

New Zealand Blood Service annual report

2014/2015

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





Amazing Grace

When Grace was born, she arrived 3 months early and weighed only 910 grams. She was suffering from anaemia as her body had not developed enough to produce red blood cells.

She received 2 units of blood within her first 2 weeks of life.

Now a lively 3½ year old, Mum and Dad (Rachel and Graham), are thankful, not only to the doctors and nurses who did an amazing job, but also for the blood donors that helped to save their little girl's life.

Rachel suffered severe pre-eclampsia – a condition which may lead to multiple organ dysfunction and life-threatening seizures. Because of this she had to undergo an emergency caesarean section very early in the pregnancy. Baby Grace was taken into the neonatal intensive care unit straight away and put into an incubator.

Rachel works as a Registered Nurse at New Zealand Blood Service and said it was amazing to experience blood donations from the receiver end, having spoken to blood donors and taken their blood over many years.

“Blood donors come in to donate out of their own free will and they save lives. We just want to say thank you to all the donors out there, as we wouldn't have our little girl without you.”

safety is our cornerstone

Ko te haumarū tā mātau mātapono taketake

striving for excellence

Kia tau kite Tihi

integrity & respect

Te Pono me Te Tika

team work

Te Mahi Ngātahi

open communication

Te Whakawhitihiti Whakaaro i runga i te Māharahara



Photography by De Nada Creative

Contents

IFC	Cover story – Amazing Grace	19	Enhancing the efficiency and safety of platelet components
2	The year in review	20	World Blood Donor Day
4	Board of directors	22	Pledge and Lend an arm Campaigns
5	Structure and governance	22	New intranet - Cornerstone
6	Executive management team	23	Eurobloodpacks for whole blood donation collections
8	The giving of life – from donors to patients	23	eTraceline
10	New Christchurch Blood Centre	23	Semestial patch
12	Where and how is blood used?	24	Being a good employer
13	Kate's story	27	NZBS workforce profile - total organisation
14	iPads aid nurses	28	Statement of Trends
15	Behavioural donor criteria review	29	Financial statements
15	Arboviruses and transfusion	37	Notes to the financial statements
16	Donating bone marrow for the first time	59	Annual statement of performance expectations
17	Celebrating our staff - Charge Nurses	65	Statement of Responsibility
17	Logistics - a speciality in itself	66	Independent Auditor's Report
18	Blood and blood products and their uses	69	Directory
19	Red cell decline and plasma increase	70	Donor centre information

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

This last year has been an outstanding success for New Zealand Blood Service (NZBS) so it is with great pleasure that we present this Annual Report outlining the activities and accomplishments of our staff, donors and some of the people we have helped with the supply of life-saving blood and blood products over the 2014/15 financial year.

The many significant achievements we delivered for the benefit of New Zealand over the year are the result of much strategic and operational effort by all divisions of NZBS over the past few years and we are now seeing the fruits of our labour.

Opening of the new Blood Centre in Christchurch

November 2014 marked the highlight of the year with the opening of the new Blood Centre in Christchurch by the Minister of Health, the Hon Dr Jonathan Coleman. This has been a hugely successful multi-year project in partnership with Ngāi Tahu Property which has delivered a fantastic purpose-built and future-proof facility as our main South Island hub-site. See page 10 for photos and a brief overview of this new state-of-the-art Blood Centre.

Review of Facilities

As NZBS is now 17 years old, an independent Collections and Facilities review was commissioned to assess the capacity of our existing leased buildings (including the new and expanded Christchurch Blood Centre) to meet the forecast changing demand patterns which have been based on both the latest census data and recent utilisation changes. This review confirmed that with changes in technology, space pressures and regulatory compliance requirements, there is a need to expand the Auckland hub-site laboratories, noting that the donor and administration areas were expanded in 2013.

Additionally, the review identified that placement of some of the smaller Donor Centres should ideally be moved to provide better access for donors based on population demographics. These will be considered on a case-by-case basis as existing leases expire.

Ensuring appropriate blood product utilisation

The activities of NZBS are primarily driven by hospital doctors prescribing blood, blood products and stem cells, as well as supporting hospital organ and tissue transplant programmes. Therefore, NZBS employs a small team of Transfusion Medicine Specialists and Nurses who work very closely with hospital clinicians and Hospital Transfusion Committees in each District Health Board (DHB). Working in partnership with DHB clinicians, these NZBS staff ensure clinically appropriate prescribing of blood and blood products. Implementing a range of different strategies, this partnership has seen a reduction over the last few years in the prescribing of Red Blood Cells (RBCs) used to treat patients with acute blood loss as a result of trauma and/or surgery and to treat a range of chronic anaemia conditions. The reduction in prescribing appears to have plateaued over the last year to a new low of 23.7 RBCs transfused per 1,000 population (down from 28.9 in 2010/11) whilst still providing the same level of excellent clinical outcomes for patients.

While the demand for RBCs has declined, the prescribing for fractionated immunoglobulin products used to treat people with immune deficiencies as a life-long treatment, or in the treatment of a range of diseases where the patient's immune system is compromised, has increased at a rate of 12.2% more than in 2013/14. This rate of growth puts New Zealand on a par with many comparable countries where annual growth is in the range of 9-14%. NZBS works very closely with the small number of clinicians who prescribe immunoglobulin products to ensure appropriate and nationally consistent equity of access for patients.

Between July 2014 and June 2015 we collected 164,973 donations (last year 157,314 donations) each of which is individually tested; we supplied 241,926 units of blood products (last year 230,488 units) to New Zealand's hospitals and facilitated 168 organ transplants (181 last year) and 92 matched stem-cell transplants (99 last year) through our Tissue Typing service.

Reshaping blood collection activities

As we enter an era of an ageing population, coupled with an increasing demand for plasma derived products, NZBS is constantly fine-tuning our activities in line with DHB prescribing and at the same time working to enhance the service that we provide to our valuable donors who are the "life-blood" of everything that we do.

We are amending our collection activities in response to the changing demands for blood and blood products. The new reduced level of demand for RBCs means we need to collect less whole blood from which RBCs are manufactured. The introduction of donor appointments has assisted us to better manage the supply of RBCs to hospitals, ensuring that we collect the right blood groups at the right time to maintain certainty of supply, yet minimise expiry of this product which has a 35 day shelf-life.

However, the reduction in RBC demand means that we have less plasma from whole blood collections available for the manufacture of fractionated products, yet we have an increase in demand for immunoglobulin which is manufactured from plasma. Therefore we need to increase the number of plasmapheresis donations. Consequently, a key focus over the last year has been to talk with whole blood donors about the possibility of switching to becoming plasma donors. Our latest "Heart of Gold" campaign has been very successful in recruiting more plasma donors and this will be an ongoing focus in the years ahead.



Platelets, used to support patients undergoing treatment for some blood diseases and cancer, and also to control bleeding following cardiac surgery and trauma, have until this year had a shelf-life of just five days, making collections and inventory management a real challenge. In order to guarantee certainty of supply at every hospital in New Zealand, the national expiry rate for platelets has been around 20%. Following the lead of countries like the United Kingdom and the Netherlands, NZBS is in the process of extending the shelf-life of platelets from five to seven days. This has been a major project requiring implementation of additional bacterial testing of every dose of platelets manufactured. This change to the manufacturing process has had to go through extensive testing and validation, approved by the regulator Medsafe to ensure product safety. However, the extended shelf-life which we are planning to have implemented nationwide by the end of 2015, will greatly enhance management of the nation's platelet inventory and will reduce the levels of platelet expiry.



Enhancing safety

Safety is the cornerstone of everything that NZBS does, as outlined in our enduring outcome statement:

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

Over the last year we have further enhanced the safety of our products with the implementation of strategies to reduce the potential threat of the following arbovirus (predominantly mosquito-borne) diseases - Dengue Fever, West-Nile Virus and Chikungunya - by implementing extended travel deferrals. We have developed an interactive travel deferral tool on the NZBS website (see article on page 15) which assists donors who have travelled overseas to check their eligibility based on where they have travelled, allowing them to self-defer before coming to a Donor Centre.

The independent expert panel commissioned in 2013 to review our Behavioural Donor Deferral Criteria (last review in 2008) with a particular focus on the deferral of men who have sex with men (MSM) completed its review this year. The review group's recommendation to reduce the MSM deferral period from five years to one year (the same as Australia) was implemented in December 2014. At the same time NZBS made a number of changes to its donor criteria which are outlined in the article on page 15.



Financial sustainability

The changing demand for blood and blood products has required NZBS to maintain its focus on enhancing efficiency and delivering cost savings.

Implementation of new blood collection packs as part of an international Blood Service procurement initiative has delivered significant savings. The specification for these blood packs was developed over several years by a consortium of European Blood Services, led by the NHSBT in England. See page 23 for an article on implementation of the Eurobloodpacks. This is one of the benefits from 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.

It is pleasing to report that for the second year in a row we will be delivering a price rebate to the DHBs (\$2M in 2013/14 and \$3.6M in 2014/15) for hospitals and community services to reinvest in frontline patient care. Cost control, whilst not compromising safety or surety of supply, is now embedded in the way that we work at NZBS. The year end result (post the DHB price rebate) of \$4.7M has been achieved through the hard work and dedication of our staff across the country and a combination of expenditure constraint, inventory management, exchange rate risk management and technology and consumable enhancements. Price increases to the DHBs have been managed in consultation with them in order to meet their requirements whilst not adversely impacting on NZBS's underlying financial viability.

Other achievements

In March, NZBS commenced a Process Excellence (LEAN) programme of work with the assistance of an external consultant who has previously worked with Canterbury DHB, to streamline and improve our systems and processes and to develop "in-house" expertise. This will be a multi-year project which over time will develop an internal capability. The first project involved redesigning the logistics processes in our Christchurch Blood Centre which has seen a marked improvement in how supplies are organised and distributed.

NZBS has embraced eLearning technology as a platform to provide easier access and a more consistent learning environment for our staff with modules ranging from new staff orientation, privacy and information security, health and safety induction, to more technically focused modules. The programme has been extended to external contractors who work on our sites who are now required to complete a 30 minute eLearning Health & Safety module to ensure that they are appropriately advised about working in our environment from a health and safety perspective.

Donor recruitment and retention activities are also predominantly digital, which enables us to target our marketing and donor acquisition activities to specific regions and communities in a much more timely fashion, in line with demand and inventory requirements.

Governance and leadership

This year we bid farewell to Fiona Ritsma, our long serving Chief Executive, when Fiona decided to resign and travel the world with her husband Korry. Fiona gave us over 8 years as Chief Executive and she will be fondly remembered by all those that worked with her. We thank Fiona for her tremendous efforts and wish her well for the future. We welcomed Sam Cliffe as our new Chief Executive in April.

There have been no changes to the composition of the Board in the last year.

In conclusion

We are proud of our achievements during the year and will build on these to deliver greater benefits to patients in the years to come. Our success is only possible due to the generosity of the 109,158 valued donors across the country who donated to save the lives of those who are strangers to them.

We care passionately about the welfare of our donors and the trust they place in us as the custodians of their "gift of life." We would also like to sincerely thank all of our staff and volunteers for their great efforts and of course our wonderful donors for their continuing generosity which changes the lives of patients across the country every day.

A handwritten signature in black ink, appearing to read 'D Chamberlain'.

David Chamberlain
Board Chairman

A handwritten signature in black ink, appearing to read 'S Cliffe'.

Sam Cliffe
Chief Executive

Board of directors



David Chamberlain

Board Chairman

Joined NZBS Board: *1 October 2009*
Current term concludes: *30 September 2015*

David is a Principal at Melville Jessup Weaver (MJW), a leading firm of consulting actuaries in New Zealand. Prior to MJW, David was Head of Insurance at Kiwibank where he led the transformation and expansion of Kiwi Insurance Limited. 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 has worked with a diverse variety of clients ranging from fishing companies to insurers and superannuation funds, providing advice ranging from strategy and investments through to financial 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 Chartered 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: *30 September 2015*

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 the Air Rescue Group, and a Director of WEL Networks Limited, Wellington Water Limited and New Zealand 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 Yoobee) 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 chaired the Māori Housing Advisory Committee responsible to the Associate Minister of Housing charged with developing the first National Māori Housing Strategy for the Ministry of Business, Innovation and Employment. Victoria 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 a trustee of Mangatawa Papamoa Blocks - a Māori Land Incorporation, both based in Tauranga.

Victoria holds a Bachelor of Laws (with honours) and 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 2017

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. He is a Board member of the Auckland District Health Board where he chairs the Audit and Finance Committee, is a committee member of the Board's Human Resources Committee and a member of the Hospital Advisory 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. During his career, Ian has held a number of governance roles in the public and private sectors covering director and trustee responsibilities.

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 collections, manufacturing and distribution organisation 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 2014/15 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.

Executive management team



Sam Cliffe
Chief Executive
Officer

Joined NZBS: 2015

As the Chief Executive Officer (CEO), Sam 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.

Sam 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 Sam.

Sam has worked as an independent consultant and has extensive health experience, with more than 30 years working in the public health sector in both New Zealand and the UK. Starting her career as a Registered Nurse, Sam has held several senior level executive roles leading large teams in the areas of funding, hospital service delivery and primary care. She has worked across a range of organisations including Counties Manukau District Health Board, the Northern DHB Shared Service Agency and the Ministry of Health.



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 Past 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 as well as the management of procurement related activities.

The Finance team have responsibility for 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. The Finance team also manage the annual budgeting cycle, all 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 Chartered Accountants Australia and New Zealand. He has a wealth of experience in varied finance roles and since 1992 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, programmes 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 and Payroll teams, 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.



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 160,000 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.



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. Most 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 National Component Development Laboratory and Red Cell Reference Laboratory are also operated by NZBS.



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

Meredith has over 30 years' experience in the fields of haematology and transfusion. Meredith originally trained in Australia as a Medical Laboratory Scientist specialising in haematology and immunohaematology. 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

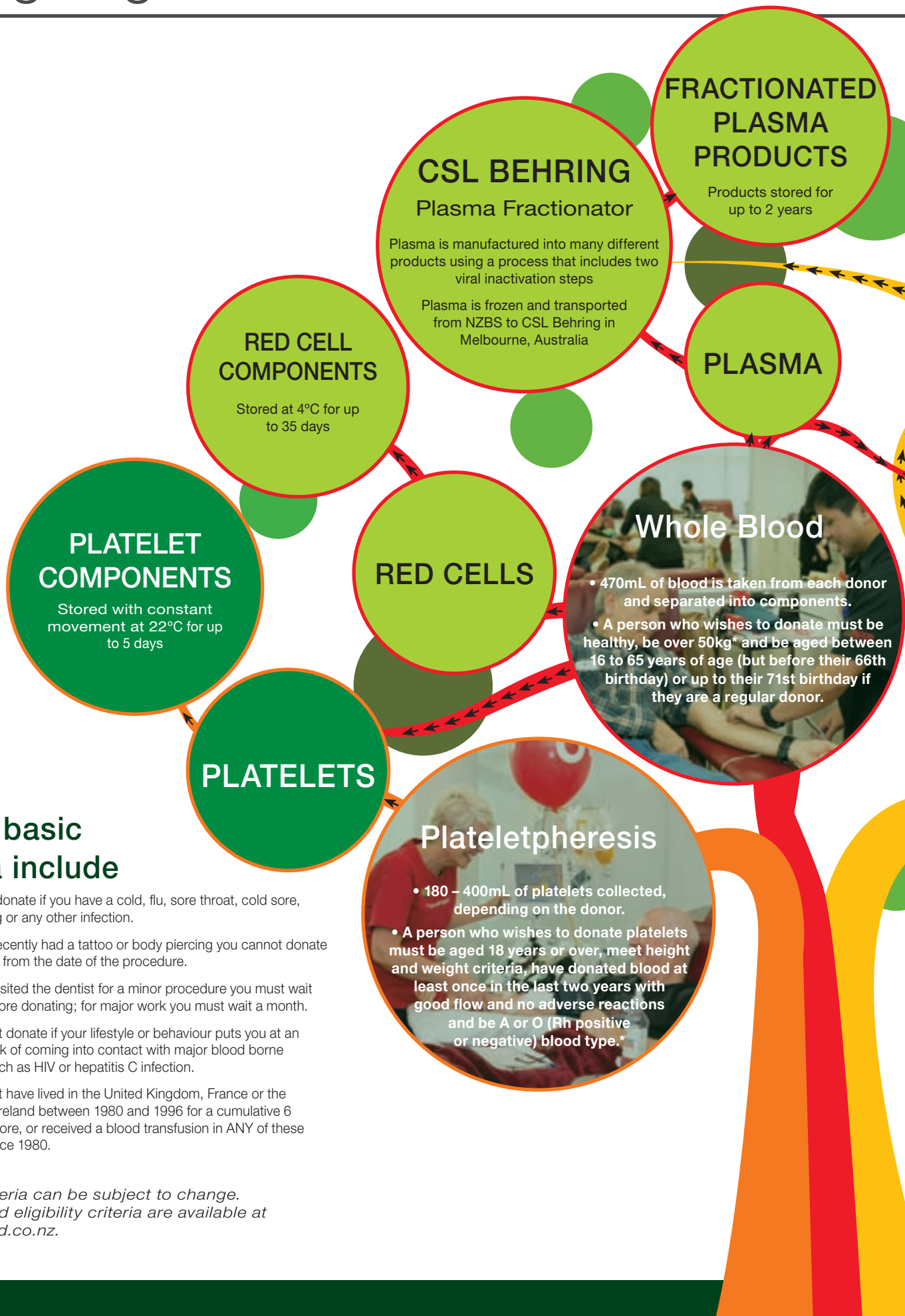
Joined NZBS: 1980

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 Service staff receive the training and support required to provide a consistent, high standard, customer driven service.

The Professional Development Unit which she 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.

The giving of life –

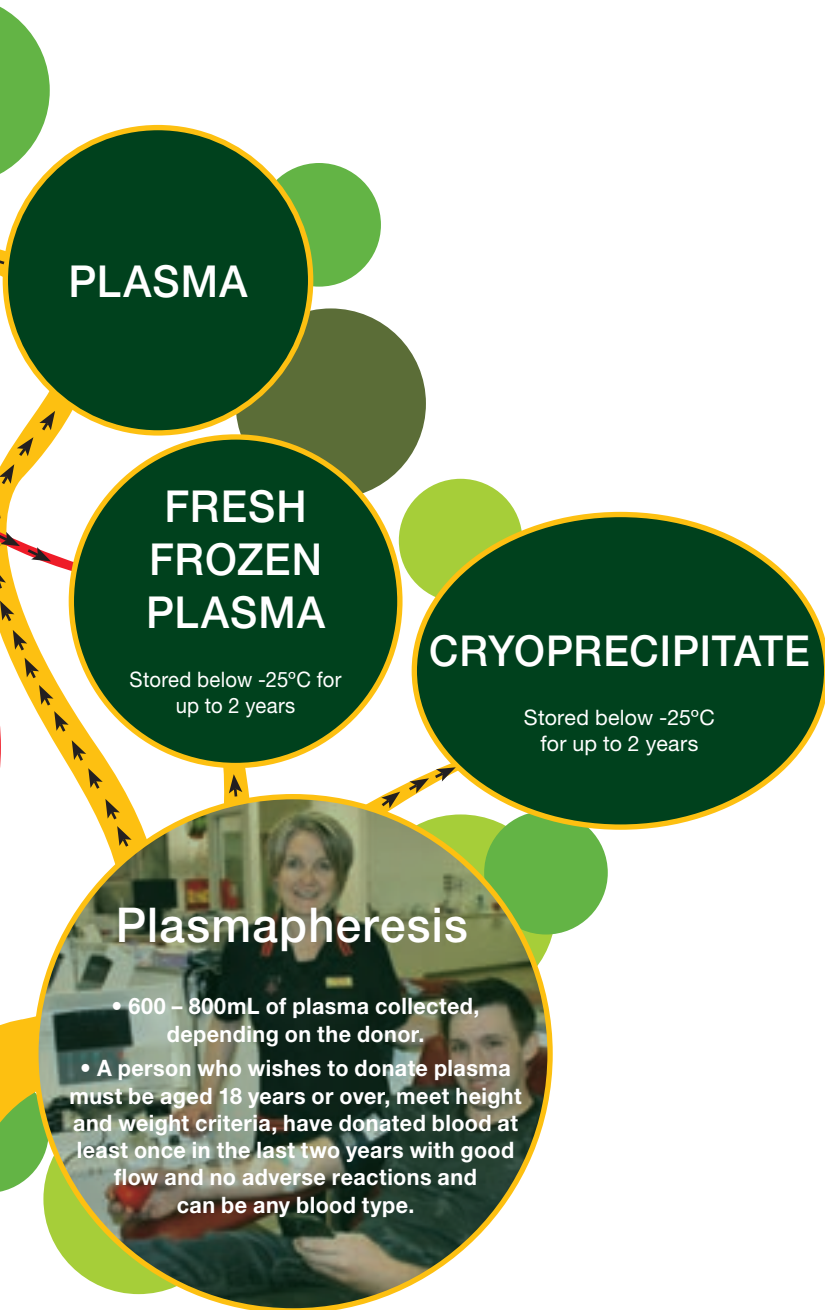


*Other basic criteria include

- 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.

from donors to patients



Note: Key collection volumes for 2014/15 are reported in the Statement of Trends on page 28.

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.



DONATION

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



PROCESSING & TESTING

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



BLOOD BANKS & LOGISTICS

Ensure blood and blood products are available and delivered to clinicians for various lifesaving treatments.



TRANSFUSION MEDICINE SUPPORT

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



New Christchurch Blood Centre



On the 10th of November 2014 the new Christchurch Blood Centre was officially opened by the Minister of Health, the Hon Dr Jonathan Coleman. The new Blood Centre replaces the premises NZBS had occupied since 1999 in Riccarton Road, and provides a future-proofed, state-of-the-art facility which incorporates a Donor Centre, and a Processing and Logistics hub for the South Island.

It was recognised prior to the Christchurch earthquakes that the Riccarton Rd facility would not be able to meet the growing operational requirements of NZBS and it was not able to be expanded. While the earthquakes did not result in significant damage, subsequent engineering assessments did highlight issues which reinforced the need to progress establishment of a new facility.

Based on the successful public/private partnership model that NZBS used to develop and operate its current facility in Epsom, Auckland, a similar opportunity with Ngāi Tahu Property emerged for Christchurch during 2011. A strongly developing partnership with Ngāi Tahu, together with knowledge of design utilised by blood services in the United Kingdom and Europe, underpinned the development of the Christchurch facility.

The identification of a suitable site, for either conversion of an existing building or establishment of a new building, involved assessment of over 20 properties across Christchurch, culminating in the selection of the Lester Lane location owned by Ngāi Tahu Property. This site is in close proximity to Christchurch Hospital, provides convenient access and parking for blood donors, has reasonable access to the airport and the ability to develop a purpose designed facility that would meet seismic requirements.

Design was progressed rapidly to allow construction to commence in April 2013 with a target occupation date of November 2014. Construction was completed well on time and 12% under budget.

The new facility has been able to achieve international best practice in regards to work flow, compliance with GMP regulatory requirements, and provision of contingency capacity for the overall NZBS operations in the event of other NZBS sites being impacted by a natural or civil emergency. The design has been future-proofed to allow for growth and technology changes without the need for significant renovation, utilising relocatable/reconfigurable laboratory and office fit-outs. Design features have been incorporated which are of particular relevance to donors, staff and our cultural partners. A beautiful and treasured gift of Pounamu and the NZBS Tohu are prominent examples of the NZBS partnership with Ngāi Tahu and Māori.




Overall the project has delivered on expectations to provide Christchurch with an exceptional facility that will continue to meet the needs of NZBS and the healthcare service in New Zealand well into the future.

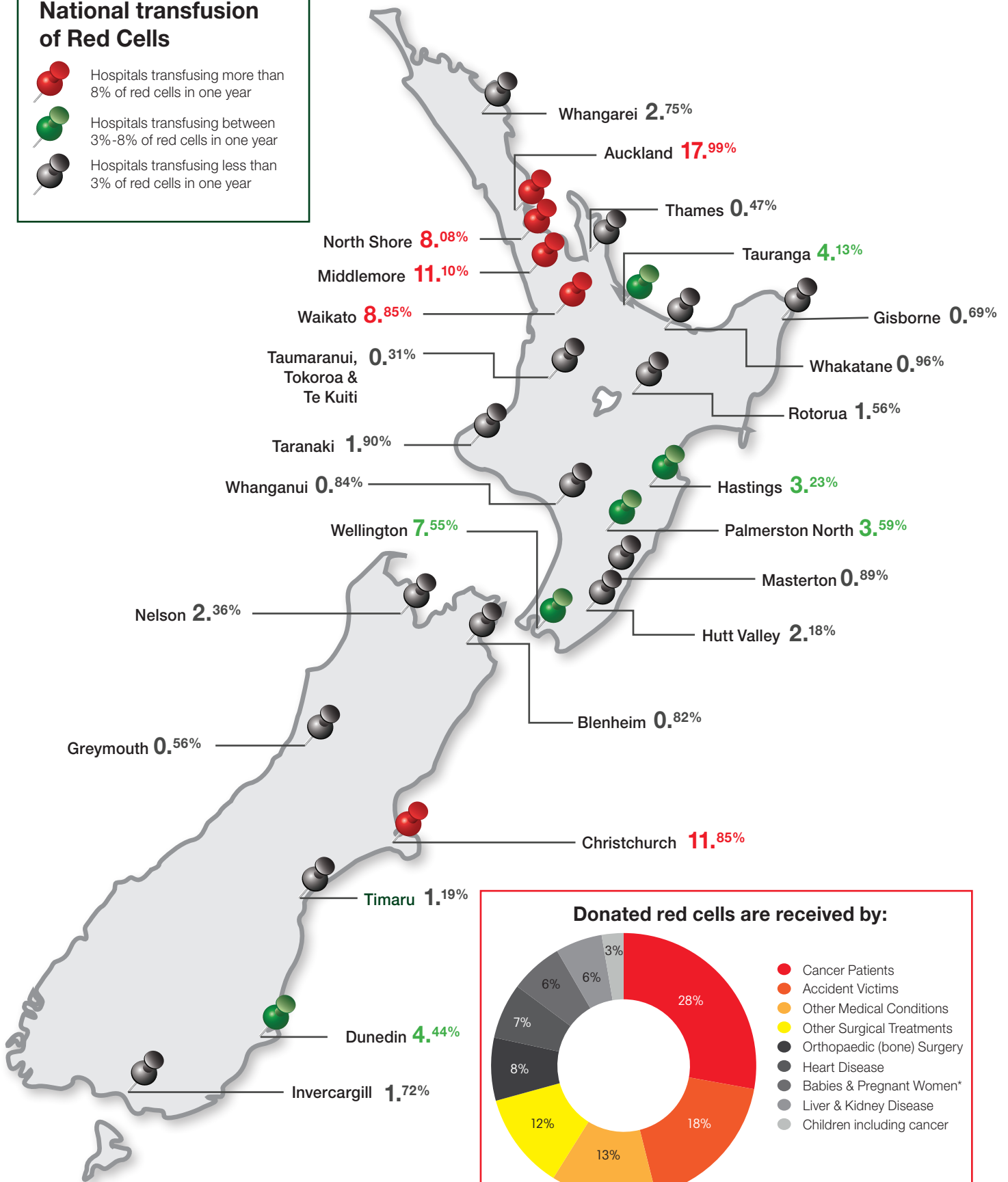




Where and how is blood used?

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)

Kate's story

Kate has a wicked sense of humour and a wardrobe full of bright colours, matched only by her warm and engaging smile. She's thinking about studying to become a Social Worker, as she wants to help people.

For someone who has been to hell and back, her strength, courage and desire to help others, all while making everyone around her laugh, is inspiring to say the least.

Flashback to Christchurch, 22 February 2011 – the day of the earthquake. Kate was in the wrong place at the wrong time. Trapped in a building, Kate was crushed when it collapsed around her. Due to her injuries, she lost both her legs and was given a 10% chance of survival.

"It was due to my sheer stubbornness I decided to fight for my life", Kate says.

And fight she did, spending one month in ICU, followed by four months in hospital, then another five months in a specialist rehab hospital.

"After 10 months in hospital, I got to leave three days before Christmas, which was the best Christmas present ever."

Kate received 134 units of blood and blood products during her recovery, which was the equivalent of replacing her total blood volume over seven times. 152 donors helped save Kate's life and aid her recovery. After having blood transfusions during her twice-weekly visits to theatre, she can distinctly remember feeling better after each one.

Kate is so thankful to her friends and family who stayed by her side 24/7. "My brother was in Australia at the time of my accident and flew home the next day. He stayed with me every night and even got a job next to the hospital so he was close to me if I needed him. My friends say that their brothers would never do such a thing. But you don't have any idea until you're in the situation, and I hope my friends never have to find out."

Like thousands of twenty-something Kiwis before her, Kate is looking forward to undergoing her Kiwi 'rite of passage' by embarking on a short OE (Overseas Experience) to the States later this year with her brother and his girlfriend. She'll be ticking LA, Las Vegas, Nashville and New York off her bucket list, and last year she travelled to Perth, Australia by herself.

Kate is working part-time, driving and loves catching up with her friends. "I can still do most of the things I did before, I just find new ways of doing them. I love swimming and it was the craziest feeling hopping into the water for the first time after my accident."



Kate is now looking to see how she can 'pay it forward' by helping others. "I'm looking at speaking to small groups about my experiences and doing volunteer work. I fought so hard to be here, so I'm living life to the fullest."

"I want to say thank you to the 152 blood donors who helped save my life. I believe that I survived for a reason and that is to help others, so that's why I want to study Social Work."

iPads aid nurses

Donor interviews are undertaken by Registered Nurses to assess the donor's health status prior to them donating blood. This is a mandatory part of the donation process to ensure donors are healthy and can give blood without impacting on their own health, and to ensure blood collected is safe for the recipient.

Historically, nurses undertaking Donor Health assessments have referenced information from hard copy manuals or registers. When using manual processes, updating these resources to ensure they contain current and up-to-date information becomes a challenge, especially given the number of donor centres and mobile blood drives located across the country. As such, a decision was made to move nurses away from the 'hard copy' era of accessing information, to the modern 'electronic era' through the use of an electronic tool.

In November 2013, all donor centres moved to the use of iPads to assist with undertaking Donor Health Assessments during the donor interview process. Nurses are now able to use these iPads to access NZBS Collection Guidelines, the National Approved Acupuncturist Register and access iMIMS, an online resource that provides nurses with the most comprehensive list of New Zealand approved medicines.

While the technology was initially challenging for some staff, over time they have embraced this change and in December 2014, a Travel Application was also added to the suite of tools available on the iPads. This electronic decision tool provides nurses with information regarding donor eligibility when donors travel overseas, including clarity around what blood product can be manufactured from their blood donation (which can vary depending on where a donor has travelled).

These electronic tools assist nurses to make consistent and safe decisions and contribute towards ensuring NZBS can collect a high quality blood product to support those patients in need.



Behavioural donor criteria review

The primary responsibility of Blood Services is to assure supplies of safe blood for patients. Safety is assured by a combination of evidence based deferral criteria and testing of blood donations. During the last several years, significant concerns have been raised by the gay community in a number of countries relating to the perceived discrimination of current behaviour based deferrals aimed at reducing the risk of blood borne virus transmission, in particular, the extended period of deferral relating to men who have had sex with other men (MSM). Concerns have also been raised in New Zealand with a number of complaints to the Human Rights Commission. These have been effectively managed through mediation.

NZBS established an independent review group in 2008 to review the issue and to provide recommendations on appropriate deferrals for New Zealand. This resulted in a reduction in the period of deferral from 10 to 5 years. The group was re-constituted in 2013 and a further review undertaken. Recommendations arising from this review were subsequently endorsed by the NZBS Board and approved by Medsafe. The changes were successfully implemented in December 2014. This resulted in alignment of the deferral criteria used by NZBS to those in place in the United Kingdom and Australia. The key changes are that the deferral period for MSM following oral and/or anal sex was changed to 12 months with a similar deferral period introduced for former residents of countries with a high rate of heterosexual transmission of HIV and for overseas sex workers where the deferral period was aligned to that for NZ sex workers at 12 months.



Arboviruses and transfusion

Arboviruses are viruses that are transmitted by insects (arthropods) and infection normally occurs in the context of mosquito and tick bites taking place during overseas travel. There is good evidence that many of the viruses can be transmitted by transfusion and a number of countries, now including New Zealand, have introduced measures to reduce the likelihood of this occurring.

In December 2014, NZBS implemented a series of deferrals for travellers returning from countries where the infection is endemic.

Prospective donors are deferred for 4 weeks following departure from the risk area.

Dengue and Chikungunya virus infections are endemic in much of Asia, Africa and Latin America. During the last two years there have been large outbreaks in the Pacific Islands. The number of cases identified in New Zealand in returning travellers continues to increase. West Nile virus became established in North America more than a decade ago. More recently, significant outbreaks have been identified in Southern and Eastern Europe. Ongoing monitoring is necessary to ensure that identified risk areas remain appropriate.

During 2012/13 NZBS undertook a donor travel survey. This identified that up to 1.3% of donors might be deferred as a consequence of the new requirements.



NZBS has developed a donor travel tool which is available on our website. This allows donors to assess whether recent travel might mean they need to book their donation appointment for a later date to ensure they are not deferred. This has been successful with very few deferrals attributable to the new deferral criteria.

Donating bone marrow for the first time

While 28-year-old financial advisor Daniel Johnson was giving blood one day, he had a chat with one of the NZBS nurses about bone marrow donation. The nurse suggested that he'd make a great candidate for the NZ Bone Marrow Donor Registry (NZBMDR), and after finding out what was involved and talking through the process in more detail, Daniel couldn't sign up fast enough.

NZBMDR is recruiting males of Māori or Pacific Island descent who are willing to donate cells from their bone marrow to patients worldwide if they are found to match someone in need of a bone marrow transplant. The Registry is part of a worldwide network of registries, which has over 25 million volunteer donors.

"I had no idea it was an option, but it just seemed like the right thing to do, particularly when I was told that the Bone Marrow Donor Registry needs more donors with my ethnic background," says Daniel, who describes himself as, "A total mix – Cook Island, Māori and Fijian".

So what is bone marrow? It is the soft tissue inside the bone which produces blood stem cells. These bone marrow stem cells develop into red blood cells (which transport oxygen), white blood cells (which fight infection) and platelets (which clot blood to stop bleeding). Each year, for many patients diagnosed with leukaemia or other serious blood disorders which prevent blood cells from maturing and functioning properly, a bone marrow transplant is the best or only hope for a cure.

When people join the Registry, it might take years to be matched with a recipient, however for Daniel, they found a match within a few months. After having more tests to confirm the match, and a visit to Wellington Hospital to get a full medical check done to ensure he was fit and healthy, he was given the all clear to donate.

As Daniel was donating peripheral blood stem cells (one of two ways to donate bone marrow in NZ), he gave himself injections both morning and night in the few days leading up to his donation, in order to stimulate the growth of the stem cells. Having been a loyal blood donor for seven years before joining the Bone Marrow Donor Registry, Daniel was used to needles, so he didn't mind in the slightest.

He was then flown from Wellington up to Auckland where he spent half a day at the Epsom Blood Donor Centre hooked up to an apheresis machine. This machine collects blood from the body, separates out the stem cells that are to be collected, and returns the rest of the blood to the body. With his feet up and his nose in a book, he donated his precious stem cells over the course of four hours, and easily reached the target number of stem cells that the nurse set out to collect.

"The staff at NZBS were really nice and extremely professional, taking the time to explain the whole process. I felt completely at ease, and aware of what was involved. It was so much easier than I had thought it would be."

Daniel's precious stem cells were expertly packaged and personally delivered to a transplant centre where they were infused into the matched patient, making a profound difference to their life, plus that of their family and friends.

And to all those considering becoming a bone marrow donor? "Do it! It really doesn't feel like a lot to give, and it's rewarding to know that you're helping to save someone's life," says Daniel.

If you are male and your ancestors were Māori, Pacific Island or any other NZ ethnic minority group, please consider joining the Registry. It could mean the difference between life and death to someone needing a bone marrow transplant. With your support, more patients can access the treatment they so desperately need.

Visit www.bonemarrow.org.nz for more information.



Celebrating our staff - Charge Nurses

New Zealand Blood Service has over 150 nurses on staff. At the heart of our bloodstream are over 80% of our nurses who make up the teams responsible for collecting blood from donors. These teams are vital, as they are responsible for looking after our donors and ensuring they have a good experience while donating blood.

In November 2014 following a period of consultation, a new nursing leadership structure was approved and put in place to manage these teams.

A number of sector changes led to this new structure including clinical advances, demand for NZBS services, technology, the need to focus on the development of professional nursing, and on-going standardisation of processes and systems.

At the beginning of 2015, a new level of leadership was put in place and four new Charge Nurses, all with extensive nursing leadership backgrounds, were welcomed into each of the four regions of NZBS.

The Charge Nurses are responsible for providing integrated operational nursing leadership and managing all aspects of the nursing teams working across both Donor Centres and mobile blood drives within their regions.

They are supported by Clinical Nurse Leaders, who provide clinical co-ordination and oversight of the Donor Centres and mobile blood drives, and a regional Clinical Coach who implements training and development plans.

All four Charge Nurses have already made a positive impact to each of their teams and will ensure NZBS continues to be world leaders in the care and management of blood donors.

Northern region - Karin Sneesby

Karin has many years of clinical, management and education experience across New Zealand and Australia. Karin recently returned from working in Australia as Nurse Manager at Queensland Health.

Waikato region - Debbie Ratima

Debbie has a background in perioperative and theatre services at Waikato DHB. She has experience as a Clinical Nurse Educator and more recently as the Charge Nurse Manager of Main Theatre, responsible for 22 Theatres and 185 staff comprising of nurses and Health Care Assistants.

Central region - Vicki Krog

Vicki's previous role was as the Charge Nurse of Radiology at Wellington Hospital where she was responsible for 5 interventional laboratories and a 20 bed day ward. She has previous experience with the Blood Service having worked in Sydney with the Australian Red Cross Blood Service.

Southern region - Dawn Sutton

Dawn has spent the last 6 years working in the community as a Clinical Nurse Specialist and more recently as a Regional Clinical Manager for a Community Nursing group in Canterbury. In previous roles she has worked with Nursing Entry to Practice nurses (NETP) and on Professional Development Recognition Programme (PDRP) projects.



From left to right: Karin Sneesby, Vicki Krog, Debbie Ratima and Dawn Sutton

Logistics - a specialty in itself

When people think about NZBS they picture nurses, doctors and laboratories. What is rarely appreciated is the massive logistics requirement to manage and control inwards goods, quality inspection, consumables, stock levels, supply and transport.

The field of logistics is a profession, and here at NZBS we are fortunate to have one of the best leading this function.

Trilby van Bree has worked for NZBS in various roles over the past 14 years and in 2010 was appointed as National Manager Logistics. Prior to her appointment, to support and enhance her knowledge in this field, Trilby undertook the Chartered Institute of Logistics and Transport-UK Professional Diploma in Logistics and Transport through the Logistics Training Group here in NZ.





Trilby completed this programme in 2012 and was noted as "an exceptional student who consistently produced work of an excellent standard while facing extraordinary challenges", the least of which was living and working in Christchurch through the earthquakes. As a result, Trilby missed the cut-off for International Student of the Year, for which she was a front runner.

In lieu of this, CILT NZ instituted a new award for "Extraordinary excellence during a course of study" which was awarded to Trilby as the foundation recipient. NZBS is extremely proud of Trilby's achievements in her chosen field and rely on her expertise daily.



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 and 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 or needing plasma exchange treatment.
	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 and in von Willebrand disease to prevent bleeding during surgery or after injury.
	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 when hepatitis A vaccine is not indicated, e.g. for some 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 products

NOTE: Key production volumes for 2014/15 are reported on page 28.

Red cell decline and plasma increase

Whole blood donations are separated into 3 components – red cells, plasma and platelets.

Red cells transport oxygen around the body. They are suspended in plasma, the liquid component of blood, and give blood its distinct red colour. Among the many uses of red blood cells, they are critical for saving the lives of trauma patients, people undergoing emergency and other major surgeries, renal dialysis and many severe types of anaemia.

During the past decade, medical professionals around the world have been improving the way that red cell transfusions are used. This has resulted in a decline in the demand for red blood cells in most First World countries and this change has significantly affected NZBS.

In the early 2000s demand required NZBS to collect 150,000 whole blood donations; this has now reduced to 120,000 donations in the past year.

The increasing demand for plasma

In contrast with the declining demand for red cells, there has been a significant increase in the use of plasma derived products. This increase is due to new uses being discovered for plasma and plasma derived blood products.

Plasma is now, the 'liquid gold' component of blood. It carries blood cells around the body and is a complex mixture of over 700 proteins that are crucial for running our bodies. Some of the proteins in plasma are needed as concentrated products to replace or top-up body fluids, antibodies and clotting factors. These specialised medicines are used to treat people with liver or kidney disease, severe burns, some immune deficiencies and some blood clotting disorders.

In 2010 the demand for plasma required NZBS to collect 16,100 plasma donations; this has now increased to 33,500 donations of plasma in the

past year. The NZBS blood and plasma collection programme has been restructured to meet the changing clinical needs for blood products from the NZ health services.

What does it mean for blood collection?

NZBS has 109,000 volunteer blood donors who donate whole blood, plasma and platelets. There is currently no synthetic replacement for blood, so each one of these donors is very important as 42,000 people are treated with blood or blood products in New Zealand each year.

It also means that new blood donors are constantly needed, especially near the 7 donor centres in Epsom (Auckland), Hamilton, Tauranga, Palmerston North, Wellington, Christchurch and Dunedin, as these are where plasma donations can be made. More information about how to become a plasma donor can be found on our website www.nzblood.co.nz.



Enhancing the efficiency and safety of platelet components

Platelet components for transfusion are produced from whole blood donations (by pooling the platelets from four donors) or through apheresis platelet donations. The demand for platelets is constant, as platelets currently only last for 5 days.

NZBS has been working on two initiatives to enhance the efficiency and safety of supply of platelet components.

A review in 2012 of the apheresis technology utilised by NZBS resulted in the implementation of the Trima Accel Automated Blood Collection System provided by Terumo BCT. Used widely by other international Blood Services, this new technology has enabled NZBS to collect three doses of platelets in platelet additive solution from each apheresis platelet donor (compared to two doses from the current machines), as well as reducing the procedure time for the donor. By international comparison, this is a very good result which helps NZBS to keep on top of the demand for platelets.

The second initiative will look to extend the current five day shelf life of platelets to seven days, in conjunction with mandatory pre-release screening of all platelet components. Platelet components are stored at room temperature and have a potential risk for bacterial contamination. NZBS currently has a programme for quality monitoring of bacterial contamination, which was introduced in 2004 in line with international guidelines. The extension of shelf life will provide improvement in the management of stock and at the same time provide enhanced bacterial detection capability and consequential product safety. As with other process changes affecting blood component safety, validation of the systems required to support a seven day shelf life must meet strict regulatory criteria. This initiative is anticipated to be implemented at the end of 2015.



World Blood Donor Day

Thank you blood donors for giving Kiwis a second chance at life.

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 and to celebrate the contribution they make.

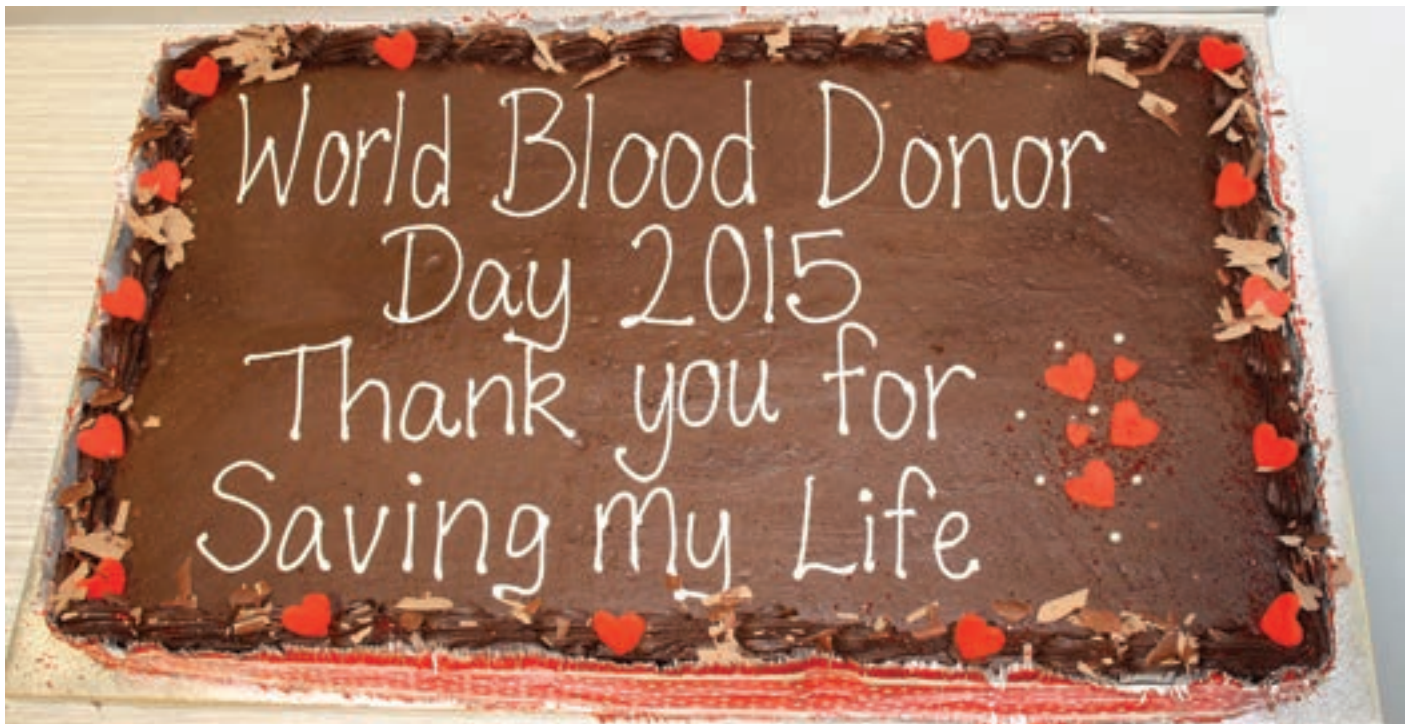
This year, New Zealand Blood Service asked Kiwis to join us in saying a heartfelt 'thank you' to all of New Zealand's 109,000 blood donors for giving fellow Kiwis a second chance at life.

On average, blood and blood products are used by 135 Kiwis every single day. For many, it quite simply means the difference between life and death.

Donor Centres around the country celebrated donors through special cupcakes, cakes and decorations in the centres, as well as special visits by recipients who had received blood and wanted to say "thank you" directly to the donors.

A wide range of media coverage highlighted the importance of blood donors, and asked others to give someone a second chance at life by visiting www.nzblood.co.nz/signup or by calling 0800 GIVE BLOOD.

A new section was launched on the NZBS website for people to share their own stories of donating or receiving blood. This is a great way to say thank you to New Zealand's generous blood donors who give fellow Kiwis a second chance at life - www.nzblood.co.nz/amazing-stories/.





Geoff's Story

The generosity of strangers saved Geoff Joe's life after a mountain biking accident left him fighting for his life and in a coma for five days. He is just one of thousands of ordinary Kiwis who have been given a second chance at life, thanks to the generosity of blood donors across the country. 65 blood donors helped to save Geoff's life 9 years ago, and he shared the experiences he was able to have, thanks to them, through a video available on the NZBS website and Youtube channel.



Pledge and Lend an arm Campaigns

The Pledge campaign was launched in conjunction with World Blood Donor Day 2014, as a social call to action, to encourage new donors. It was an awareness piece for NZBS as well as an important opportunity to thank blood donors. New donors were encouraged to pledge to become a blood donor on the NZBS website or Facebook page.

The campaign was supported with a variety of materials in the Donor Centres and in the community, as well as a digital advertising campaign over a 3 month period and resulted in over 450 new donors through the campaign directly. The numbers of donors booking appointments to donate for the first time also increased, with many following through on their pledge to become blood donors.

The Lend an arm campaign followed the Pledge campaign to help increase new donor numbers over the holiday period. Launched in November 2014, it was a social call to action, to encourage new and lapsed donors to book an appointment. The campaign used the key catch phrase "Lend an arm" and was digitally targeted geographically around the main donor centre areas.

Utilising online media, media releases and statistics relevant to each area, the campaign was very successful resulting in a 49% increase of new and reinstated donors compared to the same time period in 2013.



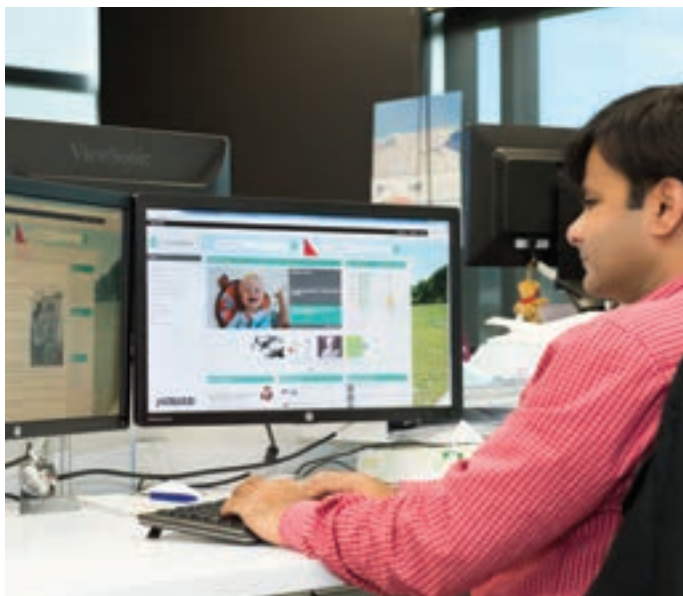
New intranet - Cornerstone

Like most large or medium-sized organisations, NZBS has an intranet – an internal website, making a range of company resources available to staff. An intranet is an important organisational tool, not only as a centralised portal for accessing systems and relevant information, but also as a platform for fostering staff engagement and encouraging communication.

Using Microsoft SharePoint 2013 as the software platform, a new intranet has been developed to replace the familiar but very tired intranet which has served NZBS for ten years. Microsoft SharePoint was chosen for its flexibility in meeting the needs of NZBS as an intranet, collaboration platform, and a stepping-off point for numerous operational processes.

The new intranet has been branded as "Cornerstone". A staff focus group chose this name, which echoes NZBS's shared values: "safety is our cornerstone". It also reflects Cornerstone's role as the digital hub of the organisation.

Cornerstone introduces a number of new features: up-to-the-minute information about stock levels, rolling news feeds, integration with the organisation's Facebook presence, and powerful search capabilities. Cornerstone will be developed further, to provide other features such as mobile access and to introduce more electronic forms to replace paper forms.



Eurobloodpacks for whole blood donation collections

During 2014 NZBS implemented the Eurobloodpack for whole blood donation collections.

The Eurobloodpack is a standardised specification blood pack that manufacturers have adopted as part of a collaborative purchasing initiative undertaken by the European Blood Alliance (EBA). The purchasing framework established by the EBA enabled improved pricing based on the collective volumes of all the Blood Services that make up the EBA, as well as beneficiaries to the framework - which has enabled NZBS's participation.

As a result NZBS has been able to maintain supply from manufacturers that NZBS has experience with. While the design of the Eurobloodpacks

has some minor variations compared to previously used packs, these changes have not been a barrier to implementation. As with any change to regulated systems, the Eurobloodpacks required thorough validation to confirm quality and performance, with the operational teams completing a significant validation workload to confirm the suitability for full implementation.

Experience to date with supply and performance has been good, and being part of the collaborative purchasing and quality monitoring arrangements with large European Blood Services is proving very beneficial to NZBS with significant price reductions.

eTraceline

eProgesa is NZBS's Blood Management System, which is the system of record for all blood products from blood donation to transfusion. It was implemented as a major upgrade in August 2012. One of the benefits of this upgrade was that it opened up possibilities for further new developments.

NZBS is now developing plans to implement eTraceline, a complementary system, which is also from the same supplier (MAK-System). This will replace the module of eProgesa which supports the hospital Blood Banks.

eTraceline offers a number of important benefits compared to the eProgesa Blood Bank module. It uses a common patient database as opposed to the current regional databases at each site in eProgesa. This means that all information on patients will be more easily viewed by all sites.

eTraceline will allow Blood Banks to order blood products from the NZBS hub sites, with the possibility of email updates on the progress of the order. This is an improvement over the status quo.

eTraceline offers better support for the day-to-day functions in the Blood Bank, including safety and quality features. It will also operate independently of eProgesa, which will provide more flexibility for the 24/7 Blood Banks when system maintenance is required.

Once it is implemented, eTraceline will open up new possibilities. In particular, it can support "smart fridges". These are fridges in key locations in hospitals, which are stocked with blood products and are able to dispense them for specific matched patients under the control of a central system.

The NZBS Board approved the business case for eTraceline in late May 2015 and the process of planning for implementation has commenced. The target date for go-live is Easter 2017, although this has not been finalised.

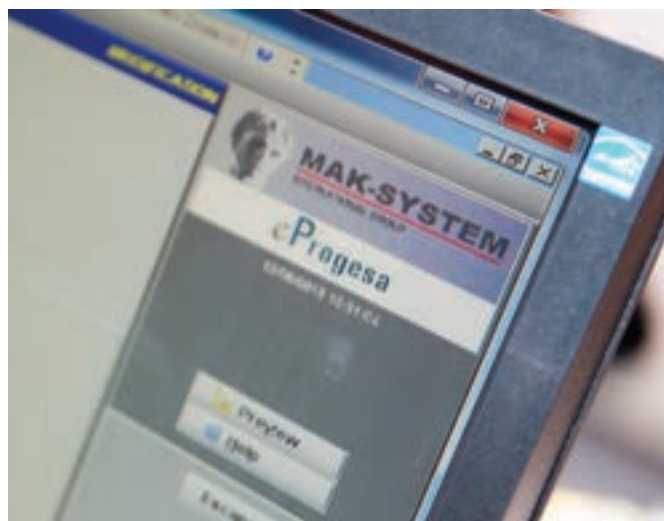
Semestial patch

Every 18 months or so, NZBS is obliged to apply a "semestial patch" to the eProgesa Blood Management System. The semestial patch is a collection of software updates made by the vendor for any of their eProgesa customers.

eProgesa is a critical system which is subject to regulatory oversight, therefore a rigorous testing process is required prior to any upgrade. This ensures that existing software defects are fixed and no new defects are introduced. For NZBS, the cycle of testing has been repeated as there have been multiple versions of the semestial patch released.

The end is now in sight for this effort. Once testing is completed, the updated version of eProgesa will go into live use. There will be minor changes to the system introduced at go-live and this will require updated documentation and training for users.

It is in the nature of large software systems that after a period of time, the whole process will begin again. A new semestial patch will be chosen for implementation, and the same testing effort will once again be required.



Being a good employer

Good Employer Elements of NZBS Activity in 2014/2015

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 2014/15 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.

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 EEO obligations in our recruitment processes and practices.
- Efficiency, sustainability and cost effectiveness remain a key focus as NZBS continues to rise to the challenge of scrutinising our business in response to changing product demands and subsequent shifts in collection and manufacturing volumes.
- Biannually, NZBS undertakes a Workforce Engagement Survey to gain feedback from staff on a range of issues including measuring the impact of our 'Good Employer' policies, leadership and culture. Results from the survey in 2014 have been discussed with staff and changes are underway to enhance staff engagement and commitment.
- In March 2015 we commenced a new initiative called Process Excellence (PEX) combining the methodologies of Lean Thinking, Six Sigma and Design Excellence. Over the next few years we will be working to embed a Process Excellence philosophy in the

organisation and impart the necessary skills to a wide range of operational staff. Staff project members will learn skills as part of a repeatable improvement model to measure, analyse and improve processes, creating breakthrough results in quality, operational excellence and customer service.

- The NZBS Leadership Programme continues to be provided to new frontline and support leaders. It is anticipated the programme will be reviewed in the next 12 months with new elements related to Process Excellence incorporated.
- The NZBS Board and senior management support the continued development of a positive workplace culture in which Health and Safety (H&S) is part of everyday business. NZBS achieved tertiary level at our first ACC WSMP (Workplace Safety Management Practices) audit in 2013, and the next external audit is due in August 2015.
- Quarterly H&S reports to the Board include progress against key H&S performance indices and H&S projects, internal audits, systems reviews, incidents and ACC benchmarking data/trends. We also benchmark key H&S metrics with the Australian Red Cross Blood Service.
- Staff members are encouraged to contribute to the continuous improvement of NZBS H&S systems by raising issues, generating ideas and participating in H&S policy reviews through their H&S representatives and via the mechanism of regional and national H&S Committees.
- The NZBS Māori Staff Advisory Group have played a key role in the cultural elements incorporated into the design of the new Christchurch Blood Centre. We are especially delighted to acknowledge the Tohu which proudly stands at the entrance to the new facility, designed by Frances Te Amo a long standing employee (Medical Laboratory Technician) and member of the Advisory Group.

Recruitment, Selection and Induction

- NZBS continues to work collaboratively with District Health Board (DHB) colleagues on the Kiwi Health Jobs website and associated recruitment initiatives demonstrating an impressive increase in the profile and usage of this sector-wide job board.
- The NZBS recruitment career website has been mobile optimised. Prospective employees are shown role specific videos outlining key professions and provided with information allowing us to target and recruit those people we wish to work in our changing organisation.
- NZBS has developed systems to ensure compliance with worker safety checks required from 01 July 2015 under the Vulnerable Children Act 2014.
- New interactive informative programmes have been developed for Employee, Student and Contractor inductions delivered through our NZBS Moodle eLearn site, also ensuring H&S compliance. The 'Welcome to NZBS' module for new employees, utilises a pictorial process outlining our "Gift of Blood" vein to vein process, showing the contribution that each of us makes in the process of ensuring that our strategic purpose is achieved.

Employee Development, Promotion and Exit

- The first Process Excellence team was formed in Christchurch involving operational staff members to work on process improvement. The project team was supported by an external consultant, a steering committee and relevant subject matter experts. Project team members were coached in a range of tools, such as Lean Thinking, Six Sigma and Design Excellence and developed other skills, such as leading change, along the way. This was an excellent development opportunity for our future leaders. It also directly responds to





feedback from the 2014 Workplace Engagement Survey, where staff highlighted that they wanted to be more directly involved in project activities to improve the workplace.

- Implementation of a new nursing leadership structure in collections with Regional Charge Nurses supported by Clinical Nurse Leaders and a Clinical Coach.
- Expansion of the Donor Technician training and skill set to include plasmapheresis procedures under the supervision of a Registered Nurse provides greater job satisfaction for these important members of the Collections team.
- Continued support for nurses to manage nurse-led Haemochromatosis patient clinics through a training programme delivered collaboratively by our Professional Development Team and Medical Officers. Evaluation has been positive showing how greater knowledge and skills can support Haemochromatosis patients to manage their condition.
- 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.
- Further compliance related training modules have been added 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.
- NZBS staff are provided with access to online educational and clinical journals, Professional Development & Recognition Programme (PDRP) framework for Nursing and Registered Donor Technicians, and Laboratory staff are provided with a library and suite of resources to support 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 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.

Flexibility and Work Design

- The new Blood Centre in Lester Lane Christchurch was proudly opened on 10 November 2014. Built in partnership with Ngāi Tahu Property, this state-of-art facility has been built with careful thought to work processes, customer experience and both current and future needs.
- In 2015, planning for the redevelopment of the Laboratory areas of the Auckland Donor Centre in Epsom, will commence to address space and regulatory requirements.
- NZBS has systems and processes in place to support staff requiring rehabilitation associated with illness or injury. Manual handling education remains a key H&S focus with the ongoing provision of the 'MoveSafe' eLearning programme and practical skills workshop to provide tools and guidance on lifting techniques, workstation setup and practices to ensure prevention of pain and discomfort.

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. In response to feedback in the 2014 Workplace Engagement Survey, this framework will be refreshed in 2015 with the assistance of a staff focus group.
- The Life Blood Award for 2014 was presented to Stefen Hasselberg (IS Business Applications Team, Christchurch) related to his work in supporting the development of our eLearning resources.
- The 2014 Dr Graeme Woodfield Shield was presented to Suzanne Labuschagne, (Registered Nurse, Waikato) for leading the pilot to train Qualified Donor Technicians in the technique of plasmapheresis.

- The 2014 Sir John Staveley Scholarship was presented to Kaye Mayo (Medical Laboratory Scientist, Component Processing, Wellington), who used the scholarship to fund visits associated with the investigation of pathogen reduction technologies at NHS Blood and Transplant (NHSBT) Filton, England and two other European sites. Kaye provided a report and presented at the NZBS TRACE conference in August 2015 on what she learned.
- Centralisation and co-ordination of internal NZBS grants for external study continues.

Harassment and Bullying Prevention

- NZBS has a robust policy and system for preventing and managing harassment and bullying in the workplace which we believe aligns with the recently released February 2014 WorkSafe NZ 'Best Practice Guidelines on Preventing and 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'.
- NZBS provides a confidential EAP (Employee Assistance Programme) available 24 hours a day, accessible to all staff.

Safe and Healthy Environment

- NZBS continues a focus on a range of initiatives to support the safety and health of our employees and meeting obligations to our donors, contractors and all who visit and interact with our organisation in any capacity.
- Some of these initiatives include:
 - A project to identify best roster practices involving staff and unions.
 - The cyclic review and updating of the NZBS Hazard and Hazardous Substances Registers.
 - Regular internal health and safety audits assisted by our elected staff H&S representatives.
 - Review of the NZBS Emergency Plan and procurement of equipment to increase NZBS's capacity and resilience during an emergency event or civil disaster situation.
 - Development of separate new online H&S induction modules for employees, students and contractors.
 - Ongoing oversight and review of the NZBS Blood and Body Fluid Exposure Management process.
 - Provision of H&S Representative training and a range of H&S mandatory training, relevant to risks and hazards associated with specific workplaces and practices, ensuring staff understand potential risks and are safe.
- All new managers to NZBS attend 'Foundations for Safety Leadership' training.
- Continuation of the NZBS Wellbeing Programme, including provision annually of a free Influenza Vaccination Programme for all staff and pre-employment hepatitis B screening and immunisation programme.

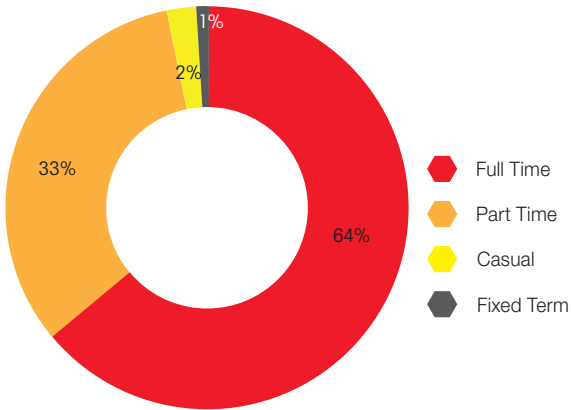
Looking Forward

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

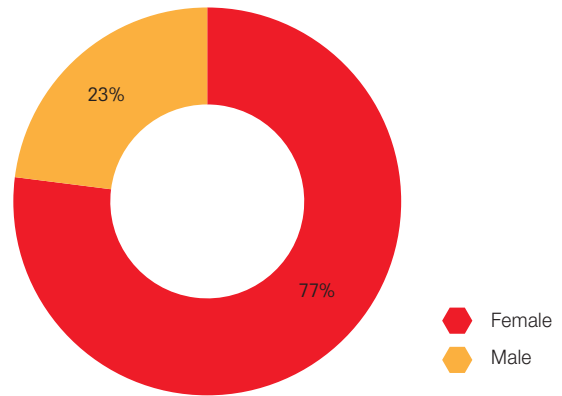
- As an organisation committed to meeting the needs of patients across the health sector, a range of initiatives are underway to review and respond to changing demands for products and services.
- Review of the H&S programme, policies and procedures in order to ensure alignment with new H&S Legislation expected to be promulgated in late 2015 or early 2016.
- Progressing of plans for the redevelopment of the Epsom Laboratory site and plans to address crucial space requirements at both Auckland and Christchurch Blood Banks.

NZBS workforce profile - total organisation

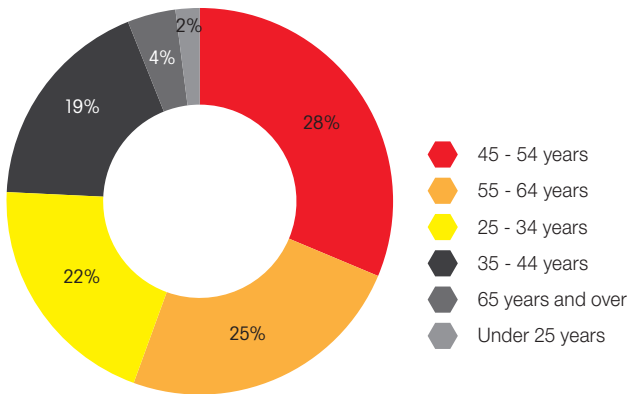
Total Staff 562



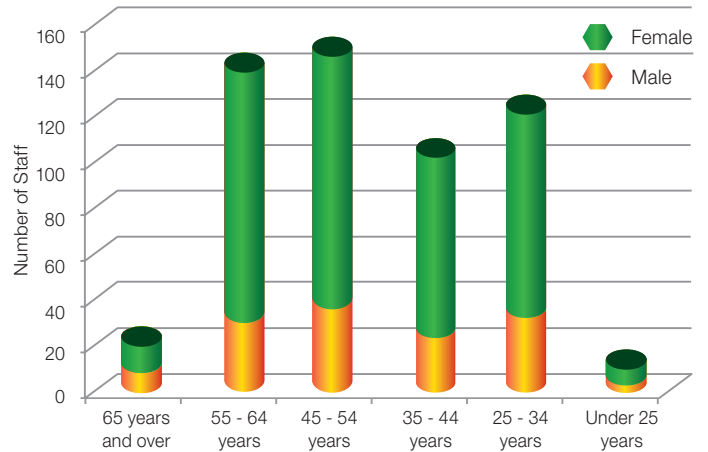
Gender



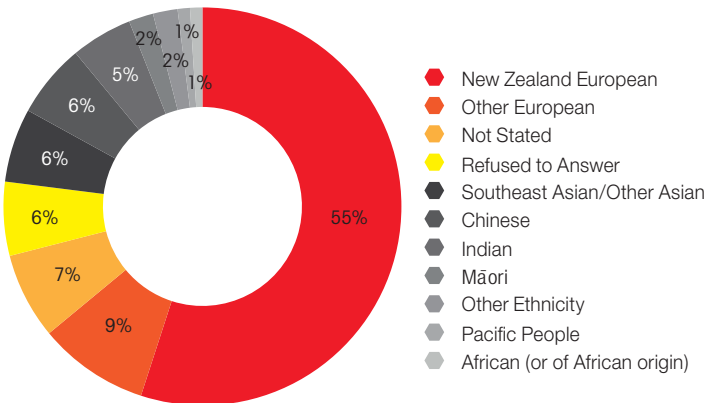
Age Distribution



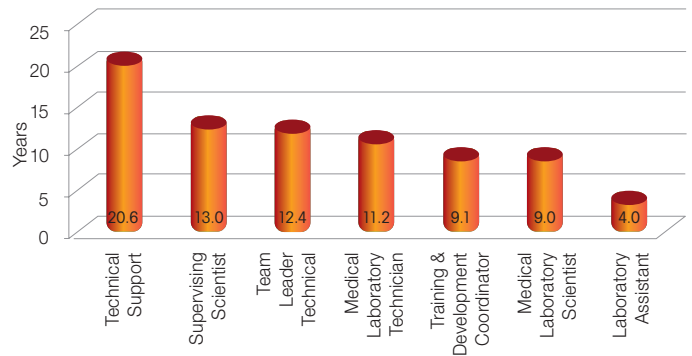
Age and Gender Distribution



Ethnicity

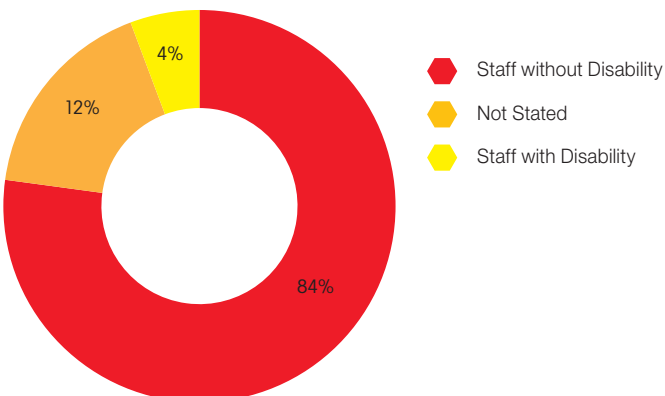


Average Length of Service - Technical Services*

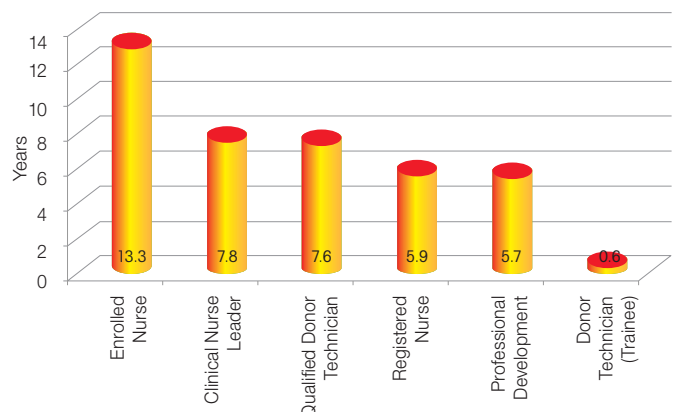


*Does not include logistics

Disability



Average Length of Service - Donor Services**



**Does not include Recruitment and Administration

Statement of Trends - Actual Outcomes and Forward Outlook

Commencing 1 July 2010 through to 30 June 2018

KEY INDICATORS	ACTUAL OUTCOMES					FORWARD OUTLOOK			
	2010/11 Year	2011/12 Year	2012/13 Year	2013/14 Year	2014/15 Year	2015/16 Year	2016/17 Year	2017/18 Year	
COLLECTIONS & PRODUCTION VOLUMES									
Donor Population									
- Active Donors at 30 June each year	128,412	126,041	121,167	112,744	109,158	115,500	115,500	115,500	
- New Zealand population - stated in 000s	4,384.00	4,408.10	4,442.10	4,509.90	4,565.80	4,622.40	4,679.80	4,737.80	
- Active donors as a % of the total population	2.93%	2.86%	2.73%	2.50%	2.39%	2.50%	2.47%	2.44%	
Collection Volumes									
- Donation collection volumes	180,655	181,822	169,527	157,314	164,973	167,575	168,350	168,425	
- Donor to donation ratio - average donation frequency per donor	1.41	1.44	1.40	1.40	1.51	1.45	1.46	1.46	
Production Volumes									
- Red cells - units	138,093	132,152	120,683	110,483	111,750	108,348	108,977	108,624	
- Platelets - adult doses	19,553	20,357	20,519	19,202	18,625	16,675	16,811	17,138	
- Cryoprecipitate - units	3,358	4,632	4,413	4,979	5,123	5,225	5,321	5,435	
- Plasma - units	19,890	20,621	19,767	15,675	16,367	17,661	17,802	17,961	
- Source plasma issued for fractionation manufacturing - kgs	49,546	54,308	52,941	52,881	59,333	62,571	62,785	62,803	
KEY PRODUCT & SERVICE DEMAND VOLUMES									
Key Blood Product Volumes - as issued									
Fresh Products									
- Total red cells - units	126,745	122,058	114,773	108,653	107,992	105,950	106,700	106,400	
- Total platelets - adult doses	13,593	15,306	14,535	14,672	13,994	14,200	14,600	14,900	
- Cryoprecipitate - units	3,322	4,194	4,216	4,753	4,996	5,000	5,100	5,200	
- Total clinical FFP plasma - units	19,644	20,135	17,980	14,801	16,672	16,700	16,850	17,000	
Fractionated Product									
- Immunoglobulin - intragam - grams	259,779	275,703	265,779	274,836	300,219	311,000	321,800	333,200	
- Immunoglobulin - evogam - grams	8,299	9,386	10,744	22,434	33,255	33,640	34,880	36,120	
- Biostat (Factor VIII) - 500iu equivalent vials	7,093	6,853	7,310	7,233	8,567	8,000	8,000	8,000	
Total Fresh Product units issued per 1000 head of population	37.25	36.68	34.11	31.68	31.46	30.69	30.61	30.29	
Key Service Volumes - as supplied									
- Patient antibody screens	142,399	143,327	144,267	144,998	142,972	140,000	137,500	135,000	
- Patient blood groupings	146,644	147,491	148,382	149,151	147,375	144,000	141,000	139,000	
- Patient compatibility testing	127,265	123,563	114,418	109,302	111,857	108,500	108,250	108,125	
- Antibody screens for patients awaiting organ transplants	7,260	7,444	7,941	7,883	8,329	8,242	8,302	8,350	
- Tissue typing associated with transplant patients / donors	6,650	5,925	5,838	5,713	6,135	5,939	5,984	6,017	
NZBS PRICING TRENDLINE versus CPI BENCHMARK - Based off June 2007 Position									
- Compound all groups CPI % movement	13.43%	14.51%	15.29%	17.16%	17.45%	19.12%	21.08%	23.53%	
- Compound NZBS price % movement (net any price rebate paid)	6.62%	7.24%	10.45%	10.37%	10.37%	10.93%	12.89%	15.22%	
- Compound NZBS price differential versus the compound CPI index	(6.81%)	(7.27%)	(4.84%)	(6.79%)	(7.08%)	(8.19%)	(8.19%)	(8.31%)	
EARNINGS PERFORMANCE									
- Total blood product revenue (\$000s)	83,482	85,982	84,668	83,903	89,946	90,513	93,518	96,593	
- Total services revenue (\$000s)	16,903	17,334	17,921	19,864	21,155	20,507	20,627	20,927	
- Overseas revenue (\$000s)	1,404	1,662	1,315	1,693	675	684	860	928	
- Other revenue (including interest earned) (\$000s)	493	523	986	535	779	596	507	494	
- Total revenues - pre DHB price rebates (\$000s)	102,282	105,501	104,890	105,995	112,555	112,300	115,512	118,942	
- Revenue growth %	2.94%	3.15%	(0.58%)	1.05%	6.19%	(0.23%)	2.86%	2.97%	
- Full time equivalent employees - FTEs	476.30	490.31	490.25	471.49	508.64	505.10	499.10	499.10	
- Revenue per full time equivalent employee (\$000s)	214.74	215.17	213.95	224.81	221.29	222.33	231.44	238.31	
- Reported surplus / (deficit) before DHB price rebates (\$000s)	9,252	3,447	(2,105)	2,864	8,256	(15)	(978)	1,097	
- Price rebates to DHBs (\$000s)	-	-	-	2,000	3,550	-	-	-	
- Reported surplus / (deficit) after DHB price rebates (\$000s)	9,252	3,447	(2,105)	864	4,706	(15)	(978)	1,097	
FINANCIAL POSITION (\$000s)									
- Total equity	34,905	38,352	36,247	37,111	41,817	41,802	40,824	41,921	
- Total non-current borrowings	4,057	3,822	4,495	4,150	4,069	3,982	3,889	3,788	
- Total assets	53,512	57,959	59,082	61,555	68,506	65,038	66,677	69,210	
- Working capital	29,861	30,297	28,788	31,183	36,992	37,337	32,990	35,242	
- Inventory stock turn (times per annum)	4.43	4.27	3.98	4.58	4.09	4.00	4.15	4.34	
- Receivables - days sales outstanding (days)	36.14	36.47	32.28	37.73	35.83	36.61	35.92	35.88	
DEBT / EQUITY GEARING									
- Equity ratio %	89.59%	90.94%	88.97%	89.94%	91.13%	91.30%	91.30%	91.71%	
- Debt ratio %	10.41%	9.06%	11.03%	10.06%	8.87%	8.70%	8.70%	8.29%	
CASH FLOWS (\$000s)									
- Cash flow derived from operating activities	7,222	5,732	4,180	8,160	5,803	(412)	4,138	5,910	
- Investing activities - investments & capital expenditure	(5,021)	(6,348)	(7,370)	(7,399)	(2,943)	(4,783)	(5,219)	(4,874)	
- Financing related activities - borrowing & debt repayment	(204)	(219)	753	(316)	(276)	(80)	(87)	(94)	
- Cash movement in the financial year - (xxx) = cash reduction	1,997	(835)	(2,437)	445	2,584	(5,275)	(1,168)	942	
- Cash position at balance date (\$000s)	10,841	10,006	7,569	8,014	10,598	5,323	4,155	5,097	
BANKING COVENANT COMPLIANCE									
- Adjusted total tangible assets (TTA) (\$000s)	50,996	52,769	53,204	56,387	63,902	58,517	57,035	60,160	
- Calculated bank equity - (TTA minus total liabilities) (\$000s)	32,389	33,162	30,369	31,943	37,213	34,828	30,729	32,417	
- Bank equity ratio % - requirement of a minimum 30% of adjusted TTA	63.51%	62.84%	57.08%	56.65%	58.23%	59.52%	53.88%	53.88%	
- Surplus before interest, depreciation & DHB price rebates (EBITDA)-(\$000s)	12,589	6,845	1,968	6,904	12,116	4,871	3,662	5,810	
- Interest cover ratio - minimum 1 times cover of EBITDA	60.90	37.57	11.90	31.51	41.79	19.10	13.36	24.41	

FINANCIAL STATEMENTS

for the year ended 30 June 2015

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



New Zealand Blood Service Statutory Disclosures For the year ended 30 June 2015

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 2015. 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 sets financial targets for the entity at the beginning of the 2014/15 financial year and continuously monitors actual performance against these targets during the course of the year. The 2014/15 year saw a general uplift in demand particularly for immunoglobulin product which experienced a 12.2% volume growth. These increased demand volumes favourably impacted the year's financial performance delivering strong earnings such that a Price Rebate to DHBs of \$3.55m was confirmed in June 2015.

NZBS is reporting a surplus of \$4.7m for the 2014/15 financial year. This strong earnings result has assisted in ensuring NZBS is in a sound financial position at 30 June 2015 and well positioned to meet future challenges. Looking to the future the Board took appropriate steps during the 2014/15 financial year to mitigate a financial risk associated with fractionated product manufacture and established an Adverse Fractionation Event reserve with an opening balance of \$3.0m - refer *Note 20 of the Notes to and forming part of the Financial Statements*.

Key financial performance indicators for the 2014/15 financial year are set out below.

Financial Performance Indicators	2014/15	2014/15	2013/14
	Actual	Budget	Last Year
Total Revenue (\$000s)	112,555	107,769	105,995
Declared Price Rebate to District Health Boards (\$000s)	3,550	-	2,000
Total Expenses (\$000s)	104,298	108,744	103,131
Reported Surplus / (Deficit) (\$000s)	4,706	(975)	864
Capital charge (8% on equity) paid to Crown (\$000s)	3,236	2,780	2,971
Total Assets (\$000s)	68,506	59,030	61,555
Cash generated from Operating Activities (\$000s)	5,803	5,330	8,160
Capital investment (\$000's)	3,329	4,920	2,543
Equity plus Non Current Borrowings (\$000s)	45,886	39,244	41,261
Equity Ratio %	91.13%	87.29%	89.94%
Debt Ratio % (based on non current external borrowings)	8.87%	12.71%	10.06%
Banking Ratio - times EBITDA (minimum 1 times)	51.66	14.91	31.51
Banking Ratio - Bank defined Equity to Total Tangible Assets (minimum 30%)	58.23%	53.68%	56.65%

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 156 of the Crown Entities Act 2004. Remuneration of the auditor was as follows:

Description	Audit Year	30 June 2015	30 June 2014
Audit fees for financial statement audit	2015	104,000	-
Audit fees for financial statement audit	2014	-	101,300

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	Date of Appointment	30 June 2015	30 June 2014
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	16,000
Mrs Victoria Kingi	Appointed 26 February 2014	16,000	5,333
Total Board Members' remuneration		116,000	105,333

Board Members' Interests - Related Party Transactions

NZBS operates an Interest Register under a continuous disclosure regime with the Register reviewed at every Board meeting. NZBS has two Board Members with a relationship to organisations that NZBS transacts business with. The Board has assessed these potential related party transactions under the new International Public Sector Accounting Standards (IPSAS) and concluded the transactions do not satisfy the 'control' requirement as defined in those Standards, consequently disclosure is not required.

**New Zealand Blood Service
Statutory Disclosures
For the year ended 30 June 2015**



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.

Directions issued by Ministers

The New Zealand Blood Service received no NZBS specific ministerial directives in the 2014/15 financial year. One whole of government direction under s107 of the Crown Entities Act 2004 was received during the year in relation to Procurement Rules of Sourcing. The rules support best practice government procurement and came into effect on 1 February 2015.

Donations

No donations were made by the entity during the year ended 30 June 2015. (2014: Nil).

Insurance

The New Zealand Blood Service carries insurance cover to protect Board Members and its employees from legal liability arising from the carrying out of their duties. NZBS has 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 2015 No. Employees	30 June 2014 No. Employees
\$100,000 - 109,999	12	4
\$110,000 - 119,999	7	6
\$120,000 - 129,999	2	5
\$130,000 - 139,999	3	2
\$140,000 - 149,999	1	1
\$150,000 - 159,999	1	2
\$160,000 - 169,999	2	1
\$170,000 - 179,999	-	-
\$180,000 - 189,999	-	-
\$190,000 - 199,999	4	3
\$200,000 - 209,999	-	2
\$210,000 - 219,999	1	-
\$220,000 - 229,999	1	-
\$230,000 - 239,999	1	1
\$240,000 - 249,999	2	1
\$250,000 - 259,999	1	1
\$260,000 - 269,999	-	1
\$310,000 - 319,999	-	-
\$320,000 - 329,999	1	1
\$340,000 - 349,999 *	-	1
\$350,000 - 359,999 *	1	-
	40	32

* Chief Executive Officer
* 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 2015 two employees received termination payments totalling \$64,035. (2014:\$249,637).

David Chamberlain
Board Chairman
27 August 2015

David Wright
Board Deputy Chairman
27 August 2015

**New Zealand Blood Service
Financial Statements
for the year ended 30 June 2015**



Table of Contents

Statement of Comprehensive Revenue and Expense

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

1. Statement of Accounting Policies
2. Revenue from Overseas and Other Revenue
3. Cost of Consumables and Changes in Inventory
4. Employee Benefit Expenses
5. Other Expenses
6. Finance Cost
7. Revaluation of Derivative Financial Instruments
8. Cash and Cash Equivalents
9. Trade and Other Receivables
10. Investments
11. Inventories
12. Derivative Financial Instruments
13. Property Plant and Equipment
14. Intangible Assets
15. Trade and Other Payables
16. Premises Reinstatement Provision
17. Employee Benefit Liabilities
18. Rent Accrued
19. Borrowings
20. Equity
21. Reconciliation of Surplus to Cash from Operating Activities
22. Capital Commitments and Non-Cancellable Operating Leases
23. Contingencies
24. Related Party Transactions
25. Board Members' Remuneration
26. Employee Remuneration Range
27. Termination Payments
28. Events after Balance Date
29. Segmental Reporting
30. Financial Instrument Categories
31. Fair Value Hierarchy Disclosures
32. Financial Instruments Risks
33. Capital Management
34. Explanation of Major Variances against Budget
35. Adjustments arising on transition to New PBE Standards

**New Zealand Blood Service
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2015**



	Note	Actual 2015	Budget 2015	Actual 2014
Revenue				
Revenue from supplying blood products		89,945,808	86,776,250	83,902,852
Revenue from supplying services		21,154,470	19,587,630	19,863,721
Revenue from overseas sales	2	675,273	989,620	1,693,151
Interest income		708,754	409,039	464,854
Other income	2	70,350	6,500	70,543
		112,554,655	107,769,039	105,995,121
Less Price Rebate to District Health Boards		(3,550,000)	-	(2,000,000)
Total revenue		109,004,655	107,769,039	103,995,121
Expenditure				
Cost of consumables and changes in Inventory	3	35,434,969	39,991,232	39,454,186
Employee benefit expense	4	39,562,019	39,312,550	37,004,966
Depreciation and amortisation	13 & 14	3,569,529	4,284,968	3,821,211
Other expenses	5	26,321,174	25,101,649	22,550,051
Finance costs	6	289,895	282,350	257,483
Revaluation of derivative financial instruments	7	(879,287)	(228,710)	43,366
Total Expenses		104,298,299	108,744,039	103,131,263
Surplus / (deficit) for the period		4,706,356	(975,000)	863,858
Other comprehensive revenue and expense		-	-	-
Total other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense for the period		4,706,356	(975,000)	863,858

Explanations of significant variances against budget are detailed in Note 34.

The accompanying notes form part of these financial statements

New Zealand Blood Service
Statement of Financial Position
As at 30 June 2015



	Note	Actual 2015	Budget 2015	Actual 2014
Assets				
Current Assets				
Cash and Cash Equivalents	8	10,598,406	4,927,409	8,014,085
Trade and Other Receivables	9	12,511,142	12,303,928	12,469,428
Investments	10	8,000,000	6,000,000	8,000,000
Inventory	11	24,366,599	20,881,200	20,466,145
Derivative Financial Instruments	12	583,623	-	-
Total Current Assets		56,059,770	44,112,537	48,949,658
Non Current Assets				
Property, Plant and Equipment	13	7,842,120	9,369,119	7,437,137
Intangible Assets	14	4,604,415	5,548,231	5,168,083
Total Non Current Assets		12,446,535	14,917,350	12,605,220
Total Assets		68,506,305	59,029,887	61,554,878
Liabilities				
Current Liabilities				
Trade and Other Payables	15	13,018,421	11,059,104	11,876,605
Premises Reinstatement Provision	16	61,076	-	21,864
Employee Benefit Entitlements	17	5,838,611	5,000,995	5,453,247
Derivative Financial Instruments	12	-	351,676	295,664
Borrowings	19	149,764	150,250	344,943
Total Current Liabilities		19,067,872	16,562,025	17,992,323
Non Current Liabilities				
Premises Reinstatement Provision	16	1,538,106	1,173,850	991,506
Employee Benefit Entitlements	17	1,558,552	1,531,350	1,310,509
Rent Accrued	18	455,317	518,250	-
Borrowings	19	4,069,232	4,987,400	4,149,670
Total Non Current Liabilities		7,621,207	8,210,850	6,451,685
Total Liabilities		26,689,079	24,772,875	24,444,008
Net Assets		41,817,226	34,257,012	37,110,870
Equity				
Crown Equity	20	15,716,696	15,716,696	15,716,696
Accumulated Comprehensive Revenue and Expense		23,100,530	18,540,316	21,394,174
Adverse Fractionation Event Reserve		3,000,000	-	-
Total Equity		41,817,226	34,257,012	37,110,870

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

David Chamberlain
Board Chairman
27 August 2015

David Wright
Board Deputy Chairman
27 August 2015

The accompanying notes form part of these financial statements

**New Zealand Blood Service
Statement of Changes in Equity
For the year ended 30 June 2015**



	Note	Actual 2015	Budget 2015	Actual 2014
Opening balance		37,110,870	35,232,012	36,247,012
Transfer from Accumulated Comprehensive Reserve and Expense to Adverse Fractionation Event Reserve		(3,000,000)	-	-
Total Comprehensive Revenue and Expense for the year ended 30 June		4,706,356	(975,000)	863,858
Adverse Fractionation Event Reserve		3,000,000	-	-
Contribution from owners		-	-	-
Closing Balance	20	<u>41,817,226</u>	<u>34,257,012</u>	<u>37,110,870</u>

The accompanying notes form part of these financial statements

New Zealand Blood Service Statement of Cashflows For the year ended 30 June 2015



	Note	Actual 2015	Budget 2015	Actual 2014
Cash Flows from Operating activities				
Receipts from Blood Products and Services Revenue		110,945,057	106,365,176	102,729,186
Interest Received		327,371	157,039	284,875
Receipts from Other Revenue		572,792	704,176	1,037,483
Payments to Employees		(38,835,820)	(38,991,831)	(37,213,390)
Payments to Suppliers		(61,600,052)	(59,889,278)	(55,649,473)
Distribution of Price Rebate to District Health Boards		(2,000,000)	-	-
Interest Paid		(291,162)	(236,850)	(257,774)
Capital Charge Payments		(3,236,400)	(2,779,600)	(2,971,320)
Net GST received from/(paid to) IRD		(79,065)	1,359	199,920
Net Cash from Operating Activities	21	5,802,721	5,330,191	8,159,507
Cash Flows from Investing activities				
Interest Received		334,608	252,000	123,893
Acquisition of investments - term deposits		(12,000,000)	(11,000,000)	(12,016,778)
Receipts from maturity of investments - term deposits		12,000,000	11,000,000	7,016,778
Proceeds from sale of Property, Plant and Equipment		51,408	20,000	20,444
Purchase of Intangible Assets		(182,512)	(805,000)	(92,968)
Purchase of Property, Plant and Equipment		(3,146,287)	(4,114,700)	(2,450,027)
Net Cash from Investing activities		(2,942,783)	(4,647,700)	(7,398,658)
Cash Flows from Financing activities				
Proceeds from Borrowings - finance lease		-	1,000,000	-
Repayment of Borrowings - finance lease		(275,617)	(356,963)	(315,668)
Net Cash from Financing activities		(275,617)	643,037	(315,668)
Net (Decrease) / Increase in Cash, Cash Equivalents and Bank Overdraft		2,584,321	1,325,528	445,181
Cash, Cash Equivalents and Bank Overdraft at the beginning of the Year		8,014,085	3,601,881	7,568,904
Cash, Cash Equivalents and Bank Overdraft at the end of the Year	8	10,598,406	4,927,409	8,014,085

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's ultimate parent is the New Zealand Crown.

NZBS is a public benefit entity as 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 (PBE) for the purposes of applying the Public Benefit Entities Accounting Standards (PBE Standards), issued by the External Reporting Board (XRB).

The financial statements for NZBS are for the year ended 30 June 2015, and were approved by the Board on 27 August 2015.

(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 New Zealand generally accepted accounting practice (NZ GAAP), in accordance with Tier 1 PBE Standards. They comply with PBE Standards, as appropriate for PBEs.

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. The functional currency of NZBS is New Zealand dollars.

Standards adopted

On 1 July 2014, NZBS adopted a new suite of GAAP accounting standards, PBE Standards.

The adoption of PBE Standards is based on a decision made by the External Reporting Board (XRB) in 2011, to move the accounting standards framework in New Zealand to a multi-standards framework. Under the multi-standards framework public benefit entities are required to report under a new suite of standards, the PBE Standards.

The financial statements contained in this 2014/2015 Annual Report, for the financial year ended 30 June 2015, is the first set of PBE Standards compliant financial statements. The comparative 2013/2014 financial results are required to be restated (where applicable) as part of NZBS's transition from NZ IFRS PBE Standards to the new PBE Standards.

The new PBE Standards are based on International Public Sector Accounting Standards (IPSAS), which are themselves based on International Financial Reporting Standards (IFRS). There were no major changes to accounting policies (refer note 35).

(3) Standards and interpretation issued and not yet adopted

NZBS adopted the full PBE Standards for the first time for the reporting period beginning on 1 July 2014. There were no new PBE Standards, amendments and interpretations issued but not yet effective that have been early adopted.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



1. Statement of Accounting Policies

(4) Significant Accounting Policies

Revenue

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

The specific accounting policies for significant revenue items are explained below;

Sale of Products

Revenue from the sale of products is recognised at the time the risk and effective ownership transfers to the customer.

Provision of Services

Revenue from the rendering of services is recognised as the services are provided.

Price Rebate to District Health Boards

NZBS also considers annually in accordance with its Financial Guidelines Policy, price rebates to District Health Boards which if elected by the Board to be paid are recognised at the point of decision and deducted from the amount of revenue received or receivable.

Interest Income

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. 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 or 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.

1. Statement of Accounting Policies

Inventories

Inventories are measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (i.e. donated goods) for no cost or for a nominal cost, the cost of the inventory is its fair value at the date of acquisition. However, as NZBS is not legally permitted to purchase blood from the public, the accounting fair value of blood from donors is considered nil. Therefore the cost of inventories comprise all costs of collection, costs of conversion, and any other costs incurred in bringing the inventories to their present location and condition.

After initial recognition, inventory is measured at the lower of cost and net realisable value. The cost of inventory is determined using the FIFO or weighted average methods. The valuation includes allowance for slow moving items. Obsolete inventories are written off.

The write-down from cost to net realisable value is recognised in the surplus or deficit except for fractionated derived products manufactured from New Zealand sourced plasma (refer below).

Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of NZBS operation.

Fractionated derived products manufactured from a principal plasma pool

Fractionated derived products are manufactured into finished blood products by a third party manufacturer on a "toll" manufacturing basis using NZBS provided source plasma. Fractionated derived products in the main are manufactured from either 7.8 or 10.4 tonne plasma pools and the NZBS rolling manufacturing plan generally allows for 6 production pools in a financial year. The driver product group within the manufacturing process is the immunoglobulin product represented by Intragam P and Evogam product.

The principal pool work in progress (WIP) is included at full standard cost as the final output that the manufacturer must produce is locked in via the agreed production plan for a pool and contract yields per the toll manufacturing agreement. This high level of certainty enables the WIP to be viewed in the same light as finished fractionation product for the purposes of inventory valuation.

Valuation of fractionated derived products from these plasma pools, both finished goods and WIP, is based on allocating the actual input cost of manufacturing a plasma pool (NZBS source plasma input plus third party toll fractionation manufacturing fee) to prorated finished/WIP product output using actual product plasma yield, reported by the manufacturer.

Post this product cost allocation if there are any products where cost exceeds the net realisable value then that cost excess is reallocated to the driver product group.

Financial Assets

NZBS classifies its financial assets within the scope of *PBE IPSAS 29 Financial instruments: Recognition and Measurement* into the following four categories: (1) financial assets at fair value through surplus or deficit, (2) loans and receivables, (3) held to maturity Investments or (4) available for sale financial assets. 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 surplus or deficit in which case they are initially measured at fair value and 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 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 subsequent measurement of financial assets depends on their classification. The four categories of financial assets are:

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



1. Statement of Accounting Policies

Category (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.

Category (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, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Category (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 to maturity. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit. Currently, NZBS does not hold any financial assets in this category.

Category (4) Available for sale financial assets

Non-derivative financial assets that are designated as available for sale or are not classified as either category (1) : financial assets at fair value through surplus or deficit, category (2) : loans and receivables or category (3) : held to maturity investments. This 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 revenue and expense, the cumulative loss recognised in other comprehensive revenue or expense is reclassified from equity to the surplus or deficit.

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.

Financial Liabilities

NZBS classifies its financial liabilities within the scope of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* as either financial liabilities at fair value through surplus or deficit or loans and borrowings at amortised cost. The classification of financial liabilities are determined on initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs.

NZBS's financial liabilities include trade and other payables, loans and borrowings.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Transactions denominated in foreign currency are reported at the reporting date by applying the exchange rate on that date. 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 manage exposure to foreign exchange risks arising from operational activities. In accordance with its Treasury Management 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.

1. Statement of Accounting Policies

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 are recognised as incurred in the surplus or deficit.

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.

Intangible Assets

Acquired computer software licences 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

Changes in the expected useful life or the expected pattern of consumption are treated as changes in accounting estimates.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



1. Statement of Accounting Policies

Impairment of non-financial assets

NZBS does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss 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. 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 23 - 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.

Adverse Fractionation Event Reserve and Matching Investment Fund

NZBS collects source plasma and contracts a third party to manufacture that source plasma, via a complex series of processes known as fractionation, to produce a range of derived fractionation products for use within the New Zealand health sector. The manufacturing contract clearly defines the party's respective risks and responsibilities inclusive of financial risk attribution should certain of those risks inherent in the manufacturing process actually occur. NZBS attributed financial risks have, based on historical performance, been classified as being of low frequency but with a potentially high financial impact if an event did occur.

Accordingly NZBS has elected to mitigate this manufacturing financial risk with the establishment of the Adverse Fractionation Event Policy that mandates the establishment of an Adverse Fractionation Event Reserve within the Equity section of the Statement of Financial Position that is complemented by a matching term deposit fund to ensure access to liquidity in the event of an adverse event occurring.

Under this policy NZBS is required to assess, on an annual basis, the upper level of potential financial risk, the current level of the reserve and whether further funds should be transferred to the reserve with matching liquidity also required to then be set aside.

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 plus any subsequent equity injections.
- *Accumulated Comprehensive Revenue and Expense* - is the accumulated surplus/deficit since NZBS establishment.
- *Adverse Fractionation Event Reserve* - is the transfer from accumulated comprehensive revenue and expense commencing financial year ending 30 June 2015. The reserve has been established to mitigate the financial manufacturing risk associated with the production of fractionated derived products.

Goods and Services 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.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



1. Statement of Accounting Policies

Budget figures

The budget figures are those approved by the Board of NZBS at the beginning of the year as presented in the *Annual Statement of Performance Expectations*. The budget figures have been prepared in accordance with NZ GAAP and comply with NZ GAAP, 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

NZBS has adopted the PBE Standards for the first time and applied PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs*. There were no substantive differences on adoption of PBE Standards that would result in a significant impact on NZBS.

The nature and effect of the differences that are relevant to NZBS are as follows:

- (a) *PBE IPSAS 1 Presentation of Financial Statements*: new terminologies to be used in the preparation of the financial statements.
- (b) *PBE IPSAS 12 Inventories*: cost of inventories acquired through a non-exchange transaction shall be measured at fair value at the date of acquisition. However, NZBS expects the fair value would be materially the same as the current replacement costs at the date of acquisition.
- (c) *PBE IPSAS 20 Related Party Disclosures*: exempts all transactions between related parties (except key management personnel remuneration) that occur on arm's length terms and conditions from disclosure, and provides a wider definition of key management personnel compared to NZ IAS 24.
- (d) *PBE IPSAS 23 Revenue from Non-Exchange Transactions*: prescribes requirements for accounting for revenue from non-exchange transactions. This only has a minimal impact on NZBS as most of the revenue is from exchange transactions on an arm's length basis.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



2 Revenue from Overseas Sales and Other Revenue

	30 June 2015	30 June 2014
Revenue from overseas sales - exchange revenue	663,750	1,655,623
Revenue from overseas sales - non-exchange revenue	11,523	37,528
Total Revenue from overseas sales	675,273	1,693,151

The non-exchange revenue from overseas sales relates to sponsorship of conferences by overseas suppliers.

	30 June 2015	30 June 2014
Other revenue - exchange revenue	14,812	25,625
Other revenue - non-exchange revenue	55,538	44,918
Total Other Revenue	70,350	70,543

The non-exchange 'Other revenue' relates mainly to donated products and services covering groceries, venue hire for whole blood donations, advertising and conference / course fees.

3 Cost of Consumables and changes in Inventory

	30 June 2015	30 June 2014
Consumables *	19,937,659	21,112,926
Changes in Inventory **	12,956,769	14,900,776
Expired Product ***	2,540,541	3,440,484
Total Cost of Consumables and changes in Inventory	35,434,969	39,454,186

* Consumables - the cost of Consumables for the period ending 30 June 2015 at \$19,937,659 was \$1,175,267 lower than the June 2014 cost of \$21,112,926. This was mainly driven by the significant cost savings made in the year from suppliers of whole blood bags and quality programme consumables offset by higher source plasma collection costs driven by higher collection volumes needed to meet increased fractionated product demand.

** 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 2015 at \$12,956,769 was \$1,944,007 lower than the June 2014 cost of \$14,900,776 and was primarily due to higher production volumes of fractionated product driving stronger production recoveries, combined with improved purchasing power from a more favorable NZD/AUD cross rate favourably impacting fractionated product production costs.

*** 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 2015 year was driven mainly from lower fractionated product expiry levels. The 2014 year included the cost of recalled batches of Intragam P and Evogam that were destroyed at a net cost to NZBS, inclusive of compensation from the manufacturer, of \$439,000 (as mentioned in note 26 Events After The Balance Date in the June 2014 financial statements).

4 Employee Benefit Expenses

	30 June 2015	30 June 2014
Salaries and wages	38,027,303	36,373,412
Defined contribution plan employer contributions	901,308	827,772
Increase/(Decrease) in employee benefit liabilities	633,408	(196,218)
Total employee benefit expenses	39,562,019	37,004,966

Employee benefit expenses at 30 June 2015 totalled \$39,562,019 and was \$2,557,053 higher compared to the June 2014 year of \$37,004,966. The increase is mainly due to the impact of stronger demand from District Health Boards for the supply of blood products, resulting in a higher number of staff needing to be employed to meet production requirements in the June 2015 financial year. In particular higher fractionated product demand necessitated higher collections of source plasma during the year which required a lift in collection staff numbers.

Employee benefit costs recognised as an expense during 2014 included the reversal of \$9,827 in respect of accruals for anticipated retrospective staff liabilities subsequently confirmed as not being required. The June 2015 reversal of accruals subsequently confirmed as not being required was nil.



New Zealand Blood Service Notes to and Forming Part of the Financial Statements for the year ended 30 June 2015

5 Other Expenses	30 June 2015	30 June 2014
Fees to principal auditor:		
Audit fees for financial statement audit 2015	104,000	-
Audit fees for financial statement audit 2014	-	101,300
Audit fees for other services	-	-
Capital charge *	3,236,400	2,971,320
Board Members' Fees	116,000	105,333
Net Foreign Exchange Losses / (Gains) **	593,387	1,105,320
(Gains) / Losses on disposal of Property, Plant and Equipment	69,239	(4,879)
Additions to Premises Reinstatement Provision (note 16)	402,857	-
Changes in Premises Reinstatement Provision (note 16)	126,487	(37,844)
Changes in impairment of Receivables (note 9)	(2,488)	(942)
Impairment of Intangible Assets (note 14)	-	-
Minimum Lease Payments under Operating Leases ***	4,752,482	3,341,830
Other Operating Expenses :		
Distribution	1,778,479	1,587,182
General administration including insurance costs	1,388,515	1,255,703
IT systems and telecommunication	4,496,630	4,191,721
Marketing	2,059,070	1,750,686
Repairs and maintenance	2,225,499	2,069,834
All other operating expenses	4,974,617	4,113,487
Total other operating expenses	<u>16,922,810</u>	<u>14,968,613</u>
Total Other Expenses	<u>26,321,174</u>	<u>22,550,051</u>

* 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 the December six monthly result. The capital charge rate for the period ended 30 June 2015 was 8% (30 June 2014: 8%).

** Net Foreign Exchange Losses / (Gains) reflect foreign exchange losses / (gains) excluding the impact of the revaluation of Derivative Financial Instruments (refer note 7).

*** Minimum lease payments in June 2015 totalling \$4,752,482 were \$1,410,652 higher when compared to the June 2014 spend of \$3,341,830. The increase is mainly attributable to the new Christchurch facility at Lester Lane and includes rent accrued of \$455,317 (note 18). The new Christchurch facility commenced operation in November 2014.

6 Finance Costs	30 June 2015	30 June 2014
Interest on bank borrowings	151,617	124,499
Interest on Dilworth Trust Finance Leases	81,810	94,628
Provisions: Discount unwind (Note 16)	56,468	38,356
Interest Other	-	-
Total Finance Costs	<u>289,895</u>	<u>257,483</u>

No borrowing costs were capitalised during the period (2014: nil).

7 Revaluation of Derivative Financial Instruments	30 June 2015	30 June 2014
Foreign exchange forward selling contracts - (gain) / loss	(879,287)	43,366
Total Revaluation of Derivative Financial Instruments - (gain) / loss	<u>(879,287)</u>	<u>43,366</u>

The revaluation of derivative financial instruments gain/(loss) reflects the movement between the opening and closing balance date positions of Derivative Financial Instruments as shown in the Statement of Financial Position.

In the financial statements for the periods 30 June 2014 and earlier the Revaluation of Derivative Financial Instruments reported the closing balance date position of Derivative Financial Instruments as shown in the Statement of Financial Position as opposed to the net movement between the opening and closing balance date positions. The reversal of the opening derivative financial instrument revaluation was included in Other Expenses (note 5).

8 Cash and Cash Equivalents	30 June 2015	30 June 2014
Cash in Hand	4,750	4,750
Cash at Bank	10,593,656	8,009,335
Short Term Deposit	-	-
Total Cash and Cash Equivalents for the purpose of the Statement of Cash Flows	<u>10,598,406</u>	<u>8,014,085</u>

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.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



9 Trade and Other Receivables

	30 June 2015	30 June 2014
Trade receivables	11,185,490	10,692,729
Sundry receivables	33,681	267,939
	<u>11,219,171</u>	<u>10,960,668</u>
Less: Provision for Impairment of Receivables	-	(2,488)
Net receivables	<u>11,219,171</u>	<u>10,958,180</u>
Prepayments	1,177,367	1,443,418
Interest receivable accrued - term deposits	114,605	67,830
Total Trade and Other Receivables	<u>12,511,142</u>	<u>12,469,428</u>
Total Trade and Other Receivables comprises:		
Trade and Other Receivables from exchange transactions	12,505,490	12,469,428
Trade and Other Receivables from non-exchange transactions	5,652	-

Trade and Other Receivables from non-exchange transactions relate to sponsorship of a conference.

The carrying value of receivables approximates their fair value.

As at 30 June 2015 and 2014 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

Receivables Ageing	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	11,167,988	-	11,167,988	10,586,356	-	10,586,356
Past due :						
31 - 60 days	49,677	-	49,677	378,245	-	378,245
61 - 90 days	2,148	-	2,148	6,253	(932)	5,321
> 90 days	(642)	-	(642)	(10,186)	(1,556)	(11,742)
Total Receivables	<u>11,219,171</u>	<u>-</u>	<u>11,219,171</u>	<u>10,960,668</u>	<u>(2,488)</u>	<u>10,958,180</u>

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's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables are as follows:

	30 June 2015	30 June 2014
Balance at beginning of period	2,488	4,205
Additional provisions made during the year (note 5)	-	2,488
Write-back of surplus provision during the period (note 5)	(2,488)	(3,430)
Receivables written off during the period	-	(775)
Balance at end of period	<u>-</u>	<u>2,488</u>

10 Investments

	30 June 2015	30 June 2014
Current portion		
Term Deposits	5,000,000	8,000,000
Adverse Fractionation Event Reserve Term Deposits	3,000,000	-
Total current portion	<u>8,000,000</u>	<u>8,000,000</u>
Non-current portion		
Term Deposits	-	-
Adverse Fractionation Event Reserve Term Deposits	-	-
Total non-current portion	<u>-</u>	<u>-</u>
Total investments	<u>8,000,000</u>	<u>8,000,000</u>

Term deposits at 30 June 2015 have maturities of eight months from the date of acquisition. Term deposits at 30 June 2014 had maturities ranging between five and eight months from the date of acquisition. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

The Adverse Fractionation Event term deposits is a new investment portfolio established in the financial year ended 30 June 2015 to match the Adverse Fractionation Event reserve (refer note 20 Equity). This portfolio of investments will have a spread of maturities weighted to the non-current classification, in keeping with the long term time horizon under which the Adverse Fractionation Event Reserve will be managed.

The Adverse Fractionation Event term deposits at 30 June 2015 have maturities of eight months from the date of acquisition. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



11 Inventories

	30 June 2015	30 June 2014
Raw Materials - Fresh Frozen Plasma	1,698,457	2,099,976
Work in Process - Fractionated Components	8,449,590	3,980,271
Fractionated Components	9,852,253	10,411,765
Fresh Components	2,248,050	2,213,473
Consumables	2,545,518	2,132,000
	<u>24,793,868</u>	<u>20,837,485</u>
	(427,269)	(371,340)
Provision for expired inventory	<u>(427,269)</u>	<u>(371,340)</u>
Total Inventories	<u><u>24,366,599</u></u>	<u><u>20,466,145</u></u>

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

No NZBS inventory is carried at fair value less cost to sell.

12 Derivative Financial Instruments

	30 June 2015	30 June 2014
Current liabilities portion		
Forward Foreign Exchange Contracts	-	295,664
	<u>-</u>	<u>295,664</u>
Current assets portion		
Forward Foreign Exchange Contracts	583,623	-
	<u>583,623</u>	<u>-</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.

13 Property, Plant and Equipment

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)
Reversal of Write Off Provision	-	-	-	-	-	-	-
30 June 2014	11,804,536	21,771,461	5,854,259	1,503,710	221,633	172,052	41,327,651

1 July 2014 Cost or Valuation	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	11,804,536	21,771,461	5,854,259	1,503,710	221,633	172,052	41,327,651
Additions	(9,655)	2,431,785	374,420	374,794	93,401	44,583	3,309,328
Disposals	(2,843,738)	(2,437,449)	(111,116)	(91,277)	(38,587)	(32,198)	(5,554,365)
30 June 2015	8,951,143	21,765,797	6,117,563	1,787,227	276,447	184,437	39,082,614

The Leasehold Improvements addition of negative \$9,655 at 30 June 2015 reflects the reallocation of the June 2014 closing capital work in progress to Plant & Equipment in the June 2015 year. 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.

The Leasehold Improvements disposals of \$2,843,738 mainly relates to the vacated Christchurch Blood Centre premises situated at Riccarton Road, NZBS relocated in November 2014 to a new purpose-built facility at Lester Lane, Christchurch (refer note 18).

The Plant & Equipment disposals of \$2,437,449 relate mainly to a combination of retired assets from the vacated Christchurch Blood Centre situated at Riccarton Road plus assets identified as no longer in use. NZBS established a rolling physical asset validation programme in the June 2015 financial year aimed at providing assurance all recorded physical assets remain in productive use.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



13 Property, Plant and Equipment

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

1 July 2014 Accumulated depreciation and Impairment Losses	Leasehold Improvements	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
Opening Balance	10,040,956	17,729,906	4,840,984	997,446	119,483	161,739	33,890,514
Depreciation	510,265	1,547,420	552,424	191,785	20,926	11,519	2,834,339
Impairment losses	-	-	-	-	-	-	-
Disposals	(2,821,947)	(2,390,070)	(111,116)	(90,441)	(38,587)	(32,198)	(5,484,359)
30 June 2015	7,729,274	16,887,256	5,282,292	1,098,790	101,822	141,060	31,240,494

Carrying Amounts

At 30 June and 1 July 2014	1,763,580	4,041,555	1,013,275	506,264	102,150	10,313	7,437,137
At 30 June 2015	1,221,869	4,878,541	835,271	688,437	174,625	43,377	7,842,120

Capital Work in Progress

At 30 June and 1 July 2014	105,997	670,134	211,411	2,109	57,391	-	1,047,042
At 30 June 2015	-	824,226	249,148	-	57,470	1,828	1,132,672

Property, Plant and Equipment additions include \$1,132,672 of Capital Work in Progress projects at 30 June 2015 (2014: \$1,047,042). There are no restrictions or pledges over Property, Plant and Equipment.

The net carrying amount of assets held under finance leases is \$915,423 (2014: \$1,120,762) for Leasehold Improvements and \$223,870 (2014: \$304,118) for Furniture and Fittings.

14 Intangible Assets

Computer Software Cost
Balance at beginning of year
Additions
Disposals

30 June 2015	30 June 2014
9,776,325	11,280,973
222,163	44,746
(51,851)	(1,549,394)
9,946,637	9,776,325

Balance at end of year

Accumulated Amortisation Expense and Impairment Losses

Balance at beginning of year
Amortisation Expense
Impairment Losses
Disposals

30 June 2015	30 June 2014
4,608,242	5,403,070
735,190	754,566
-	-
(1,210)	(1,549,394)
5,342,222	4,608,242

Balance at end of year

Carrying Amounts

At beginning of year	5,168,083	5,877,903
At year end	4,604,415	5,168,083

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 7 years.

Intangible Asset additions include \$105,935 of Capital Work in Progress projects at 30 June 2015 (2014: \$80,905).

At 30 June 2014 Intangible Asset disposals in the main reflect the disposal of the original 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 to 30 June 2015 (2014: nil).

New Zealand Blood Service Notes to and Forming Part of the Financial Statements for the year ended 30 June 2015



15 Trade and Other Payables	30 June 2015	30 June 2014
Payables under exchange transactions		
Trade Payables	5,429,523	6,103,088
Accrued Expenses	6,015,550	4,354,058
Capital Charge Accrued	-	-
Board Members' Fees Payable	5,000	9,000
Total Trade and Other Payables under exchange transactions	11,450,073	10,466,146
Payables under non-exchange transactions		
Taxes payable (GST, PAYE, and FBT)	1,273,985	1,254,021
Other	294,363	156,438
Total Trade and Other Payables under non-exchange transactions	1,568,348	1,410,459
Total Trade and Other Payables	13,018,421	11,876,605

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.

16 Premises Reinstatement Provision	30 June 2015	30 June 2014
Balance as at 1 July	1,013,370	1,012,858
Additions (Note 5)	402,857	-
Changes in provisions made during the year (Note 5)	126,487	(37,844)
Discount unwind (Note 6)	56,468	38,356
Total Premises Reinstatement Provision	1,599,182	1,013,370
<i>Comprising:</i>		
Current	61,076	21,864
Non-Current	1,538,106	991,506
Total Premises Reinstatement Provision	1,599,182	1,013,370

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 provision addition of \$402,857 reflects the reinstatement obligation contained in the lease of the new Christchurch Blood Centre that opened 10 November 2014.

The unexpired term of the leases concerned ranges from 1 year to 29 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 service performed within those locations.

17 Employee Benefit Entitlements	30 June 2015	30 June 2014
Accrued Salaries & Wages	1,700,405	1,538,871
Annual Leave	3,602,717	3,406,768
Long Service Leave	866,277	778,000
Retirement Gratuities	1,100,044	928,170
Sick Leave	127,720	111,947
Total Employee Benefit Entitlements	7,397,163	6,763,756
<i>Comprising:</i>		
Current	5,838,611	5,453,247
Non-Current	1,558,552	1,310,509
Total Employee Benefit Entitlements	7,397,163	6,763,756

Liabilities for Retirement Gratuities and Long Service Leave at 30 June 2015 have been calculated by an external actuary resulting in an increase in the estimated liabilities existing at balance date, compared to the position reported at 30 June 2014.

The discount rates used by the external actuary to calculate the estimated liabilities existing at balance date are as follows; long service leave 3.37% (2014: 4.4%), retirement leave 3.74% (2014: 4.7%), and an inflation factor of 3% (2014: 3%).

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



18 Rent Accrued

	30 June 2015	30 June 2014
Rent Accrued	455,317	-
Total Rent Accrued	455,317	-

In December 2012, NZBS entered into an Agreement to Construct and Lease with Ngai Tahu Property Limited, for a new purpose-built facility at Lester Lane, Christchurch, to be occupied by NZBS upon completion by way of lease to accommodate all of the NZBS operations in Christchurch. 10 November 2014 was the operational date of this new facility.

NZBS has determined the lease of the new facility at Lester Lane, Christchurch to be an operating lease. Under the leasing arrangement, the initial fixed term of the lease is 30 years, with two further rights of renewal of 12 years each. The agreed lease payment per annum is adjusted every 3 years in line with the greater of the Consumer Price Index (CPI) or a minimum increase of 2.5% at compound rate. At the end of 15 years from the commencement of the lease, there is a further market rent review undertaken.

The minimum annual increase of 2.5% compound has been included in the minimum operating lease payment expense recognised in the surplus or deficit. On a straight line basis this has been determined to be \$682,975 per annum. In the first 15 years of the lease the actual rent payable per annum will be less than the straight-lined amount of expense recognised in the surplus or deficit, creating an accrued rent liability. By year 15 the actual amount of rent payable per annum will exceed the straight-lined amount charged to the surplus or deficit, effectively reversing the accrued rent liability over the remaining period of the initial lease term.

Any additional increase in the CPI which exceeds the minimum amount of 2.5% increase will be charged to the surplus or deficit as contingent rent expense in the period incurred.

19 Borrowings

Current borrowings are represented by:

Finance lease	149,764	344,943
Term credit facility	-	-
Total current portion	149,764	344,943

Non-current borrowings are represented by:

Finance lease	769,232	849,670
Term credit facility	3,300,000	3,300,000
Total non-current portion	4,069,232	4,149,670
Total Borrowings	4,218,996	4,494,613

	Carrying Amount		Fair value	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Total Borrowings	4,218,996	4,494,613	4,218,996	4,494,613

In the 2012/2013 financial year the New Zealand Blood Service negotiated a second finance lease with the Dilworth Trust Board to fund the refurbishment of the Auckland Donor Centre 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 value of the original Dilworth Trust Board loan is based on cashflows discounted using a rate of 7.0% for both 2015 and 2014. The fair value of the second Dilworth Trust Board loan is based on cashflows discounted using a rate of 7.5%.

	30 June 2015	30 June 2014
Maturity Analysis:		
The following is a maturity analysis of the NZBS finance lease component of borrowings.		
Total minimum lease payments payable		
Less than one year	211,691	422,093
Later than one year but not more than five years	707,787	707,787
Later than five years	283,115	424,672
Total minimum lease payments	1,202,593	1,554,552
Future finance charges	(283,597)	(359,939)
Present value of minimum lease payments	918,996	1,194,613
Present value of minimum lease payments payable		
Less than one year	149,764	344,943
Later than one year but not more than five years	507,015	470,335
Later than five years	262,217	379,335
Total present value of minimum lease payments	918,996	1,194,613
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

New Zealand Blood Service Notes to and Forming Part of the Financial Statements for the year ended 30 June 2015



19 Borrowings

Weighted average effective interest rate for the Westpac term credit facility is 4.59% (2014: 3.75%), the original Dilworth Trust Board loan is 7.0% (2014: 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 2015 and 2014 years. In 2015 and 2014 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. This borrowing will be repaid in full by September 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 (2014: \$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 (defined as Total Assets less Intangible 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 (defined as Total Assets less Intangible 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. Current facility arrangements operate to 31 July 2016.

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

20 Equity

	30 June 2015	30 June 2014
Crown Equity		
Total Crown Equity	15,716,696	15,716,696
Accumulated comprehensive revenue and expense		
As at 1 July	21,394,174	20,530,316
Surplus for the year	4,706,356	863,858
Transfer to Adverse Fractionation Event Reserve	(3,000,000)	-
Total Accumulated comprehensive revenue and expense	23,100,530	21,394,174
Adverse Fractionation Event Reserve		
As at 1 July	-	-
Additional funds received	3,000,000	-
Funds utilised - net of recoveries	-	-
Total Adverse Fractionation Event Reserve	3,000,000	-
Total Equity as at 30 June	41,817,226	37,110,870

The Adverse Fractionation Event Reserve was established in the financial year ending 30 June 2015 to mitigate those NZBS attributed financial risks deriving from the fractionated product manufacturing contract. The level of the reserve is required to be reviewed annually with additions to the reserve balance of \$3.0 million funded through accumulated comprehensive revenue and expense.

21 Reconciliation of net surplus to net cash from operating activities

	30 June 2015	30 June 2014
Net Surplus from the statement of comprehensive income	4,706,356	863,858
Add / (Less) non-cash items:		
Depreciation and Amortisation	3,569,529	3,821,211
Changes in Premises Reinstatement Provision	585,812	512
Add / (Less) items classified as investing or financing activities:		
Interest Received on Investments	-	-
Investment Other	-	-
(Gains) / Losses on disposal of Property, Plant and Equipment	69,239	(4,879)
Impairment Losses (note 14)	-	-
Interest Received on Investments - Term Deposits	(334,608)	(123,893)
Add / (Less) movements in working capital items:		
Trade and Other Receivables	(41,714)	(1,679,085)
Inventories	(3,900,453)	3,042,877
Trade and Other Payables	1,394,440	2,391,758
Accrued rent payable	-	-
Employee Benefit Liabilities	633,407	(196,218)
Revaluation of Derivative Financial Instruments	(879,287)	43,366
Net cash from operating activities	5,802,721	8,159,507

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

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



22 Capital Commitments and Non-Cancellable Operating Leases

Capital Commitments	30 June 2015	30 June 2014
Leasehold Improvements	25,976	1,400
Plant and Equipment	723,277	1,343,846
Computer Equipment	617,819	74,729
Furniture & Fittings	-	16,973
Motor Vehicles	38,339	35,930
Office Equipment	1,698	29,315
Intangible Assets	20,022	75,802
Capital expenditure contracted for at balance date but not yet incurred for Property, Plant and Equipment	1,427,131	1,577,995

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:

Future minimum lease payments	30 June 2015	30 June 2014
Not later than one year	4,736,007	2,834,444
Later than one year and not later than five years	17,711,768	6,294,640
Later than five years	82,995,035	13,296,349
Total non-cancellable operating leases	105,442,810	22,425,433

The 30 June 2015 operating lease cost component for premises include rental increases based on rental review dates per contracts and dependent on the lease an assumed market or CPI increase at compound rate. The 30 June 2014 operating lease cost component for premises was based on existing rental costs at balance date.

The 30 June 2014 and 2015 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 \$18.5 million over the 10 year period.

NZBS moved into the new Christchurch Blood Centre on 10 November 2014. NZBS has classified the lease of this new facility at Lester Lane, Christchurch as an operating lease. Under the leasing arrangement, the initial fixed term of the lease is 30 years, with two further rights of renewal of 12 years each. The agreed lease payment per annum is adjusted every 3 years in line with the greater of the Consumer Price Index (CPI) or a minimum increase of 2.5% at compound rate. At the end of 15 years from the commencement of the lease, there is a further market rent review undertaken.

The minimum annual increase of 2.5% compound has been included in the minimum operating lease payment expense recognised in the surplus or deficit. On a straight line basis this has been determined to be \$682,975 per annum. Therefore, we expect in the first 15 years of the lease the actual rent payable per annum will be less than the straight-lined amount of expense recognised in profit and loss, creating an accrued rent liability. However, by year 15 the actual amount of rent payable per annum will exceed the straight-lined amount charged to profit and loss, effectively reversing the accrued rent liability over the balance of the initial 30 year term.

Any additional increase in the CPI which exceeds the minimum amount of 2.5% increase will be charged to profit or loss as contingent rent expense in the period incurred.

NZBS has not entered into any sublease arrangements as at 30 June 2015.

23 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 2014, the Scheme had a past service surplus of \$16.2 million (8.0% of the liabilities). At 31 March 2013 the surplus was \$17.4 million (7.7% 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 2015 (2014: Nil).

New Zealand Blood Service

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2015



24 Related Party Transactions and Key Management Personnel

(a) Controlled Entities

NZBS is controlled by the Crown and it does not control any other for-profit or public benefit entity.

(b) Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, of NZBS are the members of the Board, and the members of the senior management group. The Board consists of members appointed by the Crown; the chief executive officer and the chief financial officer attend meetings of the Board but are not members of the Board.

The senior management group consists of NZBS's chief executive officer and the remaining 7 members of the Executive team.

The aggregate remuneration and the number of members determined on a full-time equivalent basis receiving remuneration are:

	30 June 2015	30 June 2014
Board Members		
Remuneration	\$116,000	\$105,333
Full-time equivalent members	0.35	0.46
Leadership Team		
Remuneration	\$1,967,613	\$1,855,175
Full-time equivalent members	8.00	8.00
Total Board and Leadership		
Total key management personnel remuneration	\$2,083,613	\$1,960,508
Total full time equivalent personnel	8.35	8.46

(c) Related Party Transactions

Capital Charge

During the period the New Zealand Blood Service paid the Ministry of Health a capital charge of \$3,236,400 (2014: \$2,971,320). The amount outstanding at the end of the period was nil (2014: Nil).

Equity Injection

During the period the New Zealand Blood Service did not receive any equity injection from the Ministry of Health (2014: Nil).

(d) Other

During the reporting period, there were no loans advanced that are not widely available (and/or not widely known) to persons outside the key management group that were advanced.

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.

25 Board Members' Remuneration

	30 June 2015	30 June 2014
Mr David Chamberlain	Appointed 1 October 2009, Appointed Chairman 15 August 2011	32,000
Mr David Wright	Deputy Chairman Appointed 15 August 2008	20,000
Professor Peter Browett	Appointed 1 October 2009	16,000
Mr Ian Ward	Appointed 19 August 2011	16,000
Ms Raewyn Idoine	Appointed 1 October 2012	16,000
Mrs Victoria Kingi	Appointed 26 February 2014	16,000
Total Board Members' remuneration	116,000	105,333

26 Employee Remuneration range

	30 June 2015	30 June 2014
	No. Employees	No. Employees
\$100,000 - 109,999	12	4
\$110,000 - 119,999	7	6
\$120,000 - 129,999	2	5
\$130,000 - 139,999	3	2
\$140,000 - 149,999	1	1
\$150,000 - 159,999	1	2
\$160,000 - 169,999	2	1
\$190,000 - 199,999	4	3
\$200,000 - 209,999	-	2
\$210,000 - 219,999	1	-
\$220,000 - 229,999	1	-
\$230,000 - 239,999	1	1
\$240,000 - 249,999	2	1
\$250,000 - 259,999	1	1
\$260,000 - 269,999	-	1
\$320,000 - 329,999	1	1
\$340,000 - 349,999 *	-	1
\$350,000 - 359,999 *	1	-
	40	32

* Chief Executive Officer - a new CEO was appointed in April 2015. The remuneration range shown above reflects the departing CEO's remuneration up to the date of resignation - mid April 2015. The newly appointed CEO's remuneration is not shown in the table due to remuneration earned being less than \$100,000 from employment start date to 30 June 2015.

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.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



27 Termination Payments

During the year ended 30 June 2015 2 employees received termination payments totalling \$64,035.

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 and two employees received termination payments totalling \$5,000.

28 Events after the Balance Date

There were no significant events after balance date.

29 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.

30 Financial Instrument Categories

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

	30 June 2015	30 June 2014
FINANCIAL ASSETS		
Loans and Receivables		
Cash and cash equivalents (note 8)	10,598,406	8,014,085
Trade and other receivables (note 9)	12,511,142	12,469,428
Investment - Term Deposits (note 10)	8,000,000	8,000,000
Total loans and receivables	31,109,548	28,483,513
Fair value through surplus or deficit		
Derivative financial instruments (note 12)	583,623	-
Total fair value through surplus or deficit	583,623	-
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Trade and other payables (note 15) - excluding GST payable to the Inland Revenue Department	12,498,966	11,278,085
Borrowings (note 19)	4,218,996	4,494,613
Total financial liabilities measured at amortised cost	16,717,962	15,772,698
Fair value through surplus or deficit		
Derivative financial instruments (note 12)	-	295,664
Total fair value through surplus or deficit	-	295,664

31 Fair Value Hierarchy Disclosures

	Total	Quoted market price	Observable inputs	Significant non- observable inputs
30 June 2015				
Financial assets				
Derivatives - Forward Foreign Exchange Contracts	583,623	-	583,623	-
Financial liabilities				
Derivatives - Forward Foreign Exchange Contracts	-	-	-	-
30 June 2014				
Financial assets				
Derivatives - Forward Foreign Exchange Contracts	-	-	-	-
Financial liabilities				
Derivatives - Forward Foreign Exchange Contracts	295,664	-	295,664	-

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

New Zealand Blood Service

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2015



32 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. NZBS 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 \$42,190 at 30 June 2015 (2014: \$44,950).

There are no interest rate options or interest rate swap agreements in place as at 30 June 2015 (2014: Nil).

Cash and cash equivalents include deposits at call which are at floating rates and short term deposits at fixed rates totalling \$10,593,656 (2014: \$8,009,335). A movement in interest rates of plus or minus 1% has an effect on interest income of \$105,940 (2014: \$80,090).

Currency Risk

Trade payables include AUD\$2.77 million of Australian dollar denominated payables (2014: AUD\$3.35 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 \$203,674 (2014: \$98,542). The NZD equivalent of unhedged amounts owing to NZBS in foreign currency at balance date is nil (2014: \$267,939).

Forward Foreign Exchange Contracts

30 June 2015 30 June 2014

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

23,453,412 17,724,280

The foreign currency principal amounts were AUD\$21,185,835 (2014: AUD\$15,775,087 and USD\$255,408).

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

At 30 June 2015 derivative financial assets consisted of forward foreign exchange contracts with a fair value totalling \$583,623. At 30 June 2015, a movement in foreign exchange rates of plus 10% has an adverse impact of \$2.19 million, and minus 10% has a favourable impact of \$2.67 million, based on a derivative valuation model using hypothetical forward rates. There were no derivative financial assets held for trading at 30 June 2014.

Financial Liabilities

There were no derivative financial liabilities held for trading at 30 June 2015. At 30 June 2014 derivative financial liabilities consisted of forward foreign exchange contracts with a fair value totalling \$295,664. 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.

New Zealand Blood Service
Notes to and Forming Part of the Financial Statements
for the year ended 30 June 2015



32 Financial Instruments Risks

Credit Risk

Maximum exposure to credit risk at balance date are:

	30 June 2015	30 June 2014
Cash	4,750	4,750
Call Deposits and short term deposits	10,593,656	8,009,335
Receivables	11,219,171	10,958,180
Investments - term deposits	8,000,000	8,000,000
Derivative Financial Instruments	583,623	-
Total Credit Risk	30,401,200	26,972,265

Credit quality of financial assets

COUNTERPARTIES WITH CREDIT RATINGS	30 June 2015	30 June 2014
Total cash at bank and term deposits		
AA-	18,593,656	16,009,335
Derivative financial instrument assets		
AA-	583,623	-
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Debtors and other receivables		
Existing counterparty with no defaults in the past	11,219,171	10,958,180
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	11,219,171	10,958,180

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 98% (2014: 95%) 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 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 (2014: \$8,300,000) on term facilities of which \$3,300,000 was drawn down at balance date (2014: \$3,300,000). A negative pledge obligation exists with this facility – refer note 19.

30 June 2015	Liability Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables (note 15) - excluding GST	12,498,966	12,498,966	12,498,966	-	-	-
Borrowings - finance lease (note 19)	918,996	1,202,593	211,691	283,115	424,672	283,115
Borrowings - term credit facility (note 19)	3,300,000	3,450,771	139,028	3,311,743	-	-

30 June 2014	Liability Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables (note 15) - excluding GST	11,278,085	11,278,085	11,278,085	-	-	-
Borrowings - finance lease (note 19)	1,194,613	1,554,552	422,093	283,115	424,672	424,672
Borrowings - term credit facility (note 19)	3,300,000	3,464,548	151,796	3,312,752	-	-

Contractual maturity analysis of derivative financial instruments

30 June 2015	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	-	583,623	23,453,411	5,433,247	11,133,526	6,886,638
inflow	-	-	24,037,034	5,612,640	11,342,123	7,082,271

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

New Zealand Blood Service

Notes to and Forming Part of the Financial Statements

for the year ended 30 June 2015



33 Capital Management

The New Zealand Blood Service's capital is its equity comprising crown equity, accumulated funds and the adverse fractionation event reserve. 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.

34 Explanation of Major Variances against Budget

The reported surplus of \$4.7 million post a \$3.6 million price rebate declared to District Health Boards (DHBs) represented a significant earnings improvement compared to the deficit target of -\$1.0 million and last year's reported surplus of \$0.9 million. Key factors influencing the reported result were;

- 1) Gross revenues of \$112.6 million were \$4.8 million ahead of budget mainly due to stronger demand for fractionated products (\$3.4 million above budget) from DHBs. This higher level of revenue lifted actual margin above budget by \$0.8 million.
- 2) The cost of consumables and changes in inventory at \$35.4 million was +\$4.6 million favourable to budget. These favourable adjustments arose primarily from higher production volumes of fractionated product (demand driven) which in turn drove stronger production recoveries plus net manufacturing gains totalling \$3.3 million. Additionally a further favourable variance of \$1.3 million was secured on consumable costs offset by slightly higher expiry costs.
- 3) The balance of other variances to budget totalled a favourable \$0.3 million, a combination of lower depreciation charges (\$0.7 million), favourable mark to market of derivative financial instruments (\$0.6 million) offset by a higher capital charge (\$0.5 million), higher external consultancy costs (\$0.4 million) associated with the commencement of a LEAN performance improvement programme and higher general expenditures totalling \$0.4 million.

The overall impact of these combined favourable operating factors enabled NZBS to declare a Price Rebate to the DHBs of \$3.55 million (budget nil) which comprised a combination of the 2014/15 price increase refund together with the increased margin generated from the higher demand profile.

The overall cash flow movement for 2014/15 was an increase in cash of +\$2.6 million lifting the cash position at 30 June 2015 to \$10.6 million. This figure was \$5.7 million favourable to budget due primarily to a favourable +\$4.4 million higher opening position combined with the overall +\$1.3 million favourable activity movements detailed below.

- (a) Cash from Operating Activities at +\$5.8 million was +\$0.5 million favourable to budget. Key influencing factors were :
 - (i) Increase receipts (+\$4.6 million) driving from higher demand, fractionated product in particular.
 - (ii) Higher levels of supplier payments (-\$1.7 million) consistent with increased levels of manufacturing activity.
 - (iii) Payment of the 2013/14 Price Rebate to DHBs (-\$2.0 million).
 - (iv) Other payments in total being unfavourable to budget by -\$0.4 million the major contributor being the Capital Charge \$0.5 million higher than budget reflecting a stronger equity position over the financial year.
- (b) Cashflows from Investing Activities at -\$2.9 million was +\$1.7 million favourable to budget due to lower capital expenditure levels.
- (c) Cashflows from Financing Activities at -\$0.3 million was unfavourable to budget by -\$0.9 million as planned borrowing of \$1.0m was not required due to rephasing of the development of Auckland hub site.

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.

35 Adjustments arising on transition to the new PBE Standards

Reclassification adjustments

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no recognition and measurement adjustments to the 30 June 2014 comparative information resulting from the transition to the new PBE accounting standards.

New Zealand Blood Service Output Class and Outcome															
Output					Outcome										
<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>Health needs of people in New Zealand are supported by the availability of safe and appropriate blood and tissue products and related services.</p>					<p>Target Set 2014/15</p>		<p>Achieved 2014/15</p>		<p>Target Set 2015/16</p>	
Performance Measures stated in Financial Years		Target Set 2014/15		Historical Trend Line of Actual Outcomes							Achieved 2014/15		Target Set 2015/16		
<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 - \$107.7M</p>		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	<p>Revenue of \$109.0M net of \$3.55M rebate to DHBs.</p>		<p>Revenue of \$112.30M with no Rebate to DHBs planned.</p>			
		<p>Expenses - \$108.7M</p>		\$93.2M	\$97.4M	\$102.3M	\$105.5M	\$104.9M	\$104.0M	<p>Expenses of \$104.3M</p>		<p>Expenses of \$112.31M</p>			
		<p>Deficit of -\$1.0M</p>		\$3.3M	\$1.6M	\$9.3M	\$3.4M	-\$2.1M	\$0.9M	<p>Surplus of \$4.7M</p>		<p>Deficit of -\$0.01M</p>			
<p>Financial Performance Commentary – Full Year Result: The reported surplus of \$4.7m post a \$3.55m price rebate declared to District Health Boards (DHBs) represented a significant earnings improvement compared to the deficit target of -\$1.0m and last year's reported surplus of \$0.9m. Key factors influencing the reported result were;</p> <ol style="list-style-type: none"> 1) Gross revenues of \$112.55m were \$4.79m ahead of budget mainly due to stronger demand for fractionated products (\$3.4m above budget) from DHBs. This higher level of revenue lifted actual margin above budget by \$0.8m. 2) The cost of consumables and changes in inventory at \$35.4m was +\$4.6m favourable to budget. These favourable adjustments arose primarily from higher production volumes of fractionated product (demand driven) which in turn drove stronger production recoveries plus net manufacturing gains totalling \$3.3m. Additionally a further favourable variance of \$1.3m was secured on consumable costs offset by slightly higher expiry costs. 3) The balance of other variances to budget totalled a favourable \$0.3m, a combination of lower depreciation charges (\$0.7m), favourable mark to market of derivative financial instruments (\$0.9m) offset by a higher capital charge (\$0.5m), higher external consultancy costs (\$0.4m) associated with the commencement of a LEAN performance improvement programme and higher general expenditures totalling \$0.4m. <p>The overall impact of these combined favourable operating factors enabled NZBS to declare a Price Rebate to the DHBs of \$3.55m (budget nil) which comprised a combination of the 2014/15 price increase refund together with the increased margin generated from the higher demand profile.</p>															
<p>Change in Accounting Standards: Please note the reported 2013/14 and 2014/15 financial year information has been prepared under <u>International Public Sector Accounting Standards (IPSAS)</u> with all prior reported financial information within this document prepared under <u>International Financial Reporting Standards (NZ IFRS)</u>.</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 Zealanders Health needs and priorities.								
Performance Measures stated in Financial Years	2014/15 Target Set	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16
		2009/10	2010/11	2011/12	2012/13	2013/14		
Product and Service availability 1.1 Key products and services are available at all times (24 x 7). Measure is instances when this is not achieved and which could potentially have a negative consequence for patients.	Target 0	Achieved 0	Achieved 0	Achieved 0	Not Achieved* 1	Achieved 0	Achieved 0	0
*Comment on non-supply incident in 2012/13 There was 1 occasion in October 2012 when platelets of the right group were not supplied 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. Following surgery the patient made a good recovery and was transferred back to his DHB of domicile for on-going management.								
2. External output measures related to Demand Management and the relationship with DHBs which contribute to achievement of Strategic Goal 4 – NZBS relationships with other health sector entities are mutually supportive and productive.								
Performance Measures stated in Financial Years	2014/15 Target Set	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16
		2009/10 Unaudited	2010/11 Unaudited	2011/12 Unaudited	2012/13	2013/14		
2.1 Planning and Communication with District Health Boards (DHBs) NZBS will demonstrate a productive and supportive relationship with the DHBs, including proactively engaging with them 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. NOTE: Exact measure has changed over recent years.	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.	ACHIEVED Based on Feedback received from Lead DHB CEO	ACHIEVED Based on Feedback received from Lead DHB CEO	ACHIEVED Based on Feedback received from Lead DHB CEO	ACHIEVED Feedback received from the Lead DHB CEO stated; "it would be my assertion that NZBS has met its Planning & Communications with DHB Objective."	ACHIEVED Feedback received from the Lead DHB CEO stated: "NZBS has fully met the requirements of its Planning and Communications with DHBs performance measure".	ACHIEVED Feedback received from the Lead DHB CEO on the timely and relevant provision of information, including issue resolution over the course of the 2015/16 financial year.	2015/16

Performance Measures stated in Financial Years	Target Set 2014/15	Historical Trend Line of Actual Outcomes						Target Set 2015/16
		2009/10 Unaudited	2010/11 Unaudited	2011/12 Unaudited	2012/13	2013/14	Achieved 2014/15	
2.2 NZBS Reports for DHBs Monthly demand management reports outlining purchase volumes by key product line are provided to DHBs to assist them to manage local usage and costs.	Reports are provided to each DHB by the 12th working day of the following month.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2009/10.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2010/11.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2011/12.	ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs throughout 2012/13.	ACHIEVED Monthly reports detailing product use and expiry information provided to all 20 DHBs throughout 2013/14.	ACHIEVED Monthly reports detailing product use and expiry information provided to all 20 DHBs throughout 2014/15.	Reports are provided to each DHB by the 12th working day of the following month throughout the 2015/16 financial year.
2.3 Clinical Oversight Programme 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.	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.	ACHIEVED 100%	ACHIEVED 100%	ACHIEVED 100%	NOT ACHIEVED 96%	ACHIEVED 100%	ACHIEVED 100%	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.
CALENDAR YEARS								
Haemovigilance - Patient safety (measured in calendar years)	Target Set 2013	2008	2009	2010	2011	2012	2013	Target 2014
2.4 Haemovigilance Reporting 2.4.1 To promote risk awareness and best practice in transfusion, NZBS will publish an annual Haemovigilance Report for each calendar year and will share this information with all DHBs to assist them to reduce the incidence of adverse transfusion related events.	Haemovigilance Report for the 2013 calendar year provided to all DHBs by the end of Quarter 2 – December 2014.	2008 Annual Haemovigilance Report distributed to DHBs in September 2009 and available on NZBS web-site.	2009 Annual Haemovigilance Report distributed to DHBs in November 2010 and available on NZBS web-site.	2010 Annual Haemovigilance Report distributed to DHBs in November 2011 and available on NZBS web-site.	2011 Annual Haemovigilance Report distributed to all DHBs in December 2012 and available on NZBS web-site.	2012 Annual Haemovigilance Report distributed to all DHBs in December 2013 and available on the NZBS web-site.	ACHIEVED 2013 Annual Haemovigilance Report distributed to all DHBs in December 2014 and available on the NZBS web-site.	Haemovigilance Report for the 2014 calendar year provided to all DHBs by end of Quarter 2 – December 2015.
2.4.2 Number of transfusion related adverse events occurring as a result of an NZBS "system failure" reported to the National Haemovigilance Programme, with a severity score greater than 1 and an imputability score classified as likely/probable or certain. ¹	Relates to adverse recipient reactions in calendar year 2013. While zero is always the desired outcome it is considered inappropriate to set a target for this measure.	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	ACHIEVED 0	2014 Haemovigilance data received but yet to be formally reported would indicate no incidents are expected to be reported for this measure.

¹This measure reports adverse events that have occurred as a result of NZBS "system failures" and therefore excludes adverse events resulting from a physiological reaction to the transfusion of a biological product.

New Zealand Blood Service
Annual Statement of Performance Expectations
1 July 2014 – 30 June 2015



3. 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.		Historical Trend Line of Actual Outcomes						Target Set 2015/16
		2009/10	2010/11	2011/12	2012/13	2013/14	Achieved 2014/15	
Performance Measures stated in Financial Years	Target Set 2014/15	2009/10	2010/11	2011/12	2012/13	2013/14	Achieved 2014/15	Target Set 2015/16
	3.1 Donation Testing Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe). <ul style="list-style-type: none"> 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
3.2 Regulatory Compliance - Medsafe NZBS will ensure it maintains Medsafe licences for its 6 hub sites 100% of the time, to provide an assurance of GMP compliance. <ul style="list-style-type: none"> NZBS is required to maintain a licence in order to manufacture medicines. The licence requires mandatory compliance with GMP code at all times. 	100% GMP Licensing Compliance	100% GMP Licensing Compliance	100% GMP Licensing Compliance	100% GMP Licensing Compliance	100% GMP Licensing Compliance	100% GMP Licensing Compliance	100% GMP Licensing Compliance	Maintain 100% GMP Licensing Compliance
	3.3 Regulatory Compliance – IANZ (International Accreditation New Zealand) NZBS will ensure it maintains IANZ accreditation 100% of the time at all of its diagnostic laboratories. <ul style="list-style-type: none"> IANZ is the national authority for accreditation of testing and calibration laboratories, inspection bodies and radiology services. 	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained	100% IANZ accreditation maintained
3.4 Regulatory Compliance – ASHI (American Society of Histocompatibility and Immunogenetics) NZBS will maintain ASHI accreditation 100% of the time at the national Tissue Typing laboratory. <ul style="list-style-type: none"> 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. 	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited Biennial on-site audit this year
	First formal on-site audit completed in this year	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited	100% ASHI accredited

4. Internal measures related to Donors which contribute to achievement of Strategic Goal 3 – NZBS maintains a sustainable donor population capable of supporting ongoing product demand in New Zealand.									
Performance Measures stated in Financial Years	Target Set 2014/15	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16	
		2009/10	2010/11	2011/12	2012/13	2013/14			
4.1 Donor Population NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products. <ul style="list-style-type: none"> The NZBS donor population of whole blood & apheresis donors is maintained at levels required to support ongoing demand, 	120,500	128,337	128,417	126,041	121,167	112,744	109,158 aligned to meeting ongoing demand.	120,500 to be flexed as required to meet the forecast demand	
4.2 Donor Satisfaction Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire. <ul style="list-style-type: none"> Greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service. 	Set at > 90% rating score.	New Measure in the 2011/12 financial year					NOT ACHIEVED 87.9%	Set at > 90% rating score.	
4.3 Targeted donor recruitment strategies									
4.3.1 To increase the percentage of Maori donors on the active donor panel from the level achieved in the prior year. <ul style="list-style-type: none"> * increase as a result of aligning ethnicity selection to NZ census definitions. 	Equal to or better than prior year	New measure in 2010/11	6.6%	6.6%	6.7%	7.7%*	9.3%	Better than prior year	
4.3.2 To increase the percentage of youth donors between the ages of 19 – 25 years on the active donor panel from the 2012/13 level of 18.4% of all donors. <ul style="list-style-type: none"> Attraction of youth donors assists in future proofing the service by encouraging new donors to replace those who are retiring 	>18.4%	New measure in 2010/11	18.2%	18.2%	18.4%	18.8%	18.8%	Better than prior year	
4.4 Raw Material (Collections) Inputs									
4.4.1 Total Whole Blood donations.	116,450	149,711	149,915	144,820	133,255	120,858	120,099	116,350	
4.4.2 Total Platelepheresis donations.	3,470	6,534	6,546	6,521	6,066	3,942	3,436	3,130	
4.4.3 Total Plasmapheresis donations.	43,800	15,222	24,194	30,481	30,206	32,514	41,438	48,095	
4.4.4 Total Donations.	163,720	171,467	180,655	181,822	169,527	157,314	164,973	167,575	
Note: Collection input targets are not fixed. The reported collection inputs have been / will be flexed over the year to meet demand indications.									

5. Internal measures related to People which contribute to achievement of Strategic Goal 5 – <i>NZBS has a sustainable, competent and engaged workforce.</i>									
Performance Measures stated in Financial Years	Target Set 2014/15	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16	
		2009/10	2010/11	2011/12	2012/13	2013/14			
5.1 Annual Employee turnover.	12.0%	10.9%	10.7%	9.7%	12.4%	10.4%	8.1%	12.0%	
5.2 Employee Engagement Index Score from biennial Staff Engagement Survey using the IBM Kenexa (formerly JRA & Associates) Survey Tool.	76%	No survey	74.4%*	No survey	No survey	68.5%**	No survey Note: the referenced survey results were released in June 2014	No survey	
<p>Comment: * The format for assessing the overall engagement was 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 2012/13 and 2013/14 years was on money-saving initiatives to address the then decline in revenue related to reduced clinical prescribing. The impact of this cost focus as well as the closure of 2 whole blood collection sites during this period is considered the major contributory factor to the decline in the Employee Engagement Index Score.</p>									
6. Internal measure related to Development which contributes to achievement of Strategic Goal 6 – <i>NZBS uses international 'best practices' and internal research and development capabilities to improve and develop and services for the New Zealand health and disability sector.</i>									
Performance Measures	Target Set 2014/15	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16	
		2009/10	2010/11	2011/12	2012/13	2013/14			
6.1 Christchurch Facility Project Successful completion of key project milestones in accordance with Board approved project plan	Building to be commissioned and occupied in accordance with Board approved project plan.						ACHIEVED The Christchurch Blood Centre was officially opening on 10 November 2014.	No measure as project completed	
		New Measure in 2013/14 for this particular project					ACHIEVED All key project milestones to 30 June 2014 met.		
7. Internal measures related to Financial Sustainability contributing to achievement of Strategic Goal 7 – <i>NZBS is a financially sustainable organisation operating effectively and efficiently.</i>									
Performance Measures stated in Financial Years	Target Set 2014/15	Historical Trend Line of Actual Outcomes					Achieved 2014/15	Target Set 2015/16	
		2009/10	2010/11	2011/12	2012/13	2013/14			
7.2 Financial Management Assure cost efficiency and value for money management through maintenance of financial sustainability in an environment which is demand driven (i.e. changes in product demand - mix and volume by the DHBs, impacts on the NZBS financial result).	Budget set as a Forecast \$975K deficit on revenue of \$107.7m. No DHB Rebate planned.	Actual – Surplus of \$1.6m on revenue of \$97.4m Rebate paid to DHBs of \$2.0m.	Actual – surplus of \$9.3m on revenue of \$102.3m No Rebate paid to DHBs.	Actual – surplus of \$3.4m on revenue of \$105.5m. No Rebate paid to DHBs.	Actual – Deficit of \$2.1m on revenue of \$104.9m. No Rebate paid to DHBs.	Actual – surplus of \$0.86m on revenue of \$106.0m Rebate paid to DHBs of \$2.0m.	ACHIEVED a reported surplus of \$4.7m on revenues of \$109.0m. Rebate planned to DHBs of \$3.55m.	Budget set as a deficit of \$0.01m on revenues of \$112.3m. No rebate planned to DHBs	



National Office
Private Bag 92-071
Auckland Mail Centre
AUCKLAND 1142
New Zealand
Telephone: 09 523 5752
Facsimile: 09 523 5754

STATEMENT OF RESPONSIBILITY

For the Year Ended 30 June 2015

- 1) The Board and Management of the New Zealand Blood Service accept responsibility for the preparation of the annual Financial Statements and Annual Statement of Performance Expectations 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 2015, fairly reflect the financial position and operations of the New Zealand Blood Service.

A handwritten signature in blue ink, appearing to read 'D.C.', is positioned above the name David Chamberlain.

David Chamberlain
Board Chairman
27 August 2015

A handwritten signature in blue ink, appearing to read 'D.W.', is positioned above the name David Wright.

David Wright
Deputy Board Chairman
27 August 2015

Independent Auditor's Report

To the readers of New Zealand Blood Service's financial statements and annual statement of performance expectations for the year ended 30 June 2015

The Auditor-General is the auditor of the New Zealand Blood Service. The Auditor-General has appointed me, Athol Graham, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the annual statement of performance expectations of the New Zealand Blood Service on her behalf.

Opinion on the financial statements and the annual statement of performance expectations

We have audited:

- the financial statements of the New Zealand Blood Service on pages 33 to 58, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the annual statement of performance expectations of the New Zealand Blood Service on pages 59 to 64.

In our opinion:

- the financial statements of the New Zealand Blood Service:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards; and
- the annual statement of performance expectations:
 - presents fairly, in all material respects, the New Zealand Blood Service's performance for the year ended 30 June 2015, including for the class of reportable output:
 - its standards of performance achieved as compared with forecasts included in the annual statement of performance expectations for the financial year; and

- its actual revenue and output expenses as compared with the annual statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 August 2015. 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 the annual statement of performance expectations 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 the annual statement of performance expectations. 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 the annual statement of performance expectations information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the annual statement of performance expectations 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 annual statement of performance expectations 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 adequacy of the disclosures in the financial statements and the annual statement of performance expectations; and
- the overall presentation of the financial statements and the annual statement of performance expectations.

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

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 an annual statement of performance expectations that:

- comply with generally accepted accounting practices in New Zealand;
- present fairly the New Zealand Blood Service's financial position, financial performance and cash flows; and
- present fairly the New Zealand Blood Service's performance.

The Board's responsibilities arise from the Crown Entities Act 2004.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and annual statement of performance expectations 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 annual statement of performance expectations, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the annual statement of performance expectations and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

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.



Athol Graham
 Audit New Zealand
 On behalf of the Auditor-General
 Auckland, New Zealand

Directory

NZBS BOARD MEMBERS

Mr David Chamberlain (Board Chairman)

BEC, FNZSA, FIAA, CMinstD

Mr David Wright (Deputy Board Chairman)

MBA (Distinction), B Tech (Food) (Hons), CMinstD, MAICD

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

Sam Cliffe

BSc (Hons)

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

NATIONAL OFFICE

11 Great South Road, Epsom, Auckland

Tel: +64 (0) 9 523 5744

Fax: +64 (0) 9 523 5754

Website: www.nzblood.co.nz

Facebook Page: **New Zealand Blood Service**

AUDITOR

Audit New Zealand

(on behalf of the Auditor General)

Level 6, 280 Queen Street

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

8 Christchurch Donor Centre

03 343 9040
15 Lester Lane, Addington

2 Auckland Donor Centre

09 523 5733
71 Great South Road, Epsom

9 Dunedin Donor Centre

03 477 9920
Cnr Cumberland and St Andrew Streets

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



Copyright ©. This copyright work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to New Zealand Blood Service and abide by the other licence terms. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/nz/>. Please note that the New Zealand Blood Service logo may not be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981 or would infringe such provision if the relevant use occurred within New Zealand. Attribution to New Zealand Blood Service should be in written form and not by reproduction of the New Zealand Blood Service logo.



New Zealand Government