616	37,888,752
Depreciation and amortisation	12 & 13	3,821,211	4,092,565	3,907,700
Other expenses	4	22,297,753	23,678,400	22,111,624
Finance costs	5	257,483	286,400	199,557
Revaluation of derivative financial instruments	6	295,664	-	252,298
Total Expenses		103,131,263	110,885,185	106,994,805
Net Surplus / (Deficit) for the Year		863,858	(1,220,000)	(2,105,161)
Other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		863,858	(1,220,000)	(2,105,161)

Explanations of significant variances against budget are detailed in Note 32.

The accompanying notes form part of these financial statements

**New Zealand Blood Service
Statement of Financial Position
As at 30 June 2014**



	Note	Actual 2014	Budget 2014	Actual 2013
Assets				
Current Assets				
Cash and Cash Equivalents	7	8,014,085	6,672,778	7,568,904
Trade and Other Receivables	8	12,469,428	11,729,812	10,790,343
Investments	9	8,000,000	-	3,000,000
Inventory	10	20,466,145	24,078,983	23,509,022
Total Current Assets		48,949,658	42,481,573	44,868,269
Non Current Assets				
Property, Plant and Equipment	12	7,437,137	9,784,600	8,335,787
Intangible Assets	13	5,168,083	6,343,825	5,877,903
Total Non Current Assets		12,605,220	16,128,425	14,213,690
Total Assets		61,554,878	58,609,998	59,081,959
Liabilities				
Current Liabilities				
Trade and Other Payables	14	11,876,605	10,954,401	9,799,536
Premises Reinstatement Provision	15	21,864	-	108,849
Employee Benefit Entitlements	16	5,453,247	6,076,280	5,604,326
Derivative Financial Instruments	11	295,664	-	252,298
Borrowings	17	344,943	345,444	315,668
Total Current Liabilities		17,992,323	17,376,125	16,080,677
Non Current Liabilities				
Premises Reinstatement Provision	15	991,506	1,255,800	904,009
Employee Benefit Entitlements	16	1,310,509	1,641,400	1,355,648
Borrowings	17	4,149,670	4,154,900	4,494,613
Total Non Current Liabilities		6,451,685	7,052,100	6,754,270
Total Liabilities		24,444,008	24,428,225	22,834,947
Net Assets		37,110,870	34,181,773	36,247,012
Equity				
Crown Equity	18	15,716,696	15,716,696	15,716,696
Retained Earnings		21,394,174	18,465,077	20,530,316
Total Equity		37,110,870	34,181,773	36,247,012

For and on behalf of the Board Members of the New Zealand Blood Service.

David Chamberlain
Board Chairman
28 August 2014

David Wright
Board Deputy Chairman
28 August 2014

The accompanying notes form part of these financial statements

**New Zealand Blood Service
Statement of Changes in Equity
For the year ended 30 June 2014**



	Note	Actual 2014	Budget 2014	Actual 2013
Opening balance		36,247,012	35,401,773	38,352,173
Total comprehensive income for the year ended 30 June		863,858	(1,220,000)	(2,105,161)
Contribution from owners		-	-	-
Closing Balance	18	37,110,870	34,181,773	36,247,012

The accompanying notes form part of these financial statements

**New Zealand Blood Service
Statement of Cashflows
For the year ended 30 June 2014**



	Note	Actual 2014	Budget 2014	Actual 2013
Cash Flows from Operating activities				
Receipts from Blood Products and Services				
Revenue		102,729,186	108,078,134	103,923,049
Interest Received		284,875	222,128	362,766
Receipts from Other Revenue		1,037,483	1,189,817	2,304,042
Payments to Employees		(37,213,390)	(40,137,597)	(37,721,147)
Payments to Suppliers		(55,649,473)	(63,529,438)	(61,360,470)
Interest Paid		(257,774)	(238,900)	(200,522)
Capital Charge Payments		(2,971,320)	(2,765,781)	(3,084,120)
Net GST received from/(paid to) IRD		199,920	104,876	(43,762)
Net Cash from Operating Activities	19	8,159,507	2,923,239	4,179,836
Cash Flows from Investing activities				
Interest Received		123,893	-	-
Acquisition of investments - term deposits		(12,016,778)	-	(3,000,000)
Receipts from maturity of investments - term deposits		7,016,778	-	-
Proceeds from sale of Property, Plant and Equipment		20,444	-	34,087
Purchase of Intangible Assets		(92,968)	(1,125,000)	(1,799,039)
Purchase of Property, Plant and Equipment		(2,450,027)	(2,827,100)	(2,605,108)
Net Cash from Investing activities		(7,398,658)	(3,952,100)	(7,370,060)
Cash Flows from Financing activities				
Proceeds from Borrowings - finance lease		-	-	1,000,000
Repayment of Borrowings - finance lease		(315,668)	(321,732)	(246,744)
Net Cash from Financing activities		(315,668)	(321,732)	753,256
Net (Decrease) / Increase in Cash, Cash Equivalents and Bank Overdraft		445,181	(1,350,593)	(2,436,968)
Cash, Cash Equivalents and Bank Overdraft at the beginning of the Year		7,568,904	8,023,371	10,005,872
Cash, Cash Equivalents and Bank Overdraft at the end of the Year	7	8,014,085	6,672,778	7,568,904

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements

1. Statement of Accounting Policies

(1) Reporting Entity

The New Zealand Blood Service (NZBS) is an appointed entity pursuant to section 63 of the Human Tissue Act 2008, primarily responsible for the performance of functions in relation to blood and controlled human substances in New Zealand.

The entity (New Zealand Blood Service) is a Crown Entity in terms of the Crown Entities Act 2004, and a Statutory Entity under the New Zealand Public Health & Disability Act 2000.

NZBS is a public benefit entity and its primary objective is to support the New Zealand healthcare community through managing the collection, processing and supply of blood, controlled human substances and related services. Accordingly, NZBS has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for NZBS are for the year ended 30 June 2014, and were approved by the Board on 28 August 2014.

(2) Basis of preparation

The financial statements of NZBS have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the New Zealand Public Health & Disability Act 2000.

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The financial statements have been prepared on a historical cost basis, with the exception of certain items identified in specific accounting policies.

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

(3) Standards and interpretation issued and not yet adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the New Zealand Blood Service include:

NZ IFRS 9 Financial Instruments (NZ IFRS 9) will eventually replace NZ IAS 39 Financial Instruments: *Recognition and Measurement (NZ IAS 39)*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as the new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

Future changes to financial reporting standards:

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, NZBS is classified as a Tier 1 reporting entity and it will be required to apply full public sector Public Benefit Entity Accounting Standards (PAS). These standards have been developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for the reporting period beginning on 1 July 2014. This means NZBS will transition to the new standards in preparing its 30 June 2015 financial statements. NZBS has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended IFRS that exclude public benefit entities from their scope.

1. Statement of Accounting Policies

(4) Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue from the provision of products is recognised at the time the risk and effective ownership transfers. Revenue from the rendering of services is recognised as the services are provided. Interest income is recognised using the effective interest method.

Capital Charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, NZBS recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The amount recognised as an asset is depreciated over its useful life.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether NZBS will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and other receivables

Trade 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.

A provision for impairment of receivables is established when there is objective evidence that NZBS will not be able to collect all amounts due according to the original terms of receivables.

Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO or weighted average methods. The valuation includes allowance for slow moving items. Obsolete inventories are written off.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO or weighted average methods.

The write down from cost to net realisable value is recognised in the surplus or deficit.

1. Statement of Accounting Policies

Financial Assets

NZBS classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which NZBS commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the NZBS has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. NZBS uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

(1) Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

(2) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

(3) Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that NZBS has the positive intention and ability to hold maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains or losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income. Currently, NZBS does not hold any financial assets in this category.

(4) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above. This category encompasses Derivatives that are designated hedges. After initial recognition these investments are measured at their fair value.

If impairment evidence exists for Derivatives that are designated hedges at fair value through other comprehensive income, the cumulative loss recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

1. Statement of Accounting Policies

Impairment of financial assets

At each balance date NZBS assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Foreign currency translation

Foreign currency transactions are translated into 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 are recognised in the surplus or deficit.

Accounting for derivative financial instruments and hedging activities

NZBS uses derivative financial instruments to hedge exposure to foreign exchange risks arising from financing activities. In accordance with its treasury policy, NZBS does not hold or issue derivative financial instruments for trading purposes. NZBS has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit.

Property, Plant and Equipment

Property, plant and equipment consists of operational assets which include plant and equipment, computer hardware, motor vehicles, furniture and fittings / office equipment and leasehold improvements.

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

Additions

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

Property, plant and equipment is initially recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

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 surplus or deficit.

Subsequent costs

The cost of replacing or improving part of an item of property, plant and equipment is recognised in the carrying amount of an item. The costs of day-to-day servicing of property, plant and equipment is recognised in the surplus or deficit as 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 of major classes of assets have been estimated as follows:

Computer Equipment	3 to 5 years
Furniture and Fittings	5 to 10 years
Motor Vehicles	3 to 4 years
Plant and Equipment	5 to 10 years
Leasehold Improvements	Shorter of term of lease or useful life

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

1. Statement of Accounting Policies

Intangible Assets

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

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

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 surplus or deficit.

The useful lives of major classes of intangible assets have been estimated as follows:

Computer Software	3 years
Computer Software Blood Management System (eProgesa)	10 years

Impairment of non-financial assets

Non-financial assets are assessed at each reporting period for impairment. Impairment is first recognised as a reversal of previously recorded revaluation reserves for that class of asset. Where no reserve is available, the impairment is recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are stated at cost.

Employee benefits

Short-term benefits

Employee benefits that NZBS expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

NZBS recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that NZBS anticipates it will be used by staff to cover those future absences.

NZBS recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, 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. A discount rate of 4.4% for long service leave, 4.7% for retirement leave, and an inflation factor of 3% were used. The discount rate is based on the weighted average of Government interest rates for 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 defined contribution superannuation schemes are recognised as an expense in the surplus or deficit.

Defined benefit schemes

NZBS belongs 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 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 21 - Contingencies.

1. Statement of Accounting Policies

Provisions

NZBS 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 not recognised for future operating losses.

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 an interest expense.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless NZBS has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Equity

Equity is the Crown's interest in NZBS.

The components of equity are:

- Crown Equity - Crown Equity is the net asset and liability position at the time NZBS was established.
- Retained earnings - Retained earnings are the accumulated surplus/deficit since NZBS establishment.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated 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.

Taxation

NZBS is a statutory corporation under the New Zealand Public Health & Disability Act 2000 and is exempt from income tax under Section CW38 of the Income Tax Act 2007.

Budget figures

The budget figures are those approved by the Board of NZBS at the beginning of the year as presented in the Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP and comply with NZ IFRS, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements NZBS has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. Where this is the case the basis of those assumptions are detailed in the relevant accounting policy.

Critical judgements in applying the NZBS accounting policies

In preparing these financial statements NZBS management has made judgements in applying the NZBS accounting policies. These judgements have been applied consistently to all periods presented in these financial statements. There are no material judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities that need disclosing.

Changes In Accounting Policy

Accounting policies have been consistently applied and there have been no changes in accounting policies.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2014



2 Cost of Consumables and changes in Inventory

	30 June 2014	30 June 2013
Consumables	21,112,926	22,505,525
Changes in Inventory *	14,900,776	16,397,859
Expired Product **	3,440,484	3,731,490
Total Cost of Consumables and changes in Inventory	39,454,186	42,634,874

* Changes in Inventory is an aggregated reporting figure comprising 'cost of goods sold, production recoveries and inventory valuation adjustments' consistent with the application of manufacturing standard costing methodologies and generally accepted inventory valuation principles. Changes in Inventory for the period ending 30 June 2014 at \$14,900,776 was \$1,497,083 lower than the June 2013 cost of \$16,397,859 and was primarily driven by the lower demand for fresh blood products.

** Expired Product - To guarantee the supply of product for any situation NZBS must maintain levels of stocks in excess of normal usage. Though NZBS carefully manages its inventory of products to minimise expiry, due to the short life of the fresh products in particular, there will be a certain amount of product that will expire before it can be utilised. The lower cost of expiry in the 2014 year was driven from lower Red Cell and Platelet expiry levels as a result of careful management of stock levels and a focus on aligning donation collection to lower sales demand, offset by the cost of recalled batches of Intragam and Evogam that were destroyed (as mentioned in note 26 Events After The Balance Date).

3 Employee Benefit Expenses

	30 June 2014	30 June 2013
Salaries and Wages	36,373,412	37,126,353
Defined contribution plan employer contributions	827,772	629,884
Increase/(Decrease) in employee benefit liabilities	(196,218)	132,515
Total employee benefit expenses	37,004,966	37,888,752

Employee benefit expenses at 30 June 2014 totalled \$37,004,966 and was \$883,786 lower compared to the June 2013 year of \$37,888,752. The reduction is mainly due to the impact of softer demand from District Health Boards for the supply of fresh blood products, resulting in a lower number of staff needing to be employed to meet production requirements in the June 2014 financial year. The reduction is partially offset by the increase in employer Kiwisaver contributions from 2% to 3% that came into effect 1 April 2013.

Employee benefit costs recognised as an expense during 2014 includes the reversal of \$9,827 in respect of accruals for anticipated retrospective staff liabilities subsequently confirmed as not being required (2013: \$13,935 reversal).

4 Other Expenses

	30 June 2014	30 June 2013
Fees to principal auditor:		
Audit fees for financial statement audit 2014	101,300	-
Audit fees for financial statement audit 2013	-	98,750
Audit fees for other services	-	-
Capital charge *	2,971,320	3,003,470
Board Members' Fees	105,333	116,000
Net Foreign Exchange Losses / (Gains)	853,022	(377,296)
(Gains) / Losses on disposal of Property, Plant and Equipment	(4,879)	(24,920)
Changes in Premises Reinstatement provision (note 15)	(37,844)	(94,663)
Changes in impairment of Receivables (note 8)	(942)	5,380
Impairment of Intangible Assets (note 13)	-	-
Minimum lease payments under operating leases	3,341,830	3,403,817
Other operating expenses : **		
Distribution	1,587,182	1,710,363
General administration including insurance costs	1,255,703	1,279,465
IT systems and telecommunication	4,191,721	4,196,824
Marketing	1,750,686	2,301,972
Repairs and maintenance	2,069,834	2,104,132
All other operating expenses	4,113,487	4,388,330
Total other operating expenses	14,968,613	15,981,086
Total Other Expenses	22,297,753	22,111,624

* The New Zealand Blood Service pays a capital charge to the Crown twice a year. The first payment is based on its actual closing equity from the prior June financial year and the second payment is based on the actual closing equity from current year December six monthly result. The capital charge rate for the period ended 30 June 2014 was 8% (30 June 2013: 8%).

** Other operating expenses in June 2014 totalling \$14,968,613 were \$1,012,473 lower when compared to the June 2013 spend of \$15,981,086 as result of a focus on cost reduction and the impact of lower sales demand/collection volumes reducing overhead purchases overall. In addition to these factors Marketing costs have also been influenced by utilising more internet/digital based campaigns compared to last year.

New Zealand Blood Service
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	30 June 2014	30 June 2013
5 Finance Costs		
Interest on bank borrowings	124,499	118,086
Interest on Dilworth Trust Finance Leases	94,628	45,587
Provisions: Discount unwinding (Note 15)	38,356	34,214
Interest Other	-	1,670
Total Finance Costs	257,483	199,557
6 Revaluation of Derivative Financial Instruments		
Foreign exchange forward selling contracts - (gain) / loss	295,664	252,298
Total Revaluation of Derivative Financial Instruments - (gain) / loss	295,664	252,298
7 Cash and Cash Equivalents		
Cash in Hand	4,750	5,300
Cash at Bank	8,009,335	6,563,604
Short Term Deposit	-	1,000,000
Total Cash and Cash Equivalents for the purpose of the Statement of Cash Flows	8,014,085	7,568,904

Cash at Bank is deposited with counterparties with Standards & Poor's credit rating of AA- or better. The carrying value of cash at bank, cash on hand and short-term deposits with maturities less than three months from the date of acquisition approximates their fair value.

	30 June 2014	30 June 2013
8 Trade and Other Receivables		
Trade receivables	10,692,729	9,249,729
Sundry receivables	267,939	31,504
	<u>10,960,668</u>	<u>9,281,233</u>
Less: Provision for Impairment of Receivables	(2,488)	(4,205)
Net receivables	10,958,180	9,277,028
Prepayments	1,443,418	1,501,570
Interest receivable accrued - term deposits	67,830	11,745
Total Trade and Other Receivables	12,469,428	10,790,343

The carrying value of receivables approximates their fair value.

As at 30 June 2014 and 2013 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

Receivables Ageing	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	10,586,356	-	10,586,356	9,209,262	-	9,209,262
31 - 60 days	378,245	-	378,245	66,110	-	66,110
61 - 90 days	6,253	(932)	5,321	3,384	(1,728)	1,656
> 90 days	(10,186)	(1,556)	(11,742)	2,477	(2,477)	-
Total Receivables	10,960,668	(2,488)	10,958,180	9,281,233	(4,205)	9,277,028

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment has been calculated based on expected non payment of long outstanding or disputed invoices. Expected losses have been determined based on an analysis of NZBS' losses in previous periods, and review of specific debtors.

	30 June 2014	30 June 2013
Movements in the provision for impairment of receivables are as follows:		
Balance at beginning of period	4,205	2,960
Additional provisions made during the year (note 4)	2,488	7,013
Write back of surplus provision during the period (note 4)	(3,430)	(1,633)
Receivables written off during the period	(775)	(4,135)
Balance at end of period	2,488	4,205

9 Investments	30 June 2014	30 June 2013
Current portion		
Term Deposits	8,000,000	3,000,000
Total current portion	<u>8,000,000</u>	<u>3,000,000</u>
Non-current portion		
Term Deposits	-	-
Total non-current portion	<u>-</u>	<u>-</u>
Total investments	<u>8,000,000</u>	<u>3,000,000</u>

Term deposits at 30 June 2014 have maturities ranging between five and eight months from the date of acquisition. Term deposits at 30 June 2013 had maturities of five months from the date of acquisition. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

10 Inventories	30 June 2014	30 June 2013
Raw Materials - Fresh Frozen Plasma	2,099,976	2,284,655
Work in Process - Fractionated Components	3,980,271	4,874,089
Fractionated Components	10,411,765	12,123,954
Fresh Components	2,213,473	2,381,468
Consumables	2,132,000	2,231,629
	<u>20,837,485</u>	<u>23,895,795</u>
Provision for expired inventory	(371,340)	(386,773)
	<u>(371,340)</u>	<u>(386,773)</u>
Total Inventories	<u>20,466,145</u>	<u>23,509,022</u>

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

The level of the provision for expired inventory has been based on expiry of product during the previous 24 months.

The cost of inventories recognised as an expense during the year totalled \$14,900,776 (2013: \$16,397,859). The 30 June 2013 expense included a net writeback of \$27,212 in respect of previous writedowns of inventory to net realisable value.

11 Derivative Financial Instruments	30 June 2014	30 June 2013
Current liabilities portion		
Forward Foreign Exchange Contracts	295,664	252,298
	<u>295,664</u>	<u>252,298</u>

The fair values of forward foreign exchange contracts have been determined using a discounted cash flow valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

12 Property, Plant and Equipment

1 July 2012 Cost or Valuation	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	11,467,770	20,562,172	5,559,959	906,629	184,266	159,958	38,840,754
Additions	625,676	1,154,438	220,560	214,428	27,965	-	2,243,067
Disposals	-	(471,515)	(341,435)	-	(24,444)	-	(837,394)
30 June 2013	12,093,446	21,245,095	5,439,084	1,121,057	187,787	159,958	40,246,427

1 July 2013 Cost or Valuation	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	12,093,446	21,245,095	5,439,084	1,121,057	187,787	159,958	40,246,427
Additions	(68,166)	1,310,670	436,477	404,653	86,180	13,689	2,183,503
Disposals	(220,744)	(784,304)	(21,302)	(22,000)	(52,334)	(1,595)	(1,102,279)
30 June 2014	11,804,536	21,771,461	5,854,259	1,503,710	221,633	172,052	41,327,651

The Leasehold Improvements addition of negative \$68,166 at 30 June 2014 reflects the reallocation of the June 2013 closing capital work in progress to Furniture and Fittings in the June 2014 year.

1 July 2012 Accumulated depreciation and Impairment Losses	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	8,856,746	15,555,748	4,196,092	743,450	163,641	143,138	29,658,815
Depreciation	728,615	1,746,419	480,957	102,801	10,772	10,487	3,080,051
Impairment losses	-	-	-	-	-	-	-
Disposals	-	(471,514)	(341,434)	-	(15,278)	-	(828,226)
30 June 2013	9,585,361	16,830,653	4,335,615	846,251	159,135	153,625	31,910,640

1 July 2013 Accumulated depreciation and Impairment Losses	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	9,585,361	16,830,653	4,335,615	846,251	159,135	153,625	31,910,640
Depreciation	660,831	1,683,557	526,671	173,195	12,682	9,709	3,066,645
Impairment losses	-	-	-	-	-	-	-
Disposals	(205,236)	(784,304)	(21,302)	(22,000)	(52,334)	(1,595)	(1,086,771)
30 June 2014	10,040,956	17,729,906	4,840,984	997,446	119,483	161,739	33,890,514

Carrying Amounts

At 30 June and 1 July 2013	2,508,085	4,414,442	1,103,469	274,806	28,652	6,333	8,335,787
At 30 June 2014	1,763,580	4,041,555	1,013,275	506,264	102,150	10,313	7,437,137

Property, Plant and Equipment additions include \$1,047,042 of Capital Work in Progress projects at 30 June 2014 (2013: \$1,162,475). There are no restrictions or pledges over Property, Plant and Equipment.

The net carrying amount of assets held under finance leases is \$1,120,762 (2013: \$1,518,132) for Leasehold Improvements and \$304,118 (2013: Nil) for Furniture and Fittings.

13 Intangible Assets

	30 June 2014	30 June 2013
Computer Software Cost		
Balance at beginning of year	11,280,973	12,452,373
Additions	44,746	1,515,742
Disposals	(1,549,394)	(2,687,142)
	9,776,325	11,280,973
Balance at end of year		
	30 June 2014	30 June 2013
Accumulated Amortisation Expense and Impairment Losses		
Balance at beginning of year	5,403,070	7,262,563
Amortisation Expense	754,566	827,649
Impairment Losses	-	-
Disposals	(1,549,394)	(2,687,142)
	4,608,242	5,403,070
Balance at end of year		
Carrying Amounts		
At beginning of year	5,877,903	5,189,810
At year end	5,168,083	5,877,903

There are no restrictions over the title of the NZBS intangible assets, nor are any intangible assets pledged as security for liabilities.

The remaining amortisation period on computer software ranges from less than 1 year to 3 years with the exception of the Blood Management System (eProgesa) which is 8 years.

Intangible Asset additions include \$80,905 of Capital Work in Progress projects at 30 June 2014 (2013: \$116,329).

At 30 June 2013 Intangible Asset disposals in the main reflect the disposal of the existing Progesa Blood Management System post go-live of eProgesa. All disposals had been fully amortised by the time of their disposal.

There were no impairment losses in the year 30 June 2014 (2013: nil).

14 Trade and Other Payables

	30 June 2014	30 June 2013
Trade Payables	6,914,136	6,750,278
Accrued Expenses	4,953,469	3,036,258
Capital Charge Accrued	-	-
Board Members' Fees Payable	9,000	13,000
	11,876,605	9,799,536
Total Trade and Other Payables		

Trade and Other Payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of Trade and Other Payables approximates their fair value.

15 Premises Reinstatement Provision

	30 June 2014	30 June 2013
Balance as at 1 July	1,012,858	1,073,307
Changes in provisions made during the year (Note 4)	(37,844)	(94,663)
Discount unwind (Note 5)	38,356	34,214
	1,013,370	1,012,858
Total Premises Reinstatement Provision		
<i>Comprising:</i>		
Current	21,864	108,849
Non-Current	991,506	904,009
	1,013,370	1,012,858
Total Premises Reinstatement Provision		

The premises reinstatement provision represents the present value of management's best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leasehold property and reinstate those properties on the expiry of the lease. The estimated cost (using the premises at 71 Great South Road, Newmarket, Auckland as the indicator) has been calculated on a cost per square metre rate for reinstatement based on the advice received from an independent registered valuer.

The unexpired term of the leases concerned ranges from 1 year to 15 years. The New Zealand Blood Service leases premises from District Health Boards and commercial landlords. Leases which expire within 1 year for commercial tenancies are classified as current liabilities. District Health Board tenancies expiring within 1 year are classified as non-current on the basis that the leases will be renewed given the essential nature of the locations.

New Zealand Blood Service
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16 Employee Benefit Entitlements	30 June 2014	30 June 2013
Accrued Salaries & Wages	1,538,871	1,605,357
Annual Leave	3,406,768	3,497,763
Long Service Leave	778,000	813,437
Retirement Gratuities	928,170	926,892
Sick Leave	111,947	116,525
Total Employee Benefit Entitlements	6,763,756	6,959,974
Comprising:		
Current	5,453,247	5,604,326
Non-Current	1,310,509	1,355,648
Total Employee Benefit Entitlements	6,763,756	6,959,974

Liabilities for Retirement Gratuities and Long Service Leave at 30 June 2014 have been calculated by an external actuary resulting in a decrease in the estimated liabilities existing at balance date, compared to the position reported at 30 June 2013.

17 Borrowings	30 June 2014	30 June 2013
Current borrowings are represented by:		
Finance lease	344,943	315,668
Term credit facility	-	-
Total current portion	344,943	315,668
Non-current borrowings are represented by:		
Finance lease	849,670	1,194,613
Term credit facility	3,300,000	3,300,000
Total non-current portion	4,149,670	4,494,613
Total Borrowings	4,494,613	4,810,281

	Carrying Amount		Fair value	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Total Borrowings	4,494,613	4,810,281	4,494,613	4,810,281

In the 2012/2013 financial year the New Zealand Blood Service negotiated a new finance lease with the Dilworth Trust Board to fund the refurbishment of the Donor Floor situated at 71 Great South Road, Newmarket, Auckland. The loan is for a period of 10 years and will be fully repaid by June 2023.

The fair values of the Westpac term credit facility are based on cash flows discounted using a rate based on a borrowing rate of 4.55% (2013: 3.57%). The fair value of the original Dilworth Trust Board loan is based on cashflows discounted using a rate of 7.0% for both 2014 and 2013. The fair value of the new Dilworth Trust Board loan is based on cashflows discounted using a rate of 7.5%.

Maturity Analysis:	30 June 2014	30 June 2013
The following is a maturity analysis of the NZBS finance lease component of borrowings.		
Total minimum lease payments payable		
Less than one year	422,093	410,296
Later than one year but not more than five years	707,787	988,322
Later than five years	424,672	566,230
Total minimum lease payments	1,554,552	1,964,848
Future finance charges	(359,939)	(454,567)
Present value of minimum lease payments	1,194,613	1,510,281
Present value of minimum lease payments payable		
Less than one year	344,943	315,668
Later than one year but not more than five years	470,335	605,821
Later than five years	379,335	588,792
Total present value of minimum lease payments	1,194,613	1,510,281
The following is a maturity analysis of the NZBS term credit facility.		
Less than one year	-	-
Later than one year but not more than five years	3,300,000	3,300,000
Later than five years	-	-
Total term credit facility	3,300,000	3,300,000

17 Borrowings - continued

Weighted average effective interest rate for the Westpac term credit facility is 3.75%, the original Dilworth Trust Board loan is 7.0% (2013: 3.58% and Dilworth 7.0%) and the Dilworth Trust Board loan negotiated in the 2012/2013 financial year 7.5%. The Dilworth Trust Board borrowing liability has been classified as current for the balance repayable within 12 months and non-current for the remaining balance for both the 2014 and 2013 years. In 2014 and 2013 the Westpac borrowing is classified as non-current liabilities as the balance repayable is greater than 12 months.

The original Dilworth Trust Board borrowing relates to the finance lease element within the property lease for 71 Great South Road, Newmarket Auckland. The lessor funded \$2.6 million of the specialist fit-out costs. The borrowing will be repaid in full by June 2015.

The Westpac New Zealand Limited borrowing is unsecured and operates via a negative pledge undertaking. The maximum amount available to New Zealand Blood Service under this borrowing arrangement is \$8,300,000 of which \$5,300,000 is committed funding with the balance uncommitted funding, all on a term facility (2013: \$8,300,000).

The specific requirements of the negative pledge are stated below.

(a) The New Zealand Blood Service must not grant a security interest over more than 5% of its Adjusted Tangible Assets to any third party without the prior consent of Westpac New Zealand Limited.

(b) The New Zealand Blood Service will ensure that it maintains Shareholder Funds of not less than 30% of Adjusted Tangible Assets.

(c) The New Zealand Blood Service adjusted surplus must not be less than the cost of funding.

The Westpac New Zealand Limited unsecured loan becomes repayable on demand in the event the New Zealand Blood Service breaches any of the obligations under the negative pledge undertaking. The New Zealand Blood Service has complied with all negative pledge undertakings and borrowing obligations during the financial year.

The liabilities of the New Zealand Blood Service are not guaranteed in any way by the Government of New Zealand.

18 Equity

	30 June 2014	30 June 2013
Crown Equity		
Total Crown Equity	<u>15,716,696</u>	<u>15,716,696</u>
Retained Earnings		
As at 1 July	20,530,316	22,635,477
Surplus for the year	863,858	(2,105,161)
Total Retained Earnings	<u>21,394,174</u>	<u>20,530,316</u>
Total Equity as at 30 June	<u><u>37,110,870</u></u>	<u><u>36,247,012</u></u>

19 Reconciliation of net surplus to net cash from operating activities

	30 June 2014	30 June 2013
Net Surplus from the statement of comprehensive income	863,858	(2,105,161)
Add / (Less) non-cash items:		
Depreciation and Amortisation	3,821,211	3,907,700
Changes in Premises Reinstatement Provision	512	(60,449)
Add / (Less) items classified as investing or financing activities:		
(Gains) / Losses on disposal of Property, Plant and Equipment	(4,879)	(24,920)
Impairment Losses (note 13)	-	-
Interest Received on Investments - Term Deposits	(123,893)	-
Add / (Less) movements in working capital items:		
Trade and Other Receivables	(1,679,085)	688,502
Inventories	3,042,877	(1,535,680)
Trade and Other Payables	2,391,758	2,795,739
Employee Benefit Liabilities	(196,218)	132,515
Revaluation of Derivative Financial Instruments	43,366	381,590
Net cash from operating activities	<u><u>8,159,507</u></u>	<u><u>4,179,836</u></u>

Creditors and accruals for capital expenditure are excluded from the Trade and Other Payables increase or decrease.

20 Capital Commitments and Non-cancellable Operating Leases

Capital Commitments	30 June 2014	30 June 2013
Capital expenditure contracted for at balance date but not yet incurred for Property, Plant and Equipment	1,577,995	833,522

Operating Leases as Lessee

NZBS leases property, plant and equipment in the normal course of its operations. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Operating Leases as Lessee	30 June 2014	30 June 2013
Not later than one year	2,834,444	3,332,155
Later than one year and not later than five years	6,294,640	7,231,664
Later than five years	13,296,349	14,685,069
Total non-cancellable operating leases	22,425,433	25,248,888

The 30 June 2013 and 2014 non-cancellable operating leases include the commitment to lease both level 1 and 2 of Dilworth House, 71 Great South Road, in 2018 for an initial period of 10 years. The estimated cost of this lease commitment is \$13.9 million over the 10 year period.

In addition to the above commitments, NZBS has entered into an Agreement to Construct and Lease a new purpose built facility at Lester Lane, Christchurch, for relocation of all existing New Zealand Blood Service Christchurch operations, the majority of which are currently located at 89 Riccarton Road, Christchurch. The site development of the new facility commenced April 2013 and has a target completion date of September with an operational date of November 2014. The lease agreement with Ngai Tahu Property Limited will be for an initial 30 year term with two 12 year rights of renewal and the approximate rental payments per annum (confirmed at the completion of construction) will be \$2.2 million.

21 Contingencies

Contingent Liabilities

NZBS is a participating employer in the Defined Benefit Plan Contributors Scheme ("the Scheme") which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, NZBS could be responsible for the entire deficit of the scheme. Similarly if a number of employers ceased to participate in the scheme, the employer could be responsible for an increased share of the deficit.

As at 31 March 2013, the Scheme had a past service surplus of \$17.4 million (7.7% of the liabilities). At 31 March 2012 the surplus was \$19.8 million (8.3% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.

The Actuary to the scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions remain suspended.

Contingent Assets

There are no contingent assets as at 30 June 2014 (2013: Nil).

22 Related Party Transactions and Key Management Personnel

All related party transactions have been entered into on an arms' length basis.

The New Zealand Blood Service is a wholly owned entity of the Crown.

Significant transactions with government-related entities

The New Zealand Blood Service generated revenue by selling goods and services to District Health Boards totalling \$102.68 million (2013: \$101.74 million).

Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, the New Zealand Blood Service is required to pay various taxes and levies (such as GST, FBT, PAYE and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The New Zealand Blood Service is exempt from paying income tax.

The New Zealand Blood Service also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2014 totalled \$4.06 million (2013: \$4.03 million). These purchases included the purchase of electricity from Meridian and Genesis Energy, air travel from Air New Zealand and postal services from New Zealand Post. In addition they included purchases from District Health Boards relating to labour, premises rental, and associated property outgoings.

Capital Charge

During the period the New Zealand Blood Service paid the Ministry of Health a capital charge of \$2,971,320 (2013: \$3,003,470). The amount outstanding at the end of the period was \$nil (2013: Nil).

Equity Injection

During the period the New Zealand Blood Service did not receive any equity injection from the Ministry of Health (2013: Nil).

Key management personnel compensation	30 June 2014	30 June 2013
Salaries and other short term employee benefits	1,852,903	1,858,414
Post employment benefits	51,369	34,969
Other long term benefits	56,236	62,032
Total key management personnel compensation	1,960,508	1,955,415

Key management personnel include all Board members, the Chief Executive, and the remaining 7 members of the Executive Team. Key management personnel compensation includes the following elements; base salary, cash allowances, bonuses and incentive payments, non-monetary benefits, any Fringe Benefit Tax paid on any element of the remuneration package and any termination, severance or end of contract payments, annual leave owing, long service leave and gratuity leave entitlements plus board member remuneration.

A close family member of a key management personnel member is employed by NZBS. The terms and conditions of this arrangement are no more favourable than NZBS would have adopted if there was no relationship to key management personnel.

23 Board Members' Remuneration

30 June 2014 30 June 2013

Mr David Chamberlain	Appointed 1 October 2009, Appointed Chairman 15 August 2011	32,000	32,000
Mr David Wright	Deputy Chairman Appointed 15 August 2008	20,000	20,000
Mrs Tania Kingi	Retired 7 July 2013	-	16,000
Professor Peter Browett	Appointed 1 October 2009	16,000	16,000
Mrs Pamela Jefferies	Retired 30 September 2012	-	4,000
Mr Ian Ward	Appointed 19 August 2011	16,000	16,000
Mrs Raewyn Idoine	Appointed 1 October 2012	16,000	12,000
Mrs Victoria Kingi	Appointed 26 February 2014	5,333	-
Total Board Members' remuneration		105,333	116,000

24 Employee Remuneration range

	30 June 2014	30 June 2013
	No. Employees	No. Employees
\$100,000 - 109,999	4	7
\$110,000 - 119,999	6	1
\$120,000 - 129,999	5	6
\$130,000 - 139,999	2	3
\$140,000 - 149,999	1	-
\$150,000 - 159,999	2	2
\$160,000 - 169,999	1	3
\$180,000 - 189,999	-	1
\$190,000 - 199,999	3	1
\$200,000 - 209,999	2	-
\$210,000 - 219,999	-	1
\$230,000 - 239,999	1	2
\$240,000 - 249,999	1	1
\$250,000 - 259,999	1	1
\$260,000 - 269,999	1	-
\$310,000 - 319,999	-	1
\$320,000 - 329,999	1	-
\$340,000 - 349,999 *	1	1
	32	31

* Chief Executive Officer

Employee remuneration includes the following elements; base salary, cash allowances, bonuses and incentive payments, non-monetary benefits, any Fringe Benefit Tax paid on any element of the remuneration package and any termination, severance or end of contract payments.

25 Termination payments

During the year ended 30 June 2014, the Napier and Nelson donor centres were closed resulting in 13 employees receiving redundancy payments totalling \$244,637 (2013: Nil) and two employees received termination payments totalling \$5,000 (2013: Nil).

26 Events after the balance date

There were no significant events after balance date.

The 30 June 2013 Financial Statements advised that "on Monday 2nd September 2013 following a number of adverse reaction reports, NZBS recalled batch 890 Intragam P product pending further investigation. The manufacturer and regulatory authority have been advised and NZBS will be working closely with those parties to determine the future management of the recalled product."

Subsequently a further batch of Intragam and two batches of Evogam were recalled. All batches were manufactured from the same production pool. The recalled batches were destroyed at a net cost to NZBS (inclusive of compensation from the manufacturer) of \$439,000.

27 Segmental Reporting

The New Zealand Blood Service operates solely within New Zealand. This is considered to be one geographical segment for financial reporting purposes.

The New Zealand Blood Service activities are vertically integrated. These activities include collection, processing, accreditation testing and supply of blood and they are considered to be an integrated segment for reporting purposes.

28 Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

	30 June 2014	30 June 2013
FINANCIAL ASSETS		
Loans and Receivables		
Cash and cash equivalents (note 7)	8,014,085	7,568,904
Trade and other receivables (note 8)	12,469,428	10,790,343
Investment - Term Deposits (note 9)	8,000,000	3,000,000
Total loans and receivables	<u>28,483,513</u>	<u>21,359,247</u>
Fair value through surplus or deficit		
Derivative financial instruments (note 11)	-	-
Total fair value through surplus or deficit	<u>-</u>	<u>-</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Trade and other payables (note 14) - excluding GST payable to the Inland Revenue	11,278,085	9,400,934
Borrowings (note 17)	4,494,613	4,810,281
Total financial liabilities measured at amortised cost	<u>15,772,698</u>	<u>14,211,215</u>
Fair value through surplus or deficit		
Derivative financial instruments (note 11)	295,664	252,298
Total fair value through surplus or deficit	<u>295,664</u>	<u>252,298</u>

29 Fair value hierarchy disclosures

	Total	Quoted market price	Observable inputs	Significant non- observable inputs
30 June 2014				
Financial assets				
Derivatives - Forward Foreign Exchange Contracts	-	-	-	-
Financial liabilities				
Derivatives - Forward Foreign Exchange Contracts	295,664	-	295,664	-
30 June 2013				
Financial assets				
Derivatives - Forward Foreign Exchange Contracts	-	-	-	-
Financial liabilities				
Derivatives - Forward Foreign Exchange Contracts	252,298	-	252,298	-

There were no transfers between the different levels of the fair value hierarchy.

30 Financial instruments risks

The New Zealand Blood Service is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments in the form of term deposits, accounts receivable, trade creditors and loans.

The entity has a series of policies providing risk management for interest rates and the concentration of credit. The entity is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

Interest Rate Risk

Fair Value interest rate risk

Fair value interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest create exposure to fair value interest rate risk. NZBS manages its interest rate risk through the Treasury Management Committee that meets monthly and considers interest rate risk as part of its agenda.

Cash flow interest rate risk

It is estimated that a general increase or decrease in interest rates on borrowings of 1% would increase or decrease the NZBS surplus / deficit by approximately \$44,950 at 30 June 2014 (2013: \$48,100).

There are no interest rate options or interest rate swap agreements in place as at 30 June 2014 (2013: Nil).

Cash and cash equivalents include deposits at call which are at floating rates and short term deposits at fixed rates totalling \$8,009,335 (2013: \$7,564,000). A movement in interest rates of plus or minus 1% has an effect on interest income of \$80,090 (2013: \$75,640).

Currency Risk

Trade payables include AUD\$3.35 million of Australian dollar denominated payables (2013: AUD\$2.75 million) in relation to inventory purchases. Currency risk has been fully mitigated on these payables as they are covered by a Fixed Forward Foreign Exchange selling contract.

The NZD equivalent of unhedged amounts owing in foreign currency at balance date is \$98,542 (2013: \$31,276). The NZD equivalent of unhedged amounts owing to NZBS in foreign currency at balance date is \$267,939 (2013: \$31,505).

Forward Foreign Exchange Contracts

30 June 2014 30 June 2013

Total Forward Foreign Exchange Contracts (stated in \$NZ)

17,724,280 11,456,325

The foreign currency principal amounts were AUD\$15,775,087 and USD\$255,408 (2013: AUD\$9,442,496).

The fair values of forward exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

Financial assets

There were no derivative financial assets held for trading at 30 June 2014 (2013: nil).

Financial liabilities

At 30 June 2014 derivative financial liabilities consisted of forward foreign exchange contracts with a fair value totalling \$296 thousand. At 30 June 2014, a movement in foreign exchange rates of plus 10% has an adverse impact of \$1.58 million, and minus 10% has a favourable impact of \$0.610 million, based on a derivative valuation model using hypothetical forward rates.

At 30 June 2013 derivative financial liabilities consisted of forward foreign exchange contracts with a fair value totalling \$252 thousand. At 30 June 2013, a movement in foreign exchange rates of plus 10% has an adverse impact of \$1.02 million, and minus 10% has a favourable impact of \$0.869 million, based on a derivative valuation model using hypothetical forward rates.

30 Financial Instruments Risks - continued

Credit Risk

Maximum exposure to credit risk at balance date are:

	30 June 2014	30 June 2013
Cash	4,750	5,300
Call Deposits and short term deposits	8,009,335	7,563,604
Receivables	10,958,180	9,277,028
Investments - term deposits	8,000,000	3,000,000
Derivative Financial Instruments	-	-
Total Credit Risk	26,972,265	19,845,932

Credit quality of financial assets

COUNTERPARTIES WITH CREDIT RATINGS	30 June 2014	30 June 2013
Total cash at bank and term deposits		
AA-	16,009,335	10,563,604
Derivative financial instrument assets		
AA-	-	-
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Debtors and other receivables		
Existing counterparty with no defaults in the past	10,958,180	9,277,028
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	10,958,180	9,277,028

Concentration of Credit Risk

Concentrations of credit risk from accounts receivable are limited due to the majority of NZBS's revenue being from the 20 District Health Boards (DHBs). The DHBs make up approximately 95% (2013: 98%) of the total receivables outstanding at balance date. Collectively the DHBs are assessed to be low risk, high quality entities due to their nature, as the government organisations responsible for providing the public health service to New Zealand.

Liquidity risk

The maximum amount available to New Zealand Blood Service under existing banking arrangements is \$8,300,000 (2013: \$8,300,000) on term facilities of which \$3,300,000 was drawn down at balance date (2013: \$3,300,000). A negative pledge obligation exists with this facility – refer note 17.

	Liability Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
30 June 2014						
Trade and other payables (note 14) - excluding GST	11,278,085	11,278,085	11,278,085	-	-	-
Borrowings - finance lease (note 17)	1,194,613	1,554,552	422,093	283,115	424,672	424,672
Borrowings - term credit facility (note 17)	3,300,000	3,464,548	151,796	3,312,752	-	-
30 June 2013						
Trade and other payables (note 14) - excluding GST	9,400,934	9,400,934	9,400,934	-	-	-
Borrowings - finance lease (note 17)	1,510,281	1,964,848	410,296	563,650	424,672	566,230
Borrowings - term credit facility (note 17)	3,300,000	3,429,752	119,746	3,310,006	-	-

30 Financial Instruments Risks - continued

Contractual maturity analysis of derivative financial instruments

30 June 2014	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	1-2 years
Forward foreign exchange contracts						
outflow	-	-	17,724,280	6,790,415	6,590,756	4,343,109
inflow	295,664	-	17,428,616	6,540,479	6,520,248	4,367,889

30 June 2013	Liability Carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	1-2 years
Forward foreign exchange contracts						
outflow	-	-	11,456,324	6,013,371	5,442,953	-
inflow	252,298	-	11,204,026	5,861,786	5,342,240	-

Contractual maturity analysis of financial assets

30 June 2014	Asset Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents (note 7)	8,014,085	8,014,085	8,014,085	-	-	-
Trade and other receivables (note 8)	12,469,428	12,469,428	12,469,428	-	-	-
Investment - Term Deposits (note 9)	8,000,000	8,000,000	8,000,000	-	-	-

30 June 2013	Asset Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Cash and cash equivalents (note 7)	7,568,904	7,568,904	7,568,904	-	-	-
Trade and other receivables (note 8)	10,790,343	10,790,343	10,790,343	-	-	-
Investment - Term Deposits (note 9)	3,000,000	3,000,000	3,000,000	-	-	-

31 Capital Management

The New Zealand Blood Service's capital is its equity comprising capital and retained surpluses. Equity is represented by net assets.

The New Zealand Blood Service is subject to the financial management and accountability provisions of the Crown Entities Act 2004 which imposes restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities and the use of derivatives.

The New Zealand Blood Service manages its equity by managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure it effectively achieves its objectives and purpose, whilst behaving in a financially responsible manner in accordance with the financial management obligations imposed by the Crown Entities Act 2004.

32 Explanation of major variances against budget

The level of reported surplus of \$0.86 million was influenced by the following factors when compared to the original deficit target of \$1.22 million - representing an overall earnings improvement of \$2.1 million.

- 1) Gross revenue at \$106 million was \$3.7 million below budget overall mainly due to lower demand for fresh blood products from District Health Boards.
- 2) Cost of consumables and changes in inventory at \$39.5 million was \$2.8 million below budget. These favourable variances arose mainly from lower demand resulting in lower cost of goods sold and consumable consumption plus gains arising from costing revaluations consistent with the application of activity based standard costing methodologies, offset by lower production recoveries when compared to budget as a consequence of production levels being aligned to lower demand patterns.
- 3) Employee benefit expenses at \$37.0 million was \$3.6 million below budget mainly due to reduced employee staff levels reflecting the lower production environment.
- 4) Distribution of Price Rebate to District Health Boards \$2.0 million.
- 5) Impact of lower demand and production plus tight expenditure control over all other expenditures resulting in savings against budget of \$1.4 million overall.

The cash balance at 30 June 2014 totalled \$8.0 million and was \$1.3 million favourable compared to the budgeted balance of \$6.7 million. The components of the favourable cash movement were as follows:

- 1) Lower actual cash balance at the beginning of the year \$0.5 million.
- 2) Shortfall of revenue receipts from customers of \$5.3 million driving mainly from the lower demand for fresh product sales.
- 3) Lower payment to suppliers and employees of \$10.8 million due to lower purchases of consumables as a result of reduced sales demand and tight control over labour and overhead expenditure.
- 4) Lower than planned capital spend of \$1.4 million, with actual spend of \$2.6 million compared to a budget of \$4.0 million.
- 5) Investments in the form of term deposits of \$5.0 million being the net position of acquisition and maturities within the term investment programme.
- 6) All other cashflow movements unfavourable by \$0.1 million.

The equity position at 30 June 2014 totalled \$37.1 million (budget \$34.2 million) representing an equity ratio of 89.9% (budget 89.2%) and a debt ratio of 10.1% (budget 10.8%). Tangible assets totalled \$56.4 million (budget \$52.3 million) compared to last year's \$53.2 million.

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New Zealand Blood Service Output Class and Outcome

Output		Financial Performance Historical Trend Line							Achieved	Target Set
Output		Outcome							FY14	2014/15
Output	Target Set FY14	FY08	FY09	FY10	FY11	FY12	FY13			
<p>NZBS has one overall Output Class, comprising three interrelated outputs related to:</p> <ul style="list-style-type: none"> • Donors (and patients) • Products and Services • Demand Management <p>Each of which collectively contributes to the achievement of the NZBS Outcome.</p>	<p>Revenue - \$109.7m</p> <p>Expenses - \$110.9m</p> <p>Deficit of -\$1.20m</p>	\$91.5M	\$93.2M	\$97.4M	\$102.3M	\$105.5M	\$104.9M	Revenue of \$104.0M net of \$2.0M rebate to DHBs.	Revenue of \$107.7M with no Rebate to DHBs planned.	
<p>Provision of a safe and effective blood service for all New Zealanders through supply and delivery of:</p> <ul style="list-style-type: none"> • Fresh Blood Components; • Fractionated Blood Products; and • Other products and related services. 	<p>Revenue of \$109.7m</p> <p>Expenses of \$110.9m</p> <p>Deficit of -\$1.20m</p>	\$91.5M	\$93.2M	\$97.4M	\$102.3M	\$105.5M	\$104.9M	Revenue of \$104.0M net of \$2.0M rebate to DHBs.	Revenue of \$107.7M with no Rebate to DHBs planned.	
<p>Financial Performance Commentary – Full Year Result: The reported surplus of \$0.86m post a \$2.0m rebate declared to DHBs represented a significant earnings improvement compared to the deficit target of -\$1.2m and last year's reported deficit of -\$2.1m. This result represented an overall improvement against budget of +\$2.06m. Key factors influencing the reported result were:</p> <ol style="list-style-type: none"> 1) Gross revenue of \$106.0m which was -\$3.7m below budget mainly due to lower demand for fresh blood products from District Health Boards. 2) The cost of consumables and changes in inventory at a net \$39.5m being +\$2.8m favourable to budget. These favourable adjustments arose from the aforementioned lower demand resulting in lower cost of goods sold and lower consumable consumption, plus gains arising from costing revaluations consistent with the application of activity based standard costing methodologies offset by lower production recoveries due to production levels being aligned to those lower demand levels. Additionally a range of procurement savings including adoption of the EuroBloodPack configuration and reduced expiry. 3) Employee Benefit (Labour) expenses at \$37.0m were +\$3.6m favourable to budget due to reduced employee staff levels reflecting the lower production environment that operated throughout the financial year. 4) The impact of lower demand and production plus tight expenditure control over all other expenditure areas resulted in savings against budget of +\$1.4m overall. <p>The overall impact of these combined savings enabled NZBS to declare a Rebate to the DHBs of \$2.0m which effectively negated the price increase applied at the start of the 2013/14 financial year.</p>										

1: External output measures reported in this section of the Statement of Service Performance relate to key products and services which contribute to achievement of NZBS enduring outcome to provide a range of products and services which are appropriate to New Zealand health needs and priorities.											
Performance Measure	Standard	Target Set FY14	Historical Trend Line						Target Set 2014/15		
			FY08	FY09	FY10	FY11	FY12	FY13			
<p>KEY OUTPUT MEASURE 1</p> <p>1.1 Product and Service availability - Key products and services are available at all times (24 x7).</p>	Measure is instances when this is not achieved and could potentially have a negative consequence for patients.	0	0	0	0	0	0	0	0	0	0
<p>**Comment on non-supply incident in FY13: There was 1 occasion in October 2012 when platelets of the right group were not supplied to Whangarei Hospital when requested and so were not available when required for a patient. The patient's clinical condition required that he be transferred to Auckland City Hospital for urgent neurosurgery and platelets were transfused in Auckland. The patient's clinician advised that the unavailability of platelets did not contribute to the clinical decision to transfer the patient nor did it cause any harm to the patient. The patient subsequently made a good recovery and was transferred back to Whangarei for on-going management. The NZBS investigation into this incident identified non-compliance with policy. Adherence to policy has been re-established and NZBS is assessing the implementation of a more robust electronic ordering system between hospital blood banks and NZBS hub-sites.</p>											
Performance Measure	Standard	Target Set FY14	Historical Trend Line						Target Set 2014/15		
			FY08	FY09	FY10	FY11	FY12	FY13			
<p>1.2 Key Fresh Blood Component Outputs</p> <p>Red Cells (units) - used to treat people with cancer, kidney failure & acute blood loss due to trauma or surgery.</p> <p>Platelets (units) – used to support treatment for cancer, some blood diseases and to control bleeding following cardiac surgery or trauma.</p>	<p>Total output is produced as required by 30 June 2014</p> <p>Total output is produced as required by 30 June 2014</p>	124,800 units	140,874	141,519	141,347	138,093	132,152	120,683	110,483 units 88.5% of target	109,800 units	
		19,271 adult doses	16,804	19,061	19,392	20,981	22,337	22,266	19,202 adult doses 99.6% of target	17,900 adult doses	

Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
Clinical FFP Plasma (units) – used in patients following trauma or transplantation.	Total output produced as required by 30 June 2014	18,410 units	20,271	20,211	20,889	19,890	20,621	19,767	15,675 units 85.1% of target	15,354 units
Cryoprecipitate (units) – contains clotting used to treat trauma and during cardiac / transplant surgery.	Total output produced as required by 30 June 2014	4,150 units	2,118	2,725	3,120	3,358	4,632	4,413	4,979 units 120.0% of target	4,850 units
Plasma for Fractionation (kgs) – sent to CSL Behring in Australia to be manufactured into fractionated products and returned to New Zealand.	Total output produced as required by 30 June 2014	52,961 kgs	50,908	49,942	44,612	49,546	54,308	52,941	52,881 kgs 99.8% of target	58,800 kgs
<p>Comment on Blood Component Outputs: The 2013/14 financial year saw the demand profile continue the 2012/13 trend of a general decline in the demand for fresh products. While Cryoprecipitate usage increased and Platelet demand was steady, major declines were again evident in the # 1 product Red Cells (-11.5%) and Clinical FFP Plasma (-14.9%). The general drop in fresh product demand has required NZBS to flex its donor collection volumes down (refer Internal Measure Section 2.4) in order to ensure expiry levels were kept to an absolute minimum. The decline in Red Cell volumes is a trend in evidence over the last 4 financial years and is now an ongoing reality for NZBS, as District Health Boards continue to adopt changes in their clinical transfusion practices as well as the roll-out throughout the DHB sector of usage efficiency campaigns such as the very successful "Why use two when one will do" campaign. Demand for fractionated immunoglobulin product however has increased the volume of plasma sent to CSL Behring in Australia for fractionation was steady in 2013/14.</p> <p>The 2014/15 target volume growth for plasma for fractionation reflects the need to ensure adequate buffer plasma stocks are being maintained.</p> <p>The on-going challenge remains for NZBS in this lower demand environment to ensure lower production volume particularly for fresh product does not adversely impact NZBS' own internal manufacturing efficiencies and ability to supply products at all times.</p>										
Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
1.3 Key Fractionation Product Outputs										
1.3.1 Intragam P – 200ml 12 gm equivalent vials issued - immunoglobulin product used to treat people with immune deficiencies or diseases which compromise patients' immune systems	Total output issued as required by 30 June 2014	23,450 vials	19,566	19,328	20,199	21,648	22,975	22,148	22,903 vials 97.7% of target	23,925 vials
1.3.2 Biostate – 250 IU equivalent vials issued – used to manage the inherited bleeding disorder Haemophilia A.	Total output issued as required by 30 June 2014	14,500 vials	26,777	20,652	13,358	14,186	13,351	14,620	14,466 vials 99.8% of target	12,100 vials
<p>Comment on Key Fractionated Products: In the 2013/14 financial year immunoglobulin demand resumed a modest growth path following a volume decline in 2012/13 with levels back to be in line with 2011/12 volumes. Factor VIII Biostate product experienced steady demand and was within volumes agreed with the National Haemophilia Management Group.</p>										

Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
1.4 Key Other Products and Service Outputs										
1.4.1 Tissue typing associated with transplant patients/donors and disease studies.	Total output is provided as required by 30 June 2014	6,888 tissue typing Tests	5,570	6,309	6,949	7,230	7,528	6,543	6,361 tissue typing tests, 92.4% of target	6,887 tissue Typing tests
1.4.2 Antibody screens for patients awaiting organ transplant	Total output is provided as required by 30 June 2014	8,027 patient samples screened	6,538	6,843	6,655	7,260	7,444	7,941	7,883 patient samples screened, 98.2% of target	7,985 patient samples screened
1.4.3 Femoral head issues.	Total output is issued as required by 30 June 2014	694 femoral heads issued	508	533	613	604	656	702	716 femoral heads issues, 103.2% of target	695 femoral head issues
1.4.4 Blood Groupings	Total output is provided as required by 30 June 2014	149,505 blood groupings	137,749	144,284	146,611	146,644	147,491	148,382	149,151 blood groupings, 99.8% of target	146,750 blood groupings
1.4.5 Antibody Screens	Total output is provided as required by 30 June 2014	147,900 antibody screens	134,033	140,249	142,770	142,399	144,267	144,267	144,998 antibody screens, 98.0% of target	143,000 antibody screens
Comment on Other Key Products and Services: These measures relate to the provision of key product (femoral heads) and key services that NZBS provides to the New Zealand health and disability sector. Accordingly NZBS is in the role of being solely a demand responder. The demand volumes reported are directly related to the levels of activity occurring across the DHB sector.										
1.5 Key Therapeutic Service Outputs										
1.5.1 Plasma exchanges – used to remove antibodies and toxins in patients with a range of haematological and neurological diseases.	Total output is provided as required by 30 June 2014	420 plasma exchanges	425	359	404	446	485	448	337 plasma exchanges 80.2% of target	390 plasma exchanges
1.5.2 Stem Cell Harvests – used for cancer patients undergoing chemotherapy and bone marrow transplantation.	Total output is provided as required by 30 June 2013	302 stem cell harvests	250	265	312	290	309	281	275 stem cell harvests 91.0% of target	275 stem cell harvests
1.5.3 Therapeutic Venesections – predominantly used to treat haemochromatosis or polycythaemia.	Total output provided as required by 30 June 2013	4,719 therapeutic venesections	4,379	4,939	5,003	5,460	5,065	4,586	4,436 therapeutic venesections 94.0% of target	4,565 therapeutic venesections
Comment on Key Therapeutic Services: These measures relate to the key therapeutic services (in addition to collecting voluntary blood donations) conducted by NZBS donor services. NZBS provides these services as they require the same equipment and similar nursing skills as for the core activity of collecting blood donations. The level of demand for the services is always variable and directly related to patient presented need. In the 2013/14 financial year all 3 categories showed a decline in demand volumes.										

2: External output measures in this section of the Statement of Service Performance relate to Demand Management and the relationship with DHBs which contribute to the achievement of Strategic Goal 4 – NZBS relationships with other health sector entities are mutually supportive and productive.

Performance Measure	Standard	Comment	FY13	FY14	Target Set for 2014/15
<p>2.1 Planning and Communication with DHBs</p> <p>NZBS will demonstrate a productive and supportive relationship with the DHBs including proactively engaging through the Lead DHB CEO to agree pricing for the next financial year, ensuring that this information is provided in sufficient time to inform preparation of DHB Annual Plans.</p>	<p>Favourable feedback on the timely and relevant provision of information, including issue resolution will be provided by the Lead DHB CEO at the end of each financial year.</p>	<p>The current liaison arrangement that has been in place for a number of years is the nomination of one of the 20 DHB CEOs to act as the Lead DHB CEO for any required DHB CEO to NZBS CEO sector related discussion / communication. This arrangement worked well making it easier for NZBS to engage with the sector as and when requirements arise. The current Lead DHB CEO is the Bay of Plenty DHB CEO.</p> <p>In addition the NZBS CEO works to meet a good number of the DHB CEOs directly over any given year as would be expected of any CEO in the discharge of their customer relationship obligations.</p>	<p>ACHIEVED as per feedback received from the Lead DHB CEO stating – “it would be my assertion that NZBS has met its Planning and Communication with DHBs objective.”</p>	<p>ACHIEVED as per feedback received from the Lead DHB CEO stating – “NZBS has fully met the requirements of its “Planning and Communications with DHBs” performance measure”.</p>	<p>NZBS to receive favourable feedback from the Lead DHB CEO on the timely and relevant provision of information including issue resolution over the course of the 2014/15 financial year.</p>
<p>2.2 NZBS Reports for DHBs</p> <p>NZBS will prepare and share monthly demand management reports outlining purchase volumes by key product line to assist DHBs to manage local demand and costs.</p>	<p>Reports are provided to each DHB by the 12th working day of the following month.</p>	<p>NZBS as the sole national provider of blood and blood products has a responsibility to provide demand / product utilisation information to its primary customers the District Health Boards. The information provided, amongst other things, assists the DHBs in monitoring their clinical prescribing practices as well as assisting with their budget management responsibilities.</p>	<p>ACHIEVED - Monthly reports have been issued on time to all 20 of the DHBs throughout the 2012/13 financial year.</p>	<p>ACHIEVED - Monthly reports have been issued on time (between 4th and 10th working days) to all 20 of the DHBs throughout the 2013/14 financial year.</p>	<p>Reports are provided to each of the 20 DHBs by the 12th working day of the following month.</p>

Output Measure	Standard	Comment	FY13	FY14	Target Set for 2014/15
<p>2.3 Clinical Oversight Programme</p> <p>All Blood Banks located in main DHB hospitals (other than the 6 DHBs where NZBS is responsible for Blood Bank provision) will receive at least 1 NZBS Clinical Oversight visit (and audit report) per year in order to enable them to meet the requirements of ISO15189 for IANZ accreditation.</p> <p>Each visit also requires an Oversight visit report post all visits outlining laboratory standards along with corrective actions and recommendations where appropriate to assist the DHBs in the maintenance of IANZ accreditation for their blood banks.</p>	<p>Minimum of one oversight visit to each participating DHB during the year to meet a 100% oversight target.</p> <p>After each visit reports are produced for all participating DHBs by 30 June 2014.</p>	<p>The clinical oversight programme is part of the New Zealand Blood Service's responsibility in ensuring all DHB blood banks are meeting the required standards as set out in ISO 15189 for IANZ accreditation.</p> <p>The New Zealand Blood Service currently manages 6 DHB Blood Banks located in Auckland City Hospital, Waikato Hospital, Palmerston North Hospital, Wellington Hospital, Christchurch Hospital and Dunedin Hospital.</p>	<p>NOT ACHIEVED</p> <p>A total of 24 clinical oversight visits were conducted 2012/13 where NZBS does not directly manage the Hospital Blood Bank –</p> <p>96% achieved.</p>	<p>ACHIEVED</p> <p>A total of 27 clinical oversight visits were conducted in 2013/14 where NZBS does not directly manage the Hospital Blood Bank –</p> <p>100% achieved.</p>	<p>100% achievement of a minimum one clinical oversight visit and report per year to all non NZBS managed blood banks located in main DHB hospitals.</p>
<p>2.4 Haemovigilance Reporting</p> <p>2.4.1 To promote risk awareness and best practice in transfusion NZBS will prepare and publish a Haemovigilance Report for the calendar year and will share this information with all DHBs to assist them to reduce the incidence of adverse transfusion events.</p>	<p>Haemovigilance Report for the previous calendar year provided to all DHBs by quarter 2 of the 2013/14 financial year.</p>	<p>The 2012 Haemovigilance Report was the eighth such publication issued by NZBS. The increase in the number of reported events by the hospitals each year since inception confirms the success of the scheme with hospital staff noting and reporting any transfusion related incidents demonstrating the continued support of the clinical staff from across the New Zealand health sector to improve the safety of blood transfusion.</p> <p>Local New Zealand data continues to support improvement to NZBS internal systems and provides useful information to monitor the impact of product development initiatives.</p>	<p>ACHIEVED</p> <p>The Haemovigilance Report for the 2011 calendar year was published in December 2012.</p>	<p>ACHIEVED</p> <p>The Haemovigilance Report for the 2012 calendar year was published in December 2013.</p>	<p>Haemovigilance Report for the 2013 calendar year to be published in the October to December period of 2014.</p>

Performance Measure	Standard	Measure FY14	Calendar Years						Reported 2012 Calendar Year	Measure 2014/15
			2006	2007	2008	2009	2010	2011		
2.4.2.1 Number of transfusion related incidents reported to the National Haemovigilance Programme, with a severity score greater than 1 and imputability score classified as a likely / probable or certain.	Each reported event is assigned an imputability score (how attributable is the event to the transfusion or an alternative cause) and severity score (how threatening is the event to the recipients life).	Related to adverse reactions in recipients so not appropriate to set targets for this measure. Note: the 2012 calendar year outcome reported for this measure.	Severity gradings were not yet implemented	Severity gradings were not yet implemented	Severity gradings were not yet implemented	55	38	43	36	Related to adverse reactions in recipients so not appropriate to set targets for this measure. Note: the 2013 calendar year outcome will be reported for this measure.
KEY OUTPUT MEASURE 2: Haemovigilance – Patient Safety – Haemovigilance reporting is a voluntary programme of reporting transfusion related events and is a key tool used internationally by blood services to help prescribers, treating clinicians and the blood service track and trend changes and together ensure appropriate, clinically safe and efficacious utilisation.										
Performance Measure	Standard	Measure FY14	Calendar Years						Reported 2012 Calendar Year	Measure 2014/15
2.4.2.2 Number of transfusion related incidents as a result of an NZBS "system failure" reported to the National Haemovigilance Programme, with a severity score greater than 1 and imputability score classified as likely / probable or certain.	Each reported event is assigned an imputability score (how attributable is the event to the transfusion or an alternative cause) and severity score (how threatening is the event to the recipient's life).	0 Note: the 2012 calendar year outcome will be reported for this Measure.	Severity gradings were not yet implemented	0	0	0	0	0	0	0 Haemovigilance data received but yet to be formally reported, for the 2013 calendar year would indicate no incidents expected to be reported for this measure.

Capability and Input Measures relate to achievement of NZBS' 5 internally focused goals. They can be considered "proxy output measures" in the context of NZBS activities and are key contributors to NZBS success in achieving its enduring outcome.

1. Internal measures related to Products and Service quality which contribute to achievement of Strategic Goal 2 – NZBS achieves the highest possible Safety and Quality standards in all that it does.

Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
1.1 Donation Testing Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe).	No product is released for issue to a patient until it has passed all safety tests and associated records are maintained.	100% tested	100% tested	100% tested	100% tested	100% tested	100% tested	100% tested	100% tested	100% tested
1.2 Regulatory Compliance – Medsafe NZBS will ensure it is GMP (Good Manufacturing Practice) compliant 100% of the time by maintaining current Medsafe licences for its 6 processing sites.	NZBS is required to maintain a licence to manufacture medicines. In order to maintain the licence compliance with the GMP code is mandatory.	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance
1.3 Regulatory Compliance – IANZ (International Accreditation New Zealand) NZBS will ensure it maintains IANZ accreditation 100% of the time at all of its diagnostic laboratories.	IANZ is the national authority for accreditation of testing and calibration laboratories, inspection bodies and radiology services.	100% accreditation	100% accreditation	100% accreditation	100% accreditation	100% accreditation	100% accreditation	100% accreditation	100% accreditation	100% accreditation

Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
<p>1.4 Regulatory Compliance – ASHI (American Society of Histocompatibility and Immunogenetics) NZBS will maintain ASHI accreditation 100% of the time at the national Tissue Typing laboratory.</p>	<p>ASHI accreditation is a programme to evaluate laboratory personnel, procedures and facilities to determine compliance with published ASHI standards. Maintaining ASHI accreditation is a mandatory NZBS requirement.</p>	100% ASHI accredited	Not Applicable	100% ASHI accredited First Formal on-site audit in this year	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited Biennial on-site audit in this year
<p>2. Internal measures related to Donors which contribute to achievement of Strategic Goal 3 – NZBS maintains a sustainable donor population capable of supporting on-going product demand in New Zealand.</p>										
<p>2.1 Donor Population NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products.</p>	<p>The NZBS donor population of whole blood and apheresis donors is maintained at levels required to support ongoing demand.</p>	115,490	130,732	128,337	128,417	126,041	121,167	112,744	120,500	<p>112,744 Demand for blood and blood product in 2013/14 was met at all times from an active donor panel of 112,744 donors.</p> <p>120,500 In order to meet forecast collection targets (refer Section 2.4)</p>

Performance Measure	Standard	Target Set FY14	Historical Trend Line					Achieved FY14	Target Set 2014/15		
			FY08	FY09	FY10	FY11	FY12			FY13	
2.2 Donor Satisfaction Measure of Overall Donor Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire.	Greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service.	Target set at > 90% rating score.			New measure in 2011/12			88.6%	88.3%	88.4%	Set at > 90% rating score.
2.3 Targeted donor recruitment strategies 2.3.1 Increase percentage of Maori donors on the active donor panel from the 2010/11 level of 6.6% of all donors.	Equal to or better than prior year	Set at > 6.7%			New measure in 2010/11			6.6%	6.7%	7.7% **	Equal to or better than prior year
** Comment: Increase in number of Māori donors as a result of aligning ethnicity selection to NZ Census definitions.											
2.3.2 Increase the percentage of youth donors between the ages of 19 – 25 years on the active donor panel from the 2010/11 level of 18.2% of all donors.	Equal to or better than prior year. Attracting youth donors assists in future proofing the donor panels – encouraging new donors to replace those who are retiring.	Set at > 18.4%			New measure in 2010/11			18.2%	18.4%	18.8%	Equal to or better than prior year

Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
2.4 Raw Material (collections) Input										
2.4.1 Whole Blood donations	Collection input targets are not fixed. The collections will be flexed over the year to meet demand indications.	132,500	149,410	150,756	149,711	149,915	144,820	133,255	120,858	116,450
2.4.2 Plateletpheresis donations		4,600	5,583	6,313	6,534	6,546	6,521	6,066	3,942	3,470
2.4.3 Plasmapheresis donations		31,700	27,292	22,772	15,222	24,194	30,481	30,206	32,514	43,800
2.4.4 Total donations		168,800	182,285	179,841	171,467	180,655	181,822	169,527	157,314	163,720
3. Internal measures related to People which contribute to achievement of Strategic Goal 5 – NZBS has a sustainable, competent and engaged workforce.										
3.1 Annual Employee Turnover %		12.0%	15.5%	9.7%	10.9%	10.7%	9.7%	12.4%	10.4%	12.0%
3.2 Employee Engagement Index Score from biennial Staff Engagement Survey using the JRA and Associates Survey Tool.		No Survey Planned	No Survey	72.7%	No Survey	74.4%**	No Survey	No Survey	68.5%	76%

Comment: ** The format for assessing the overall engagement has been redefined in 2014, using a different metric. If the 2011 result was restated using the new metric the score would have been 73.0%. NZBS focus over the last 2 years on money-saving initiatives to address the decline in revenue related to reduced clinical prescribing, is considered the likely major cause for the decline in the Employee Engagement Index Score. As the survey was only reported in June 2014 analysis of the results and related comments was a work in progress at balance date.

4. Internal measure related to Development which contributes to achievement of Strategic Goal 6 – NZBS uses international “best practices” and internal Research and Development capabilities to improve and develop products and services for the New Zealand health and disability sector.										
Performance Measure	Standard	Target Set FY14	Historical Trend Line						Achieved FY14	Target Set 2014/15
			FY08	FY09	FY10	FY11	FY12	FY13		
4.1 Christchurch Facility Project Successful completion of key project milestones in accordance with Board approved project plan.	.	Key Project milestones to 30 June 2014 achieved as per Board approved project plan.			New measure in 2013/14				ACHIEVED All key project milestones to 30 June 2014 met.	Building commissioned and occupied in accordance with Board approved project plan.
5. Internal measures related to Financial Sustainability which contribute to the achievement of Strategic Goal 7 – NZBS is a financially sustainable organisation operating effectively and efficiently.										
5.1 Revenue per Full Time Equivalent (FTEs) - \$000's Monitor NZBS total revenue per Full Time Equivalent employee.		\$213.93	\$198.54	\$205.80	\$217.06	\$214.74	\$215.17	\$213.95	\$224.81	This measure not reported in 2014/15
5.2 Financial Management To successfully manage an ever changing demand driven manufacturing environment and the consequential impacts on the NZBS financial position.	Maintaining financial sustainability in an ever changing demand driven environment	Achievement of Budget set as a deficit of -\$1.2m on revenue of \$109.7m	Surplus of +\$6.9m on revenue of \$91.5m	Surplus of +\$3.3m on revenue of \$93.2m	Surplus of +\$1.6m on revenue of \$97.4m	Surplus of \$9.3m on revenue of \$102.3m	Surplus of \$3.4m on revenue of \$105.5m	Deficit of -\$2.1m on revenue of \$104.9m	ACHIEVED reporting a surplus of \$0.86m on gross revenue of \$106.0m.	Budget set as a deficit of -\$975k on revenue of \$108.8m. No Rebate Planned

STATEMENT OF RESPONSIBILITY

For the Year Ended 30 June 2014

- 1) The Board and Management of the New Zealand Blood Service accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
- 2) The Board and Management of the New Zealand Blood Service accept the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.
- 3) In the opinion of the Board and Management of the New Zealand Blood Service, the annual Financial Statements for the year ended 30 June 2014, fairly reflect the financial position and operations of the New Zealand Blood Service.



David Chamberlain
Board Chairman
28 August 2014



David Wright
Deputy Board Chairman
28 August 2014

Independent Auditor's Report

To the readers of New Zealand Blood Service's financial statements and non-financial performance information for the year ended 30 June 2014

The Auditor-General is the auditor of New Zealand Blood Service. The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of the New Zealand Blood Service on her behalf.

We have audited:

- the financial statements of the New Zealand Blood Service on pages 33 to 57 that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of the New Zealand Blood Service that comprises the statement of service performance on pages 58 to 69 and which includes outcomes.

Opinion

In our opinion:

- the financial statements of the New Zealand Blood Service on pages 33 to 57:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the New Zealand Blood Service's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the non-financial performance information of the New Zealand Blood Service on pages 58 to 69:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the New Zealand Blood Service's service performance and outcomes for the year ended 30 June 2014, including for each class of outputs:
 - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and

its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 28 August 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the New Zealand Blood Service's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the New Zealand Blood Service's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported non-financial performance information within the New Zealand Blood Service's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the New Zealand Blood Service's financial position, financial performance and cash flows; and
- fairly reflect its service performance and outcomes.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004 and the New Zealand Public Health and Disability Act 2000.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the New Zealand Blood Service.



Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

NZBS BOARD MEMBERS

Mr David Chamberlain (Board Chairman)

BEc, FNZSA, FIAA, MInstD

Mr David Wright (Deputy Board Chairman)

MBA (Distinction), B Tech (Food) (Hons), AMInstD

Professor Peter Browett

BMedSc, MBChB, FRACP, FRCPA

Ms Raewyn Idoine

Mrs Victoria Kingi

Llb (Hons)

Ngā Potiki a Tamapahore

Te Arawa, Ngāti Porou, Ngāi Tahu

Mr Ian Ward

BSc, MCom

NZBS EXECUTIVE MANAGEMENT

Chief Executive Officer

Fiona Ritsma

DCR, HDCR, DipBusStuds

Chief Financial Officer

John Harrison

BCom, CA

National Medical Director

Dr Peter Flanagan

BMedSci, BM, BS, FRCP, FRCPATH, FRCPA

National Manager Human Resources

Sue Jensen

RGON, GDipBus (ER)

National Manager Operations

Christine Van Tilburg

NDMLS, RMLS

National Manager Technical Services

Ray Scott

NZCS, COPMLT, RMLS

National Manager Quality and Regulatory Systems

Meredith Smith

BAppSc, GradDipQualMgt

National Manager Donor Services

Olive Utiera

RGON

Ngāpuhi, Taranaki

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AUDITOR

Audit New Zealand

(on behalf of the Auditor General)

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Auckland

PRINCIPAL BANKERS

Westpac New Zealand Limited

Level 6, 16 Takutai Square

Auckland

SOLICITORS

Buddle Finlay

Auckland and Wellington

Donor Centre Information

1 North Shore Donor Centre
09 489 8858
441 Lake Road, Takapuna

2 Auckland Donor Centre
09 523 5733
71 Great South Road, Epsom

3 Manukau City Donor Centre
09 263 4667
Unit B, 116 Cavendish Drive

4 Tauranga Donor Centre
07 578 2194
154 – 168 Cameron Road

5 Hamilton Donor Centre
07 839 3679
Cnr Lorne Street and Ohaupo Road

6 Palmerston North Donor Centre
06 350 8563
Gate 12, Ruahine Street

7 Wellington Donor Centre
04 380 2243
Hospital Road, Newtown

8 Christchurch Donor Centre
03 343 9040
87 Riccarton Road
(Note: As of November 2014
the Donor Centre will move to Lester Lane)

9 Dunedin Donor Centre
03 477 9920
Cnr Cumberland and St Andrew Streets





New Zealand Government