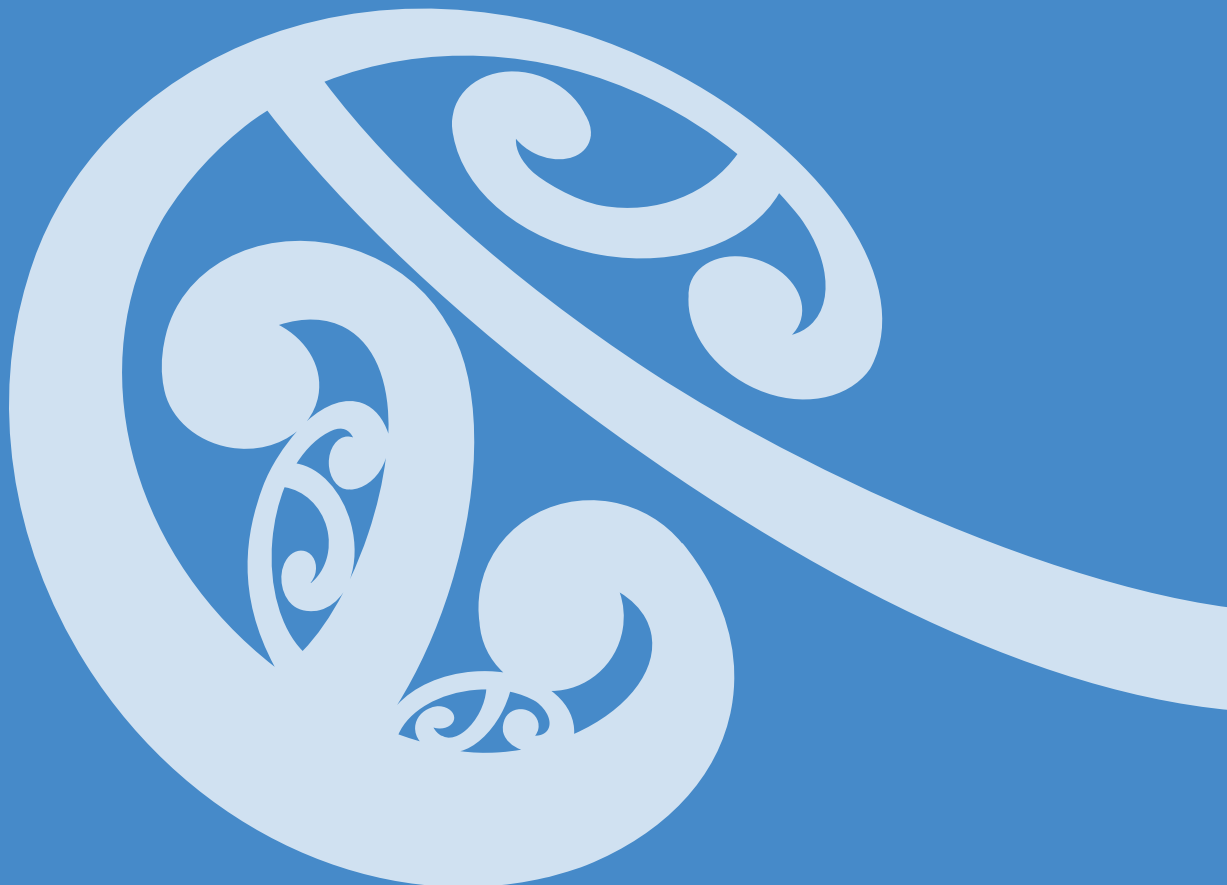


Report of

Peke Waihanga Artificial Limb Service

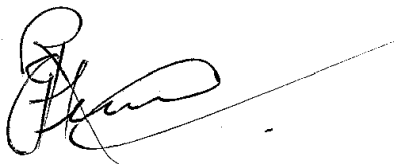
For the Year Ended
30 June 2020

Presented to the House of
Representatives pursuant to
Section 150(3) of the Crown
Entities Act 2004



To the Minister for Social Development

In accordance with section 151 of the Crown Entities Act 2004, we submit the Annual Report of Peke Waihanga for the year ended 30 June 2020.



George Reedy
Chair

14 December 2020



Kevin Ross
Board Member

14 December 2020

“Any health and disability system needs strong infrastructure if it is to adapt to changing circumstances, produce effective health outcomes and ensure that it is financially and clinically sustainable.”

Health and Disability Systems Review Final Report 2020

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Matakitenga

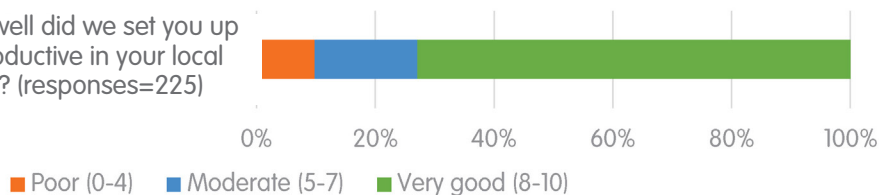
Kia motuhake me te whaihua ngā oranga o ō tātou tūroro.

Koromakinga

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

Delivering on our vision¹

All things considered, how well did we set you up to be independent and productive in your local community and at home? (responses=225)



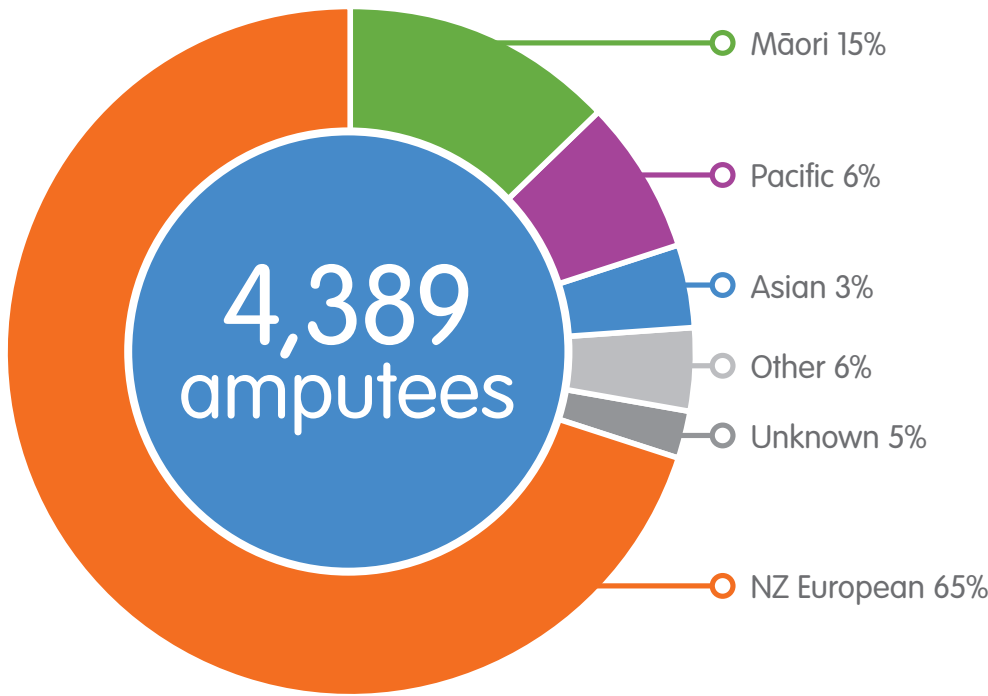
The above graph shows this year's patient responses to our independent continuous improvement programme. The question scale was: 0 worst possible score and 10 best possible score.

Outcomes

Improvement comparison of new amputees from 2018/19 to 2019/2020	Independence ²	Mobility ³
Amputee showing improvement	88%	93%
Average improvement	225%	42%

Key: 1. Latest available results; 2. Measured by Locomotor Capability Index (92 amputees); 3. Measured by Timed Up and Go (81 amputees).

2020 Snapshot of Peke Waihanga



Expert Workforce

- 4 Rehab Physicians
- 4 Orthopaedic Surgeons
- 1 General Practitioners
- 24 Prosthetist/Orthotists
- 15 Physiotherapists & Occupational Therapists
- 2 Nurses
- 19 Device Technicians
- 1 Digital Technician
- 71 Peer Support Volunteers
- 16 Service Coordination & Support

amputees **73% male**  **27% female** 

This year:

414 new amputees

48% diabetes and vascular amputations

32% trauma amputations

20% congenital, cancer and infection amputations

1255 days of structured and mentoring professional development

13% increase in completed jobs compared to last year

17% increase in rehabilitation therapy and support

Our locations

We have six Centres, located in Auckland, Tauranga, Hamilton, Wellington, Christchurch and Dunedin, that support 13 Regional Clinic locations as shown below:



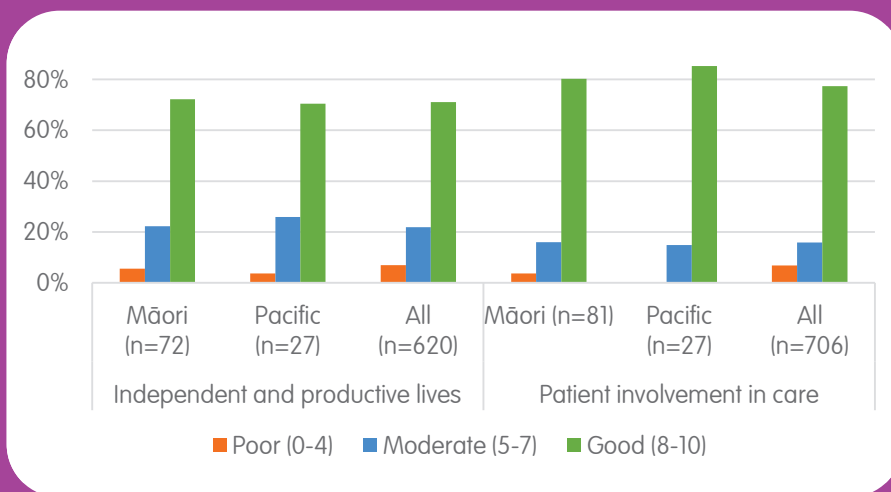
Te Tiriti o Waitangi

Peke Waihanga is an autonomous crown owned entity. This means we need to ensure we deliver to the principles of Te Tiriti o Waitangi.

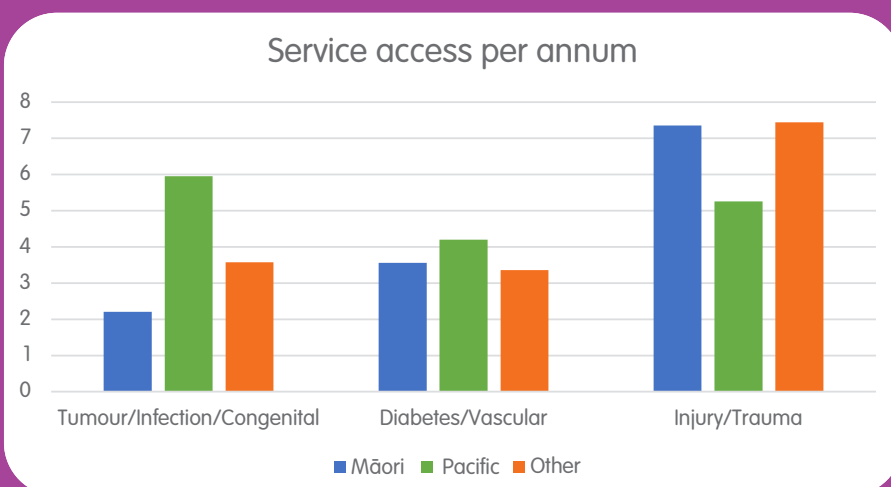
“The fact that Māori health outcomes are significantly worse than those for other New Zealanders represents a failure of the health and disability system and does not reflect te Tiriti commitments.”

Health and Disability Systems Review Report 2020

To deliver on our responsibilities, we have embedded accountability into our key work policies and systems. This work has woven the intrinsic values of our patient management system and people management system to reflect the **takune (intent)** of Pūmanawa and Manaakitanga, as can be seen in the images to the right.



The graph to the left shows that Māori and Pacific people deem our service as high quality with equitable outcomes, based on how we help them and other New Zealanders live independent and productive lives.*



The second graph shows generally that there is reasonable access to our service by reason for amputation and ethnicity. The injury amputees have a higher access rate as we are contracted to provide additional rehab services by ACC.**

We are very proud of these outcomes and believe we would be one of very few health and disabilities service providers that could demonstrate these outcomes and access statistics.

*This graph is from our continuous improvement programme where service receivers are asked how we have helped them live independent and productive lives with a score between 0 worst possible score and 10 best possible score.

**This graph is calculated by annualising service access from 1 January 2018 to 30 June 2020.

Chairman's report

Nau mai haere mai

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

We have faced significant challenges as a country due to the COVID-19 Pandemic. Peke Waihanga realised early we would need to be proactive to meet our community's needs, and our kaimahi (staff) acted with heart to provide services across the board adapting our services for our patients. Early action led us to be prepared for the future, and we are proud of kaimahi and their dedication to do good for our community through these challenging times.

Peke Waihanga feels a great deal of responsibility to support the community we serve. Further, we are cognisant of the social impact of our communications, events, design, and campaigns to create positively long lasting and unbiased impressions of amputees in our community. We have spent the last year focusing on our communications efforts and ensuring we engage our tūrora (patients), whānau, and stakeholders in a way that empowers them with information to make informed decisions on their health, social activities and community impact.

We have made great progress over the last year on our 2021 strategy.

With winning the ACC contract in August 2019, we are realising the benefits of establishing Peer Support Services, utilising psychology services for our tūrora, and our increase in rehabilitation hours. We now have the Silicone Studio established in our Hamilton Centre. The studio develops custom silicone devices to provide improved patient comfort, resulting in better outcome for our tūrora.

The role of the Keyworker has become engrained into our service model over the last year. Our keyworkers are working closely with patients and whānau to act as a key coordinator of care, and a point of contact for our patients and their wider Multidisciplinary team. They are providing meaningful oversight to ensure our tūrora are receiving holistic, considered services throughout their patient journey.

We have lifted our efforts on amputation prevention over the last year, in caring for the contralateral limb. Regularly checking our patients' contralateral limb is a known method of significantly reducing

the potential for further amputation, especially for our diabetes and vascular patients. Our efforts to reduce preventable amputations allows our patients to achieve better health outcomes overall and remain active participants in Aotearoa society with meaningfully balanced hauora (wellbeing).

Our expert workforce continues to provide top tier services to patients in Aotearoa. We have expanded significantly to include a wide range of skills and experience. With support from our funders we have been able to advance with Nurses that work directly with pre/post amputation patients in the hospital and Clinical Orthotists and Orthotic Technicians to advance our Orthotic contract service delivery and an Events/Peer Support Coordinator.

We are continuously improving on our Technology and Research and Development and finding creative innovation to support the people we care for. This includes collaborating on projects with universities, for example: Te Kāhano, Centre for Wellbeing through Physical Activity and Sport; CoRE Bid, Non-tertiary partner advising on disability inclusion for Auckland University of Technology.

We are committed to providing equitable services across the diverse range of ethnicities we care for. We have recently received data that indicates we are providing an equitable service for all our tūrora, including our Māori and Pasifika peoples. We are pleased that our patients are equitably engaged with our services.

As we wrap up another great year, I would like to extend my thanks to the Peke Waihanga kaimahi, my fellow board members, our Minister, ACC and the DHB's for their support in our vision of providing independent and productive lives for the people we care for.

Kia kaha, kia māia



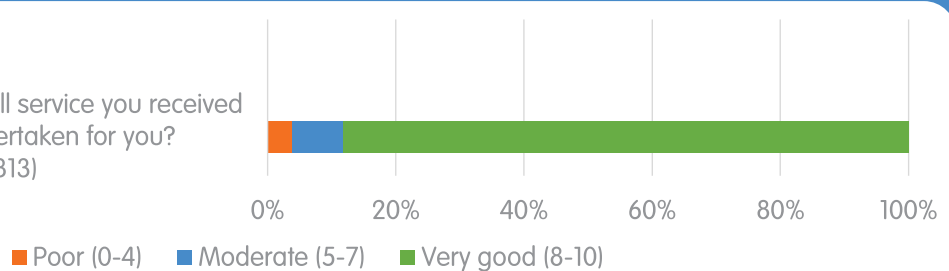
George Reedy
Chair

Ratonga Service

Our patients are at the centre of everything we do, receiving from Peke Waihangā whole-of-life, world-class services that deliver what they need at each stage of their journey.

High patient satisfaction

How would you rate the overall service you received for the job we have undertaken for you?
(response=313)



The above graph shows this year's patient response to our independent continuous improvement programme. The question scale was: 0 worst possible score and 10 best possible score.

Service demand

414 | New amputees

692 | New/replacement limbs made

3104 | Limb repairs

4389 | All amputees

14K | Prosthetic Jobs completed
(excluding consumables)

39K | Consumables provided
(for example, liners)

4% | Decrease in clinical prosthetics and manufacturing

4681 | Orthotic Jobs completed
(excluding consumables)

104 | Regional Prosthetic and Orthotic Clinics held



"If New Zealand is to address the inequities that currently exist in health outcomes, the health and disability system needs to recognise, design and deliver services to meet the differing cultural beliefs and world views of its diverse populations."

Health and Disability Systems Review Final Report 2020

Amputee Peer Support

Since launching on 1 August 2019, Peer Support service has trained 71 Volunteers who have supported over 130 amputees and their whānau throughout their journey.

For National Volunteer Week in June 2020 we published and worked with media to produce a series of interviews with Volunteers, to celebrate and thank them for their hard work in supporting fellow amputees in such a meaningful way.



Otago Daily Times

News | Sport | Life & Style | Entertainment | Business | Regions

Thursday, 25 June 2020

National Volunteer Week: Quake survivor helps others facing amputation

By Louise Day

Star News - Christchurch



BAY OF PLENTY TIMES

National Volunteer Week: Tauranga man shares his experience in amputee support

23 Jun, 2020 1:00pm



Brendon Kete, Peer Support Service volunteer for Peke Waihanga Aotearoa - New Zealand Artificial Limb

ACC Contract

In March 2019, ACC tendered their artificial limb service contract. This was a competitive process as per ACC's rules of procurement. This led to Peke Waihanga being contracted nationally for their artificial limb service. This contract has a 5 year term with renewal options of 3 and 2 years.

COVID-19 Response

Peke Waihanga provided a comprehensive and pro-active response to the COVID-19 pandemic. A variety of communication methods including text message, email, phone, video conferencing, website and social media were utilised to communicate to our tūroro, kaimahi and stakeholders.

Wage Subsidy Request

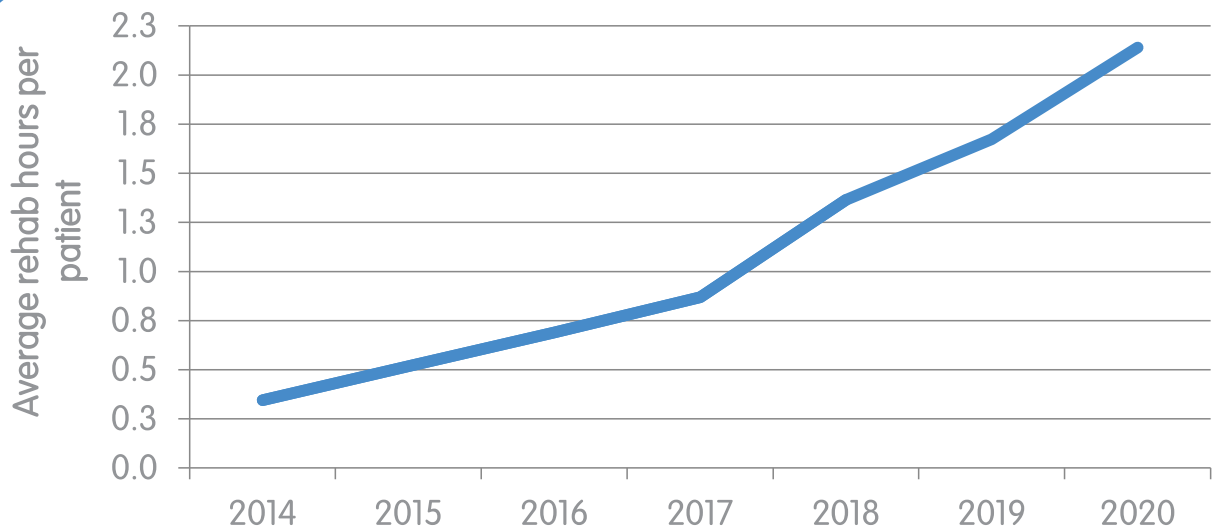
We made a COVID-19 Wage Subsidy Request based on a 67% reduction in billable hours since 23 March 2020; implementation of COVID-19 Alert Level 4.

UN Policy Brief

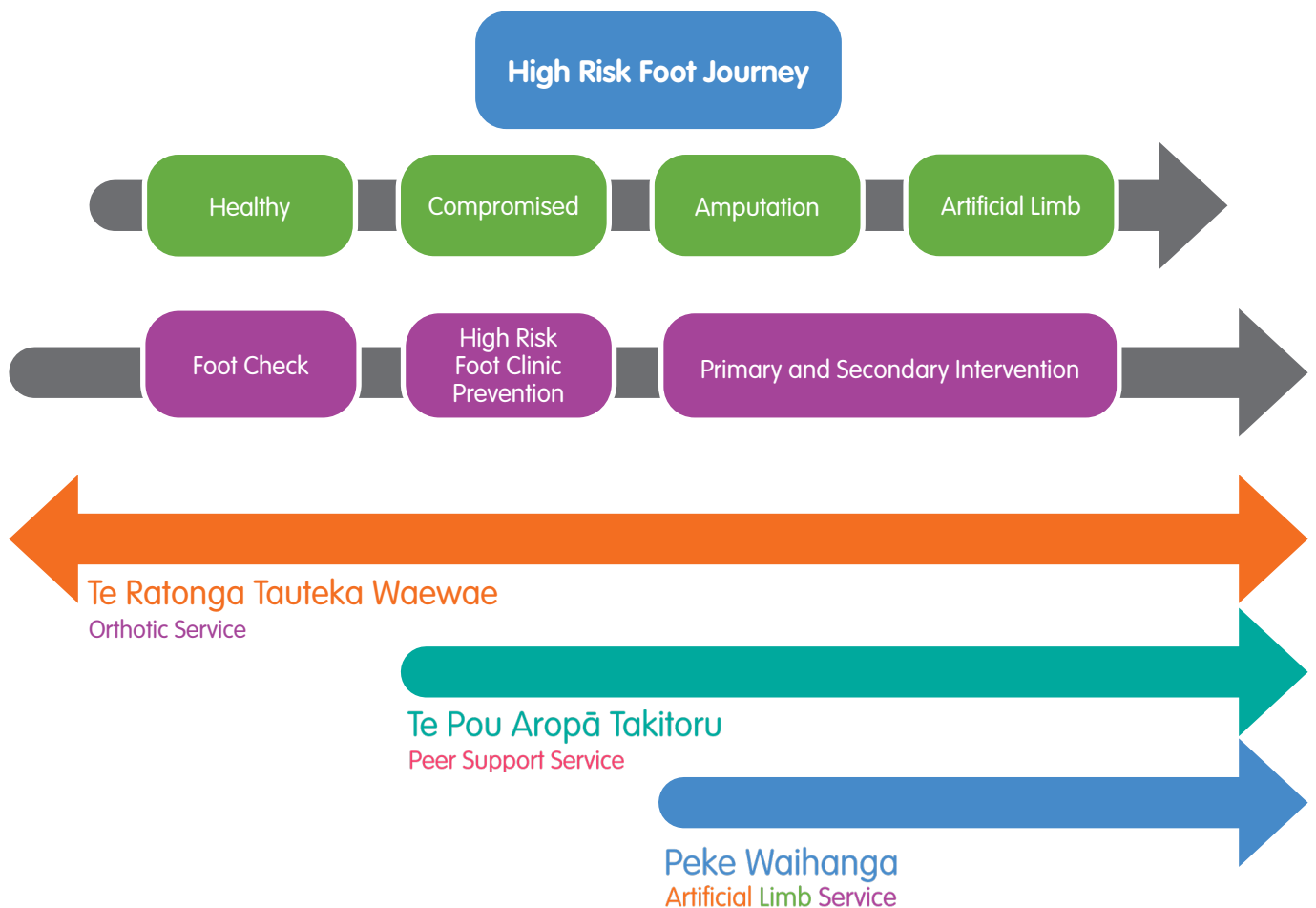
The UN Policy Brief was released in May, talking to how the current COVID-19 pandemic will intensify the inequalities in people with disabilities. Following are the key points:

1. Ensure mainstreaming of disability in all COVID-19 response and recovery together with targeted actions.
2. Ensure accessibility of information, facilities, services and programmes in the COVID-19 response and recovery.
3. Ensure meaningful consultation with and active participation of persons with disabilities and their representative organisations in all stages of the COVID-19 response and recovery.
4. Establish accountability mechanisms to ensure disability inclusion in the COVID-19 response.

Improving outcomes through rehabilitation



The above graph shows our increase in average rehab hours per patient over the last 6 years.



The above diagram shows the journey of a person with a foot at high risk of amputation, the prevention points at each stage of their journey, and the services delivered by our team including Orthotics (when contracted by DHB), Peer Support, and Artificial Limbs.

Amputation Prevention

Presentation at hospital admission - 14 April 2020



In early 2020 a patient stood on a nail which penetrated the sole of his safety boot and into his right foot causing an infection. He was admitted to hospital on 14 April 2020. After multiple attempts to clear the infection, amputation of the 4th and 3rd toes was performed. The patient was reviewed at a Diabetic clinic and after discussing the treatment options with the patient, the consensus was that he would be a good candidate to participate in a Pulseflow boot trial.

Multidisciplinary team visit - 17 May 2020



With the wound depth and coverage severely impacting the forefoot, the rigid superstructure of the Pulseflow boot supported the delicate foot. The device was fitted along with the prescribed offloading shoes which has a sach heel and a rigid metatarsal rocker. Training on the devices use was given and the patient felt very confident with the device on.

Follow up MDT visit after PulseFlow fitting - 25 June



The PulseFlow device was worn for a total of 10 weeks and the wound completely healed. This specific patient did not demonstrate any difficulties in adapting to the device, and weekly follow ups did not highlight any concerns. This shows promising benefits for this device in the prevention of amputation and aided healing of a traumatic injury.

Orthotics Case Study

Peke Waihangā met with a new patient who was on a wait list for a below knee amputation. After an extensive discussion and

physical examination with our multidisciplinary team we noticed she was wearing incorrect orthotic devices. We then made a custom carbon fibre ankle foot orthoses for her. The above cost comparison shows a drastic cost saving from an orthotic intervention at the pre amputation stage, as well as the mental and physical improvements the patient has experienced from her custom AFO.

Scenarios for remaining 22-year life expectancy

Orthotic for lifetime	Orthotic now with prosthetic in 10 years	Prosthetic now
\$15,724	\$219,084	\$502,421

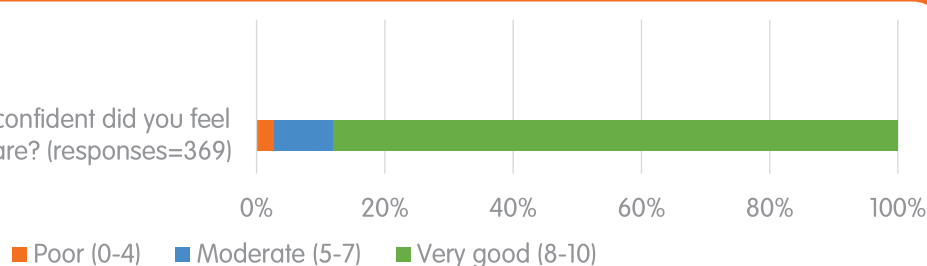
Hunga mahi mātanga

Expert workforce

Peke Waihanga's expert workforce is responsive and able to develop, adapt and adopt innovation and technology to continually improve the service and outcomes for our patients.

Patients have a high trust and confidence in our team

Please rate how trusting and confident did you feel with the staff providing your care? (responses=369)



The above graph shows this year's patient response to our independent continuous improvement programme. The question scale was: 0 worst possible score and 10 best possible score.

Workforce profile

We continue to drive diversity in our workforce by attracting a broad range of skills from various sectors. Allied health professionals now make up 20% of our staff, and we have improved our technological capability with the addition of an Additive Manufacturing Technician to the team. Our ratio of female to male staff has also increased from 47:37 (female:male) to 57:38 (female:male).

57:38 | Female:Male staff

80 | Employee Full Time Equivalents

30% | Part-time workers

100% | Qualified as per contracts

1255 | Days professional development

100% | Completed Cultural Competency training



"It is important that the future workforce represents the communities it serves, is safe and competent, works in a culturally safe way, and can work well as a team to provide high-quality person and whānau-focused care."

Health and Disability Systems Review Final Report 2020

Peke Waihanga - Wāhine

Peke Waihanga has been through significant change over the last few years to create a more balanced workforce, with our team better aligned to provide services to patients of all demographics. The following table shows the shift in female to male staffing levels in the organisation.

Role	2015 (f:m)	2020 (f:m)
Leadership	1 : 8	11 : 16
Allied Health	4 : 17	24 : 21
Orthotist/Prosthetist	0 : 17	8 : 19

“After being with Peke Waihanga for 28 years it is good to see the diversity of the evolving organisation and the opportunities that arise for both genders. It is good also to see how Peke Waihanga has come ahead in leaps and bounds over the last 6 years.”

Sue Kennedy - Dunedin Service Coordinator

“Peke Waihanga was predominately a male dominant workforce when I joined five years ago and it is great to see a significant increase in Wāhine working for us and all the great values, outputs and impact that women bring to our workforce. It is great to work for an organisation that offers employment opportunities that support working Mums and caregivers. As a mother of three young children, Peke Waihanga enables me to juggle home and work life that much easier.” **Julia Kelly - Human Resources Manager**



“I am super proud to be guiding Peke Waihanga in my role as a board member, what makes it extra special is that 40 years ago when I first become an amputee the only other woman at my local Center was the receptionist. To now have women representing just under 60% of Peke Waihanga workforce is a massive turn around and something I am immensely proud of.”

Kate Horan - Peke Waihanga Board Member

I love working for an organisation that encourages Wāhine to reach their goals, make the most of opportunities presented to us, and sees women in their roles as leaders and changemakers.”

Kathryn Scott - Social and Communications Manager

“It is a privilege to work in an organisation which truly values its staff and actively demonstrates this in numerous ways, such as supporting flexible employment relationships in acknowledgement of the numerous responsibilities in peoples lives.” Stephanie Shennan - Northern Regional Manager



Pūmanawa - HR Portal

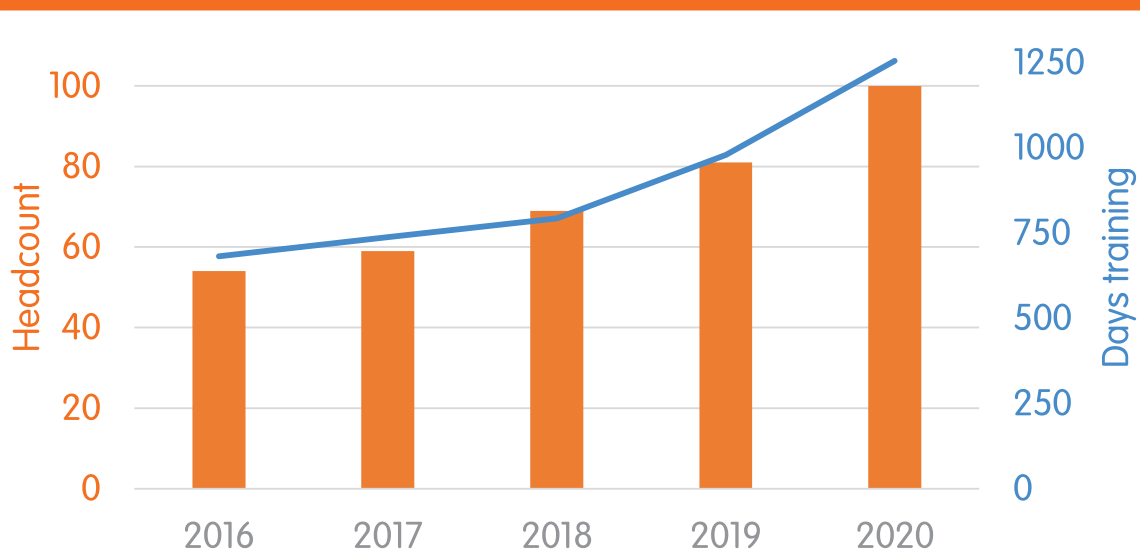
We have implemented a new Human Resources Portal, **Pūmanawa - Together weaving the realisation of potential**. This portal is a hub for our kaimahi to go through recruitment and onboarding, continued professional development training, appraisal processes, wellbeing initiatives and have visibility of the organisation's activities in one location. Pūmanawa allows us to bring Peke Waihangā online and streamline our internal communications and HR processes. Pūmanawa extends outward like the tētē kura, the fern frond to acknowledges the kaimahi we employ and the gifts and creative talents that they bring to Peke Waihangā. It acknowledges our kaimahi as the beating heart of our organisation and our responsibility to support their ongoing growth as innovative leaders and to nurture their wellbeing within our organisation.



Continuing to invest in our workforce

The above graph shows that by delivering on our strategy, our team has increased by 72%. With no Orthotic and Prosthetic tertiary qualification in New Zealand, we have also matched training days to this increase in team members to ensure we have an expert workforce delivering the best possible care.

Workforce Professional Development



Hangarau, Rangahau me te Whakawhanake Technology and R&D

We adapt and customise technology to change the lives of our amputees. We are responsible to our amputees for understanding, accessing and bringing them the best technology solutions and initiatives that Peke Waihangā's budgets allow.

Silicone Studio

The Silicone Studio has been busy manufacturing silicone products for both prosthetic and orthotic needs, leading to shorter delivery times by manufacturing in house and improved comfort design.



3D Printed Socket and Blade



90 amputees in NZ are benefiting from 3D printed devices. Our Digital Manufacturing agile team have designed, developed and implemented a fully 3D printed socket system for below knee amputees, with three suspension options - standard, vacuum (passive or active), and clutch systems. The Christchurch Centre is now developing posterior mounted blade 3D printed sockets as well as a 3D printed unity valve mount. We are sharpening the pencil on these designs and how everything fits together so that these practices become business as usual for our tūroro.



"Used well, with a deliberate emphasis on equity and inclusivity, digital services and technologies could reduce barriers to access and improve accuracy and safety, free up staff to focus on caring for patients, and deliver more consumer and whānau-centred service experiences. Similarly, effective use of data, analytics and research would support better and smarter care."

Health and Disability Systems Review Final Report 2020

Realising innovation

Microprocessor Knee (MPK) Replacement Programme

This programme has been very successful with improved outcomes for above knee amputees that have been appropriately prescribed microprocessor knees:

- **9%** improved mobility
- **12%** improved aerobic capacity and endurance
- **108%** increased functionality
- **87%** reduction in falls
- **29%** reduction in pain
- **18%** reduction in adjustment in activities due to prosthesis
- **47%** reduction in activity limitations

As such, the Board have approved a \$1 million investment into a replacement programme so these amputees can continue to realise the benefits of microprocessor knees.

Direct Socket



A Direct Socket (DS) can be completed in 4 hours or less and one visit for the patient. Of the 96 patients fitted with DS in NZ, 91% of sockets had a higher or equal Socket Comfort Score (SCS) with an average increase of 3 points, and only an 8% rework rate. Currently all Peke Waihanga locations have trained “centre champions” delivering this product, and six weekly meetings are held with the Össur team and centre champions to discuss issues/ problems and developments of this product. On the 14 October, Össur provided an online training session to staff across the country to increase the numbers of prosthetists delivering this process under the guidance of the centre champions. A number of technicians also joined in on this session to allow for the fabrication and assembly of limbs to be undertaken in a team approach. Planning considerations are now underway to provide education in the transfemoral sub-ischial socket system, this is currently planned to be released to the centre champions in first ¼ 2021.

Te Herenga Waka - Victoria University of Wellington

Matt McGowan's "Adding Brand: Design, Branding and Additive Manufacture for the production of tangible Prosthetic Products" has developed the Easycover and Easylimb, focused on illustrating product diversity in lower limb prosthesis using design as a conduit to comprehend emerging platforms of manufacture as a production method. Through the creation of a product prototypes, the predominantly service based company of Peke Waihanga has been exposed to a product focused methodology and a digital design and Additive Manufacture practise.



Vincent McQueen

Additive Alternatives: a product system for recreational prosthetics was focused on experimenting and designing low-cost lower-limb prosthetics for coastline recreational purposes. The study found that additive manufacturing allows forms to be individually tailored to the amputee's biomorphic data and dynamic requirements. Due to fewer manufacturing limitations through additive manufacturing, a focus was able to be placed on the aesthetic and dynamic function of the designs.



Pro Armor

New Zealand Innovation



Pro Armour products stop sand, grit and water from damaging prosthetic feet and can increase the life of prosthetic feet by 50%.

With a great sense of adventure and the right landscape to do it, New Zealanders are traditionally tough on prosthetic components.

Pro Armour is available for patients at all Peke Waihangā centres as a solution for protecting their prosthesis from tough terrain and wear and tear, providing a cost saving on prosthetic repairs and maintenance.

Naked Prosthetics

“After 30 years working with amputees of all levels these devices have provided the biggest increase in immediate functional ability of my patients over any other product I have worked with. Introduction of these will provide a dramatic increase in function to a number of patients we have not been able to assist previously.”

**Mark McDowall - Clinical Prosthetist/
Dunedin Team Leader.**



Next Steps

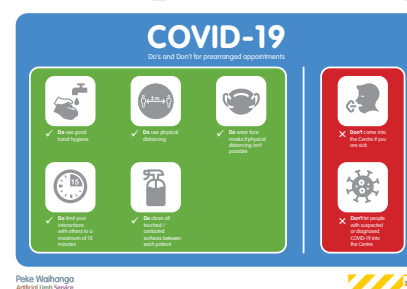
1. Review the minimum threshold for high tech components so that these can be easily provided without increasing administration time.
2. Increase staff awareness and training in casting fitting and delivery of these products.
3. Promotion of the products to hand therapy providers nationally = increased referral of clients whom would not be considered previously.

Mana Taurite Equity

Peke Waihanga supports equitable amputee access to technology and services based on need.

Communications

Our Communications Team provides our patients, whanau and healthcare professionals with information to support their decision making, boost inclusion and promote access. Our team includes a Social and Communications Manager, a Graphic/Web Designer, and a Peer Support and Events Coordinator. This team creates resources, runs events, campaigns and champions digitisation of our services that improve our internal and external communications services. During the COVID-19 Lockdown they were also producing resources and information for our tūroro, staff and social media/website to ensure our consistent reassuring communications throughout unprecedented times.



Sustainability

Peke Waihanga has established a Sustainability Team. The team distributed a survey to all staff asking which of the UNs Sustainable Goals most resonated with them, and what initiatives they would like to see the team focus on. The response was overwhelming, every employee that completed the survey would like to see improvements to the way we dispose of our waste.

We have engaged the Sustainability Trust, a not for profit social enterprise, who have a focus on helping individuals and workplaces become more sustainable. They run an initiative called 'Your Sustainable Workplace', a step-by-step programme designed to help organisations reduce the waste in their workspace.



"A proactive approach to promoting and protecting health is required, with an explicit focus on equity - understanding which groups are most impacted, recognising the commercial and socio-economic determinants of health that underpin inequities and designing and implementing comprehensive strategies to eliminate or ameliorate them."

Health and Disability Systems Review Final Report 2020

Property

Auckland Centre



Hamilton Centre



Tauranga Centre



Wellington Centre



Christchurch Centre Rebuild



Peke Waihangā properties were previously leased from MSD and Southern DHB, with most needing upgrading both from a health and safety and modernisation perspective. MSD transferred their interest in the Auckland, Hamilton and Wellington properties to Peke Waihangā and we secured new property funding so we can ensure our properties are fit-for-purpose and allow us to deliver on our strategy.

Hamilton Centre

New workshop layout/ refurbishment and storage improvements.

Auckland Centre

This centre has undergone an internal refurbishment with a new reception, waiting room, flooring, and lighting.

Tauranga Centre

This is a brand new facility and has undergone a full fitout for patient services.

Wellington Centre

New roof, external repaint, new reception and updated waiting room.

Christchurch Centre

We are planning to build a new centre right next to the existing centre. Once completed, the old building will be demolished.

Compliance

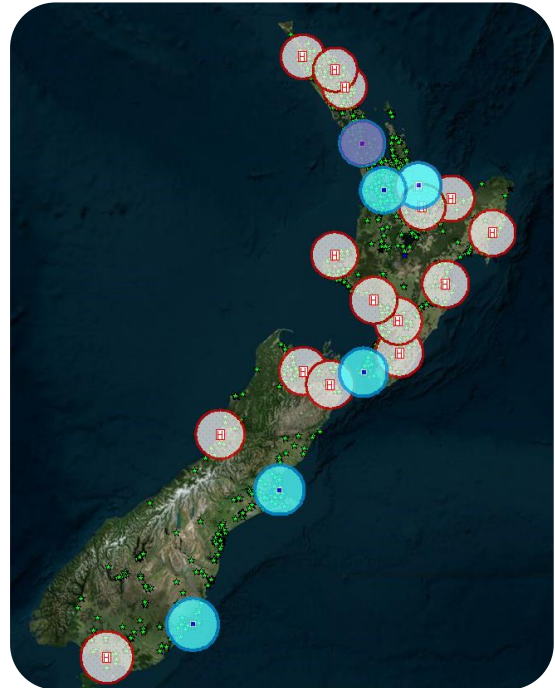
We continue to seek feedback on our service and encourage patients to discuss service issues and complaints with the team. This feedback is the critical information we need to improve our services. Following are key statistics on our compliance function.



* Due to COVID-19 we had a high number of additional policies and procedures created and updated.

Geospatial Technology

We have adopted Geospaital Mapping Technology from Critchlow to visualise and understand how we can increase access for the people we care for across Aotearoa. The map to the right shows our patients and within 50km of a Peke Waihanga Centre or Regional Clinic, with an example of how our new Tauranga Centre improves access by bringing permanent services closer to people in the regions.



Starship

Starship has funded 10 activity limbs for our young tūroro. This life changing funding has made a huge impact on these young patient's confidence, and their ability to participate in activities with their peers. Thank you Starship for your incredibly generous funding to provide better outcomes for the future of Aotearoa.



Peke Waihanga as a good employer

Peke Waihanga promotes staff participation in the development of 'good employer' programmes and practices through regular employee collaboration meetings, recruitment panels and health and safety policies.

We engage with our employees and the New Zealand Public Service Association which represents approximately 30% of our workforce to comply with the 'good employer' and equal employment opportunities provisions.

Leadership, accountability and culture

- Peke Waihanga's values of challenging, fair, impartial, responsive, trustworthy and quality, guide our leadership team in making decisions that positively impact our patients and staff and create a strong and positive internal culture.
- Providing our people with ongoing context, direction and leadership on the performance of Peke Waihanga within a rapidly changing industry landscape.
- We provide coaching for our managers on key leadership capabilities including authentic leadership, influencing others, change agility & resilience, inspiring & motivating others and having brave conversations.

Recruitment selection and induction

- Attracting and retaining the best employees is critically important to our expert workforce strategy and we have implemented a comprehensive organisation-wide induction programme for new employees, with e-learning, workshops and on-the-job tools and resources.
- Educating our business leaders on unconscious bias and the importance of inclusion and diversity in selection and promotion.
- Peke Waihanga is an 'accredited employer' with Immigration NZ. As an organisation we meet strict criteria in respect of our robust Human Resources practices and our commitment to training and employing New Zealanders (where appropriate).

We are committed to being a good employer and have adopted the guidelines of the Human Rights Commission in monitoring seven aspects of our engagement with our employees.

Employee development and promotion

- We harness the talent of our people and ensure they understand how they contribute to our wider success.
- Succession planning, internal growth strategies, training and development and continued professional development are all key themes in our expert workforce strategy.
- Through our world class training & development programmes, we encourage the development of professional skills and provide specialist training in prosthetics, orthotics, rehabilitation and technology.
- All prosthetists and orthotists currently employed by Peke Waihangā hold a tertiary qualification in orthotics or prosthetics. This includes qualifications gained through universities, polytechnics and institutes of technology.

Flexibility and work design

- Peke Waihangā actively supports many non-standard work arrangements where business demands enable these to occur, including part-time, flexible working hours, working from home and other forms of remote working.
- We tailor our support in these situations to individual need, and actively support return-to-work programmes for ill and injured employees.

Remuneration, recognition and conditions

- Our remuneration processes have been developed by robust job sizing evaluations, ensuring that remuneration reflects the complexity of each role and the level of skill required.
- We have embarked on a review of our performance development, remuneration, and recognition systems to ensure that they meet the needs of both the organisation and our employees.

Harassment and bullying prevention

- We have a Managing Bullying, Harassment and Discrimination in the Workplace policy which details no tolerance for any form of discrimination or harassment within our organisation.

Safe and healthy environment

- We have implemented a comprehensive internal health and safety strategy and have implemented new approaches to hazard and risk identification and management, and accident and incident reporting and investigation.
- Strategies for effectively managing our biggest risks are well embedded. We provide an Employee Assistance Programme, discounted health insurance, health monitoring checks, and vaccinations.

Employee Wellbeing

- We implemented a workforce mental health and wellbeing programme in 2020 to demonstrate the value Peke Waihangā places on the health and wellbeing of its workforce.

Health and Safety

Health and safety statistics

The health and safety for our patients and workforce is a very important aspect of our business. Following are key statistics on our health and safety function.



COVID-19 Response

Peke Waihanga provided a comprehensive and pro-active response to the COVID-19 pandemic. A suite of specific COVID-19 documents to support staff and patients were created and frequently updated as more information became available from the Ministry of Health, and when alert levels were changed.

Two documents initially created to support staff and patients during the early stages of the pandemic have become business as usual as Peke Waihanga has adopted new business practices. This includes adjustment or repair of devices in exceptional circumstances made in conjunction with a remote consultation with a prosthetist or orthotist (Device User Adjustment & Repaired Device Fitting Procedure) and a procedure for management of enquires for compression socks (stump shrinkers), rigid removal dressing and consumables (Provision of Compression Socks, RRD and Consumables).

Personal Protective Equipment Procedure

A new procedure was created to help staff work safely by providing guidance on Personal Protective Equipment (PPE) to further reduce the potential for exposure to workplace hazards. The procedure outlines the different types of PPE, when it is required to be worn and how to clean and maintain PPE. It also includes a guideline for activities where specific PPE is to be worn. This has led to standardised PPE and PPE signage in the centre workshops.

Machinery SOPs

Peke Waihanga has developed a suite of Standard Operating Procedures (SOPs) for machines in the centre workshops. The SOPs are displayed adjacent to the machines and outline the PPE to be worn, the key dangers, items to check before the machine is started and what to do when using the machine.

BANDSAW
Safety Operating Procedure

Protect yourself with...

- Eye protection
- Hearing protection
- Dust mask

Key dangers

- Eye damage
- Dust inhalation
- Lacerations / penetrating injury
- Entanglement

Before you start

- ✓ You have been trained to operate this machine
- ✓ Cables are free from damage
- ✓ Blade height is suitable for material being cut
- ✓ Fixed guards are in place
- ✓ Dust extraction is turned on

When using this machine

- ✓ Turn off and unplug machine when adjusting blade / distances
- ✓ Let machine reach operating speed before feeding material
- ✓ Use push sticks (if practical) to feed and push material firmly against fence. Keep fingers at least 150mm away from blade
- ✓ Don't switch off blade under load
- ✓ Don't leave running machine unattended
- ✓ Use lockout / tagged procedure during maintenance, e.g. changing blade
- ✓ Turn off dust extractor after use
- ✓ Leave machine in safe state AND clear work area after use

Board Members

Board members are appointed by the Minister for Social Development under the Crown Entities Act 2004. Membership is determined by the Social Welfare (Reciprocity Agreements, and New Zealand Artificial Limb Service) Act 1990, which provides the nominating bodies and has a significant influence on the composition of the Board. Board members during the year were:

George Reedy – Chair

George is from Ngāti Porou, has a background in business and Māori economic development, non-government organisations and the public sector. A chartered accountant (with an MBA) by profession, his main roles are concentrated on strategy and business development especially in online digital environments.

Professor Alan Thurston – Board Member

Professor Thurston is the Associate Professor of Orthopaedic Surgery and Consultant Hand Surgeon at the Wellington School of Medicine & Health Sciences and Wellington Hospital. Alan has been holding clinics at the Wellington Artificial Limb Centre for over 30 years.

Kevin Ross – Board Member

Kevin served as the Chief Executive of the Whanganui District Council for seven years before retiring in 2015. In his various roles within the Council he has had considerable experience dealing with most sectors of the community and focussed on developing genuine and committed partnerships with local Iwi. Kevin currently chairs the Tararua District Council Audit and Risk Committee.

Cynthia Bennett – Board Member

Cynthia is a specialist trained Medical Doctor in Physical Medicine and Rehabilitation. She practices Rehabilitation Medicine as a Fellow of the Australasian Faculty of Rehabilitation Medicine in NZ. Cynthia is the Clinical Head of Rehabilitation and the Auckland Spinal Rehabilitation Unit for Counties Manukau Health. In addition Cynthia holds the position of the NZ Branch Chair of the Australasian Faculty of Rehabilitation Medicine and is a member of the AFRM PAC.

Kate Horan – Board Member

Kate is a dual Paralympian in athletics and cycling, winning Silver in the 200m at the 2008 Beijing Paralympic Games and has her sights on para cycling at the 2020 Paralympic Games which would be her fourth Paralympic Games. In her role with dsport, Kate has developed and implemented activity initiatives that have empowered many people leading to improved self-esteem and general wellbeing. Notably, at dsport, Kate and the team have developed an amazing youth activity programme that supports 100 families which will have life-long social and health benefits for those involved.

Statement of performance expectations 2019/2020

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

Output, impact and outcome performance measures and standards	2019/2020 Targets	2019/2020 Actual
Amputees independence and productivity outcome	85%	94%
Amputees satisfaction with our service ²	85%	96%
Amputees trust and confidence in our team	85%	97%
Percentage of new amputees prescribed a prostheses with improved independence and mobility assessed using 'Amputee Mobility Predictor' within 18 months of fitting of a new artificial limb ¹	80%	82%
Percentage of active amputees in our service with a Key Worker ³	100%	100%
Percentage of Peke Waihangā's clinical and technical employees hold recognised certification and/or qualifications	100%	100%
Average number of training and professional development days per full time equivalent staff member	10	15
Minimum number of 3D printed sockets	30	44
Number of collaborative research projects undertaken on issues designed to improve the provision of services to amputees ⁴	2	4
Minimum number of days that information is available to amputees through the Peke Waihangā website	365	365
Minimum number of business days that services are available to amputees through all five Peke Waihangā centres ⁵	230	230
Minimum number of regional clinics held	40	64

1. Amputee Mobility Predictor - 45 out of 55 amputees with a baseline and follow up measure
2. The Net Promoter Score (NPS) measures the loyalty and satisfaction that exists between a provider and a consumer. This NPS was calculated from 417 amputee responses.
3. As defined in Peke Waihangā contract with ACC.
4. See Technology and R&D section of this Annual Report on pages 12-15 for details on research collaboration projects.
5. Peke Waihangā was deemed an essential service during the COVID-19 lockdown therefore we provided services throughout. This was done with urgent in-person appointments with COVID precautions in place, and utilising telehealth where possible.

Financial statements

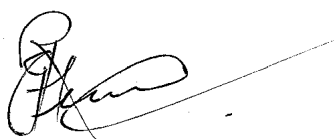
Statement of responsibility For the year ended 30 June 2020

The Board is responsible for the preparation of the Peke Waihangā' financial statements and the performance information and for the judgements made in them.

We are responsible for any end-of-year performance information provided by Peke Waihangā under section 19A of the Public Finance Act 1989.

The Board of the Peke Waihangā has the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board, these financial statements and performance information for the year ended 30 June 2020 fairly reflect the financial position and operations of the Peke Waihangā.



George Reedy
Chair



Kevin Ross
Board member

14 December 2020

14 December 2020

Independent Auditor's Report

To the readers of Peke Waihanga - New Zealand Artificial Limb Service's financial statements for the year ended 30 June 2020

The Auditor-General is the auditor of the Peke Waihanga - New Zealand Artificial Limb Service (Peke Waihanga). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Peke Waihanga on his behalf.

Opinion

We have audited:

- the financial statements of Peke Waihanga on pages 30 to 47, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion:

- the financial statements of Peke Waihanga on pages 30 to 47:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the applicable financial reporting framework; and

Our audit was completed on 14 December 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on Peke Waihanga. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on Peke Waihanga as set out in note 21 to the financial statements.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of Peke Waihanga for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible on behalf of Peke Waihanga for assessing Peke Waihanga's ability to continue as a going concern. The Board are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Peke Waihanga, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to Peke Waihanga's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Peke Waihanga's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We conclude on the appropriateness of the use of the going concern basis of accounting by Peke Waihanga and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Peke Waihanga's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Peke Waihanga to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 24, and 29, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Peke Waihanga in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Peke Waihanga.



Kelly Rushton
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Financial results

The Statement of Comprehensive Revenue and Expense shows gross operating revenue (excluding interest and donations) of \$19,567,000 which is an increase of 4.5% on the previous year of \$18,716,000. Revenue is derived principally from contracts with ACC for trauma-based amputees, Capital & Coast District Health Board, which manages the national contract for amputees with illness-based amputations, congenital limb deficiencies or long-standing trauma-based amputations and Waikato District Health Board for provision of Orthotic Services. Revenue is also received from payments on behalf of war amputees, private insurers, health benefits and private supply.

During the year the Ministry of Social Development transferred ownership of the buildings occupied by Peke Waihangā in Auckland and Wellington to Peke Waihangā. The value of these buildings given to Peke Waihangā have been valued at \$6,797,000 which is included as a donation as at 30 June 2020.

Operational costs for the year totalled \$19,384,000 (2019: \$17,761,000) resulting in a surplus of \$7,020,000. This follows a surplus last year of \$996,000.

Peke Waihangā's financial position remains strong with \$12,625,000 in reserves.

Statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Revenue				
Government contract funding	2	18,725	16,477	18,291
Interest revenue		40	36	41
Other operating revenue	2	842	183	425
Donations	2	6,797	-	-
Total revenue		26,404	16,696	18,757
Expenditure				
Personnel costs	3	6,991	5,947	5,577
Depreciation and amortisation expense	9	268	229	231
Other expenses	4	12,125	10,866	11,953
Total expenditure		19,384	17,042	17,761
Total comprehensive revenue & expense		7,020	(346)	996

Explanations of significant variances against budget are detailed in note 20 (on page 47).
The accompanying notes form part of these financial statements (on pages 35-47).

Statement of financial position

As at 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Assets				
Current assets				
Cash and cash equivalents	5	953	1,027	1,737
Receivables	6	2,096	1,600	1,800
Prepayments		49	50	48
Inventories	7	2,632	2,100	2,038
Investments	8	1,186	1,173	1,146
Total current assets		6,916	5,950	6,769
Non-current assets				
Property, plant and equipment	9	8,529	1,160	1,204
Intangible assets		-		2
Total non-current assets		8,529	1,160	1,206
Total assets		15,445	7,110	7,975

The accompanying notes form part of these financial statements (on pages 35-47).

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Current liabilities				
Payables and revenue in advance	10	2,082	960	1,733
Employee entitlements	11	609	575	539
Total current liabilities		2,691	1,535	2,272
Non-current liabilities				
Employee entitlements	11	129	110	98
Total non-current liabilities		129	110	98
Total liabilities		2,820	1,645	2,370
Net assets		12,625	5,465	5,605
Equity				
General funds		12,625	5,465	5,605
Total equity		12,625	5,465	5,605

Explanations of significant variances against budget are detailed in note 20 (on page 47).
The accompanying notes form part of these financial statements (on pages 35-47).

Statement of changes in equity For the year ended 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Balance at 1 July		5,605	5,811	4,609
Total comprehensive revenue & expense		7,020	(346)	996
Balance at 30 June	12	12,625	5,465	5,605

Explanations of significant variances against budget are detailed in note 20 (on page 47).
The accompanying notes form part of these financial statements (on pages 35-47).

Statement of cash flows

For the year ended 30 June 2020

	Note	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Cash flows from operating activities				
Receipts from government contract funding		18,364	16,478	18,174
Interest received		40	36	39
Receipts from other revenue		907	182	365
Payments to suppliers		(12,507)	(10,460)	(11,836)
Payments to employees		(6,890)	(6,184)	(5,515)
Goods and services tax (net)		136		(115)
Net cash from operating activities		50	52	1,112
Cash flows from investing activities				
Purchase of investments		(40)	(36)	(38)
Purchase of property, plant & equipment		(794)	(240)	(275)
Net cash from investing activities		(834)	(276)	(313)
Net increase/(decrease) in cash and cash equivalents		(784)	(224)	799
Cash and cash equivalents at the beginning of the year		1,737	1,250	938
Cash and cash equivalents at the end of the year	5	953	1,026	1,737

Explanations of significant variances against budget are detailed in note 20 (on page 47).
The accompanying notes form part of these financial statements (on pages 35-47).

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2020

Reporting entity

Peke Waihangā - Artificial Limb Service is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. The relevant legislation governing Peke Waihangā's operations includes the Crown Entities Act 2004 and the Artificial Limb Service Act 2018. Peke Waihangā's ultimate parent is the New Zealand Crown.

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

The financial statements for Peke Waihangā are for the year ended 30 June 2020, and were approved by the Board on 14 December 2020.

Basis of preparation

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

Statement of Compliance

Peke Waihangā is a tier 2 entity. These financial statements comply with the PBE Standards Reduced Disclosure Regime because Peke Waihangā total expenses are less than \$30 million.

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

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

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars (\$000), except for Board member remuneration and related party transactions in Note 15, which are rounded to the nearest dollar.

Significant accounting policies

Revenue

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

Revenue from Government Contract Funding

Peke Waihangā principally derives its revenue from the Crown through contracts with Capital Coast District Health Board and Accident Compensation Corporation for services to third parties.

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

Interest

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

Other revenue

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

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Peke Waihangā are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive revenue and expense.

Cash and cash equivalents

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

Receivables

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

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

Investments

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

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

The carrying amounts of investments with maturities less than 12 months approximates their fair value.

If an investment's carrying amount exceeds its recoverable amount, the investment is impaired and the carrying amount is written down to the recoverable amount.

Inventories

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

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

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

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit.

Peke Waihangā does not currently use forward exchange contracts to hedge exposure to foreign exchange risk.

Property, plant and equipment

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

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

Property assets at Auckland and Wellington have been valued by Bayleys.

Additions

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

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

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Peke Waihangā and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive revenue and expense as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. Maintenance of Peke Waihangā website is recognised as an expense when incurred.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

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

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

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

Intangible assets

Software acquisition and development

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

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

Costs associated with the development and maintenance of Peke Waihangā website is recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

Impairment of property, plant, and equipment and intangible assets

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

Payables

Payables are recorded at the amount payable.

Employee entitlements

Short-term employee entitlements

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

Peke Waihangā recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term entitlements

Long service leave entitlements that are payable beyond 12 months have been calculated on an actuarial basis.

The calculations are based on:

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

The discount rates are as specified by Treasury for accounting valuation purposes as at 30 June 2020 of 1 year 0.22%, 2 year 0.25%, 3 year plus 1.63% (2019: 1 year 1.26%, 2 year 1.03%, 3 year plus 3.55%). The calculation assumes a salary growth rate of 2.72%. (2019:2.7%) as a non-current liability.

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver and the Peke Waihangā - Artificial Limb Service Superannuation Scheme with New Zealand Retirement Trust, are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

Peke Waihangā makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

Equity

Equity is measured as the difference between total assets and total liabilities.

Goods and Services Tax (GST)

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

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

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

Income tax

Peke Waihangā is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are derived from the Statement of Performance Expectation as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements and have not been audited.

Critical accounting estimates and assumptions

In preparing these financial statements, Peke Waihanga 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 of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant and equipment and intangibles

At each balance date, the useful lives and residual values of property, plant and equipment, and intangibles are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Peke Waihanga, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense and amortisation recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. Peke Waihanga minimises the risk of this estimation by physical inspection of assets and review of second-hand market prices for similar assets.

Peke Waihanga has not made significant changes to past assumptions concerning useful lives and residual values.

Property leases

Note 13 provides detail in relation to treatment of Peke Waihanga property leases. Peke Waihanga has an operating lease for its Dunedin centre, finance leases for Hamilton and Christchurch centres and land only leases for Auckland and Wellington centres. No rent is payable for the Dunedin centre and the others are paid at nominal rents.

Long service leave

Note 11 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities.

2. Revenue

Peke Waihanga receives funding from a contract with Capital & Coast District Health Board, which manages the national contract for amputees with illness-based amputations, congenital limb deficiencies or long-standing trauma-based amputations. This is a bulk funding contract, the funding of which is restricted in its use to the purpose of meeting contract service specifications.

Peke Waihanga also receives revenue from a contract with ACC for trauma-based amputees for supply of specific goods and services supplied to amputees of ACC.

During the year the Ministry of Social Development gave the buildings occupied by Peke Waihanga in Auckland and Wellington to Peke Waihanga. The value of these buildings given to Peke Waihanga have been values at \$6,797,000 which is included as a donation as at 30 June 2020.

Due to the impact COVID-19 had on Peke Waihanga during Alert Level 3 and 4, Peke Waihanga applied for and received the wage subsidy of \$589,000. This is recorded in other income.

3. Personnel costs

	Actual 2020 \$000	Actual 2019 \$000
Salaries and wages	6,704	5,364
Employer contributions to superannuation schemes	188	151
Increase/(decrease) in employee entitlements (note 11)	99	61
Total personnel costs	6,991	5,577

Employer contributions to defined contribution plans include contributions to KiwiSaver, NZ Retirement Trust Superannuation Fund and the DBP Contributions Scheme.

4. Other expenses

	Actual 2020 \$000	Actual 2019 \$000
Fees to auditor – Audit fees for financial statement audit	42	39
Board members' fees	68	72
Board members' expenses	37	23
Cleaning & laundry	147	139
Computer expense	242	283
Legal expense	126	134
Material costs	9,389	9,301
Operating lease expense	250	107
Other operating expenses	1,824	1,855
Total other expenses	12,125	11,953

5. Cash and cash equivalents

	Actual 2020 \$000	Actual 2019 \$000
Cash on hand and at bank	953	1,737

6. Receivables

	Actual 2020 \$000	Actual 2019 \$000
Trade debtors	2,025	1,740
Other receivables	55	44
Interest accrual	16	16
Total debtors and other receivables	2,096	1,800

The carrying value of receivables approximates their fair value.

7. Inventories

	Actual 2020 \$000	Actual 2019 \$000
Materials	1,388	1,086
Work in progress	1,244	952
Total inventories	2,632	2,038

Peke Waihanga does not currently hold any inventory for distribution (2019: nil).

Peke Waihanga has a provision for obsolete stock of \$119,812 (2019: \$102,120).

There are no inventories pledged as security for liabilities; however, some inventories are subject to retention of title clauses until paid for in full.

8. Investments

	Actual 2020 \$000	Actual 2019 \$000
Current investments are represented by term deposit	1,186	1,146

The weighted average effective interest rate for term deposits is 3.09% (2019: 3.44%).

There were no impairment provisions for investments.

The carrying amount of term deposits with maturities of less than 12 months approximates their fair value.

9. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Leasehold improvements \$000	Buildings \$000	Plant and equipment \$000	Furniture and fittings \$000	Computer equipment \$000	Total \$000
Cost or valuation						
Balance at 1 July 2018	986	-	1,068	349	380	2,783
Additions	17	-	73	66	119	275
Disposals	-	-	-	(55)	(51)	(106)
Balance at 30 June 2019	997	-	1,141	366	448	2,952
Balance at 1 July 2019	997	-	1,141	366	448	2,952
Additions	337	-	158	127	173	795
Donated Asset	-	6,797	-	-	-	6,797
Disposals/Transfer of ownership	(1,164)	1,164	-	-	-	-
Balance at 30 June 2020	170	7,961	1,299	493	621	10,544
Accumulated depreciation and impairment losses						
Balance at 1 July 2018	510	-	573	280	262	1,625
Depreciation expense	38	-	80	33	78	229
Eliminate on disposal	-	-	-	(55)	(51)	(106)
Balance at 30 June 2019	548	-	653	258	289	1,748
Balance at 1 July 2019	548	-	653	258	289	1,748
Depreciation expense	22	-	89	45	111	267
Eliminate on disposal/transfer of ownership	(561)	561	-	-	-	-
Balance at 30 June 2020	9	561	742	303	400	2,015
Carrying amounts						
At 1 July 2018	476	-	495	69	118	1,158
At 30 June and 1 July 2019	449	-	488	108	159	1,204
At 30 June 2020	161	7,400	557	190	221	8,529

There are no restrictions over the title of Peke Waihanga plant and equipment, nor are there any plant and equipment pledged as security for liabilities.

The most recent valuations for the buildings are:

Auckland - 7 Horopito Street - performed by an independent registered valuer J McKenzie of Bayleys Valuations Limited. The valuation of \$4,100,000 is effective 1 July 2020.

Wellington - Level 1, 42 Mein Street - performed by an independent registered valuer P Butchers of Bayleys Valuations Limited. The valuation of \$3,300,000 is effective 4 July 2020.

10. Payables and revenue in advance

	Actual 2020 \$000	Actual 2019 \$000
Creditors	1,413	1,253
Revenue in advance	201	55
Accrued expenses	209	302
GST	259	123
Total creditors and other payables	2,082	1,733

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximated their fair value.

11. Employee entitlements

	Actual 2020 \$000	Actual 2019 \$000
Current employee entitlements are represented by:		
Accrued salaries and wages	167	197
Annual leave	380	276
Sick leave	22	22
Long service leave	40	44
Total current portion	609	539
Non-current employee entitlements are represented by:		
Long service leave	129	98
Total non-current portion	129	98
Total employee entitlements	738	637

The present value of long service leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate, Peke Waihanga used the discount rates published by the Treasury for the purpose of valuing employee benefits as at 30 June 2020 of 1 year 0.22%, 2 year 0.25%, 3 year plus 1.63% (2019: 1 year 1.26%, 2 year 1.03%, 3 year plus 3.55%). The salary growth factor of 2.72% (2019:2.7%) has been determined after considering historical salary inflation patterns by an independent actuary.

Using the discount rate used in 2019 the carrying amount of the liability would be an estimated \$9,000 lower. If the salary growth factor were to differ by 1% from Peke Waihanga's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$13,000 lower if salary growth is 1% lower and \$14,000 higher if salary growth is 1% higher.

12. Equity

General funds

	Actual 2020 \$000	Actual 2019 \$000
Balance at 1 July	5,605	4,609
Surplus/(deficit)	7,020	996
Balance at 30 June	12,625	5,605

13. Capital commitments and operating leases

Capital commitments

There are no capital commitments (2019:Nil).

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2020 \$000	Actual 2019 \$000
Not later than one year	260	203
Later than one year and not later than five years	456	544
Later than five years	0	14
Total non-cancellable operating leases	716	761

Peke Waihangā has commercial leases on the following properties:

National Office entered into a new lease on 1 September 2018 for a six year term. The annual rent is \$84,328 with a rent review in September 2021.

Tauranga Centre entered into a new lease on 1 June 2020 for a 3 year term. The annual rent is \$57,360.

Dunedin Centre lease - a three-year variation was verbally agreed, extending the lease to April 2019. No rent is payable with fixed outgoings of \$20,754 per annum. Peke Waihangā continues to occupy these premises. No new lease has yet been negotiated.

Christchurch centre entered into a new lease on 4 December 2018 for a 3 year term. Annual rent is \$118,225. Peke Waihangā has yet to occupy these

premises while discussions are ongoing with Canterbury District Health Board regarding rebuilding options on the land leased at Burwood Hospital site.

The Auckland and Wellington Centres are on land leased as crown assets at nominal rents.

Finance leases

The Hamilton and Christchurch centres are in premises provided as crown assets at nominal rents. These leases are deemed as Finance leases.

The leases expire as follows:

Auckland – June 2075

Hamilton – June 2029

Wellington – June 2079

Christchurch – June 2045

Peke Waihangā has elected to account for the property lease transactions as service in kind. Peke Waihangā has chosen not to quantify the benefits arising from these transactions.

During the year the Ministry of Social Development (MSD) transferred their ownership in the building of the Auckland Centre and the lease became a land only lease. Also, MSD transferred their interests in the properties in Hamilton and Wellington to Peke Waihangā. Peke Waihangā has had Bayleys value their interests in these properties.

14. Contingencies

Contingent liabilities

Superannuation schemes

Peke Waihangā is a participating employer in the DBP Contributors Scheme ('the Scheme'), which is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2020, the Scheme had a past service deficit of \$2.8 million, being 4.1% of the liabilities (2019: deficit \$1.8 million – 1.9% of total liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This deficit 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 PBE IPSAS 25.

The current employer contribution rate is three times contributor contributions, inclusive of Employer Contribution Withholding Tax. The Actuary has recommended a stepped approach to changing the employer contribution rate, as follows:

1 April 2020 - 31 March 2021 Three times contributor contributions

1 April 2021 - 31 March 2022 Four times contributor contributions

From 1 April 2022 Five times contributor contributions

The key assumptions in the review were:

- the difference between the future investment returns and the rates of CPI inflation assumed when calculating future factors for transfers from this Scheme to the DBP Annuitants Scheme (DBPA Scheme)
- the pensioner mortality assumptions, which are based on the results of a recent pensioners' mortality investigation, and include an allowance for improving mortality
- the future investment returns assumed for the Scheme over the next ten years.

The following table shows the Scheme investment return over the next ten years, and the difference between investment return and CPI inflation assumed when calculating future factors for transfers from the Scheme to the DBPA Scheme.

Valuation date	31 March 2020	31 March 2019
	%	%
DBPC Scheme investment return, next 10 years	2.5	1.7
Transfer factors: Difference between investment return and CPI inflation		
First 10 years	0.6	(0.4)
Thereafter	1.2	1.5

If the other participating employers ceased to participate in the Scheme, the employer could be responsible for any deficit of the Scheme. Similarly, if a number of employers cease to have employees participating in the Scheme; the employer could be responsible for an increased share of any deficit.

There are no other contingent liabilities (2019: \$nil).

Contingent assets

The Peke Waihangā has no contingent assets (2019: \$nil).

15. Related party transactions

Other than as noted below, there are no transactions outside normal supplier or amputee/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Peke Waihanga would have adopted in dealing with the party at arm's length in the same circumstances.

As noted at note 13, Peke Waihanga has property lease agreements at nominal rental with the Ministry of Social Development. All other transactions with government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key management personnel compensation	Actual 2020	Actual 2019
Board Members		
Remuneration	67,158	71,908
Full-time equivalent members	1.0	1.2
Leadership Team		
Remuneration	1,093,384	989,954
Full-time equivalent personnel	7.44	7.34
Total key management personnel remuneration	1,160,542	1,061,862
Total full time equivalent personnel	8.44	8.54

16. Board member remuneration

The total value of remuneration paid or payable to each Board member during the year was:

	Actual 2020 \$000	Actual 2019 \$000
G. Reedy	25	25
F. Sumner	4	9
A. Thurston	9	9
C. Bennett	9	9
K. Ross	9	9
K. Horan	9	9
Total Board member remuneration	68	72

There have been no payments made to committee members appointed by the Board who were not members of the Board during the financial year.

No Board members received compensation or other benefits in relation to cessation (2019: nil).

17. Employee remuneration

Total remuneration paid or payable	Actual 2020 \$000	Actual 2019 \$000
\$100,000 – \$109,999	1	3
\$110,000 – \$119,999	3	
\$120,000 – \$129,999	1	
\$150,000 – \$159,999		1
\$170,000 – \$179,999	1	
\$240,000 – \$249,999		1
\$260,000 – \$269,999	1	
Total employees	7	5

During the year ended 30 June 2020, No employee received compensation and other benefits in relation to cessation (2019: \$8,000).

18. Events after the balance date

There were no significant events after the balance date.

19. Categories of financial assets and liabilities

The carrying amount of financial assets and liabilities in each of financial instrument categories are as follows:

	Actual 2020 \$000	Actual 2019 \$000
Loans and receivables		
Cash and cash equivalents	953	1,737
Term deposits	1,186	1,146
Receivables	2,096	1,800
Total loans and receivables	4,235	4,683
Financial liabilities measured at amortised cost		
Payables	2,082	1,734
Total financial liabilities measured at amortised cost	2,082	1,734

20. Explanation of significant variances against budget

Explanations for significant variations from the Peke Waihanga budgeted figures in the Statement of Performance Expectations are as follows:

Statement of Revenue and Expense

Revenue

The additional Government contracted revenue of \$2,248,000 over that budgeted has been generated from services to:

- ACC amputees through the delivery of advanced technology componentry, provision of funding for property.

During the year the Ministry of Social Development gave the buildings occupied by Peke Waihanga in Auckland and Wellington to Peke Waihanga. The value of these buildings given to Peke Waihanga have been valued at \$6,797,000 which is included as a donation as at 30 June 2020.

21. COVID-19 Impact

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. The country was in lockdown at Alert Level 4 from 26 March 2020. Peke Waihanga was deemed an essential service in week 2 of Alert Level 4 Lockdown. Our number one priority was establishing alternative methods of care for our patients so their care was impacted as little as possible during the shutdown period. We created multiple procedures, forms, and guidelines for staff-patient interaction during COVID-19 and operating as an essential service.

Operating expenses

Total operating expenditure exceeded budget by \$2,342,000. This was principally due to:

- Increased cost of materials and labour resulting from costs associated with the delivery of the advanced technology components to ACC.
- Amputees together with increased service demand to health funded amputees.
- Purchase of orthotic products to service our orthotic patients.

The other significant expenses exceeding budget was legal costs associated with ongoing official information and privacy requests and other legal matters.

While our centres were closed to all patients other than emergencies, we undertook a limited number of consultations by video telehealth. However, during the period of Alert Level 4, 26 March to 27 April, the limited number of consultations and inability to manufacture prosthetic products impacted on the revenue to the extent of approximately \$715,000. Due to this Peke Waihanga applied to the Minister of Finance for and received the wage subsidy. As we descended down the alert levels we opened up services methodically to patients with risk assessments and triaging in place to ensure the safety of our staff and patients.

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Peke Waihanga - Artificial Limb Service

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