

New Zealand Blood Service

Annual Report

2015/2016



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

Contents



Cover - Toni's story	1
The year in review	2
New Zealand Blood Service in numbers	3
The life-saving journey of blood	4
Can I donate? Who needs my blood?	5
Responding to Zika	6
Meet donors Rosemary and Adam	7
Liquid gold: plasma	10
How plasma saves lives	13
Creating connections	16
Star supporters Sol3 Mio	17
Staff snapshot	18
Celebrating our staff	19
Meet the Board	21
Meet the Executive Management Team	22
Structure and governance	24
Our vision and values	25
Directory	26
Where to find us	27





Toni

Plasma product 'Anti-D' recipient

When Toni, blood type O negative, became pregnant for the first time she discovered that her husband Chris' blood type was A positive. This discovery meant that their children could inherit a Rh positive blood type. As Toni had a Rh negative blood type she would need special injections to prevent her body from making antibodies and attacking any babies she might have in the future with Rh positive blood. Fortunately, injections of a medicine called Anti-D immunoglobulin – made from plasma – can prevent women with negative blood types, like Toni, from producing these antibodies. Now the mother of two beautiful young girls, Lilly and Emma, Toni is grateful to blood donors for making it possible for her to have her second daughter safely.

The year in review

This year 80,647 people gave blood, saving or improving the lives of 29,128 people.

During the year the commitment of our donors and staff has enabled us to thrive as an organisation. We are future-proofing New Zealand Blood Service for the years ahead.

Plasma

Plasma was our catchword again this year. The entire organisation worked as a team to increase plasma donations to meet demand, while ensuring the quality and safety of the products we supply. We extended opening hours to make it easier for people to find time to donate. We revised the height and weight criteria for plasma donors to allow us to be more effective with each donation. We made a strong start streamlining the way we work and making our facilities more efficient. We opened our North Shore donor centre for plasmapheresis donations. We reduced the time whole blood donors have to wait until they can give plasma from two months to one. And we're seeing the impact. We increased plasmapheresis collections from 27,670 in 2014 to around 50,000 this year. The surge in demand for plasma has recently slowed and we are taking this opportunity to rebuild our buffer supply. This will help us to respond quickly to future changes in demand.

Zika

Zika virus hit the headlines and was declared an international public health emergency in 2016. We responded quickly, informing our donors and reassuring potential recipients of blood products in New Zealand. The measures we have in place provide a high level of protection against becoming infected with Zika virus as a result of receiving a transfusion.

The Future

We are the only provider of blood products to hospitals in New Zealand, so we have a vital place in our country's health sector. It's important that we adapt and keep up with new technologies and innovations to ensure we service the health sector effectively.

This year we implemented changes in processing to extend the shelf life of platelets from five days to seven, thereby reducing expiry levels. Similarly, we increased the shelf life of fresh washed and cryopreserved red cells, improving safety for our staff and resulting in a better product for patients.

We invested in the future of New Zealand Blood Service through our Process Excellence project. To give just a few examples of the results, we reduced the time donors spend waiting, cut down on our nurses' paperwork and simplified the way we order goods.



We continue to invest in new technology. This year we started a project to roll out an innovative, purpose-built blood bank software programme to trace blood and blood products from vein to vein, called eTraceline. This will modernise what we currently do. We also invested in high quality testing technology for our labs.

Celebrating our People

As an organisation we rely on our loyal donors and committed staff. This year we launched a new donor mobile app to make saving lives even easier. With the mobile app, donors can book appointments, track donations and, importantly, whole blood donors will now get a message whenever their blood saves someone's life.

Working with our staff we have revitalised our existing reward and recognition programme. We will launch "Vital" in the new financial year, with the mission of making our colleagues – the lifeblood of the organisation – realise how valued they are for the life-saving work they do. Through Vital we will invest in our colleagues' professional development, encourage staff to take time to appreciate each other's hard work and achievements, and support our people to be their best, mentally and physically.

At the end of this year we said goodbye to two of our Board members, Raewyn Idoine and David Wright. We thank them both for their fantastic support of the New Zealand Blood Service. We are pleased to welcome three new Board members, Fiona Pimm, Dr Bartum Baker and Cathryn Lancaster. We look forward to having them on the team.

This year we want to remind everyone that our donors and our staff are our lifeblood, that together we are capable of achieving great things, and we can thrive in challenging times. Thank you all for your contribution to a wonderful year.

David Chamberlain
Board Chairman

Sam Cliffe
Chief Executive

New Zealand Blood Service in numbers



608 staff
in total



4 processing sites



9 donor centres
in New Zealand



New Zealand needs
over 3,000
donations per week



119,967
whole blood units collected this year



110,746
active donors



310
mobile blood drives in 2015/16



The only Blood Service in New Zealand, collecting all of the whole blood donations Kiwis use in hospitals each year

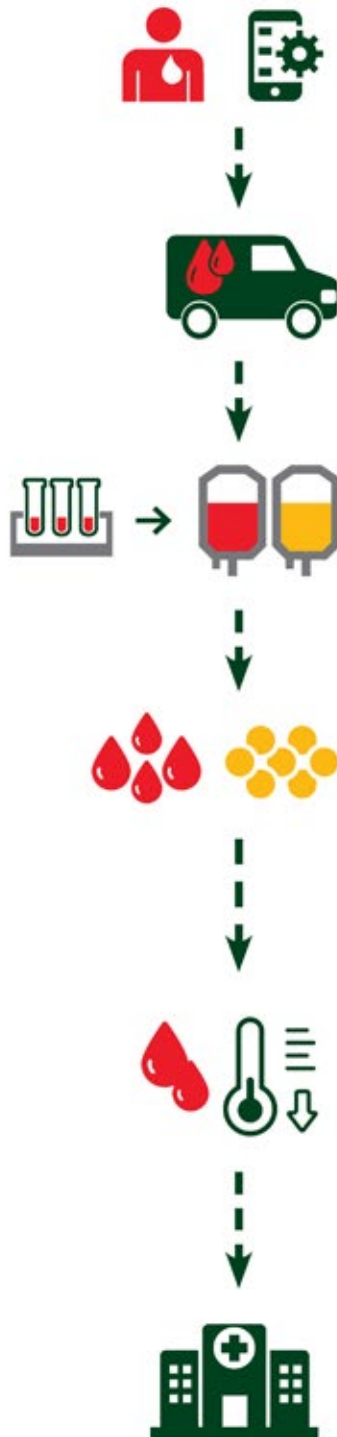


Our youngest donor was born in 2000, our oldest in 1939



Founded in 1998

The life-saving journey of blood



Donors make an appointment online at www.nzblood.co.nz, through our mobile phone app, or by calling 0800 448 325.

Whole blood donors donate at a mobile blood drive or at one of our nine donor centres. Plasma and platelet donors require special machines, so these donors donate at one of our eight 'apheresis' donor centres.

In our laboratories, the whole blood is spun in centrifuges to separate the red blood cells, platelets and plasma. Our scientists test every donation for infectious diseases and identify the blood type.

Plasma can be made into two fresh blood components - Fresh Frozen Plasma or Cryoprecipitate. Plasma can also be made into blood products. Plasma is sent to CSL Behring in Australia, where the plasma is processed and separated out to make up to 13 different life-saving blood products, which are then sent back to New Zealand.

Blood and blood products are stored until they are needed. The shelf life and temperature requirement is different for each component of blood. Red blood cells are stored in refrigerators at 6°C for up to 35 days. They are used to treat people with chronic anaemia caused by problems such as kidney failure and cancer, and for acute blood loss as a result of trauma or surgery. Platelets are stored at room temperature for up to seven days. They are used to control bleeding following cardiac surgery and trauma, and to treat some blood diseases and cancer. In New Zealand we have 13 different plasma products. Find out more about the products made from plasma on page 13.

The blood and blood products are transported by courier to Blood Banks based at hospitals around the country, to be given to patients who need them.

Can I donate?

If you are 16-65 years old, healthy and feeling well, and weigh over 50kg, you may be able to give blood. To become a plasma donor you will need to already be a blood donor and meet additional height and weight criteria.

Before booking your appointment, take a look at some of the most common reasons why you might not be able to donate:

- You have a cold, flu, sore throat, cold sore, stomach bug or any other infection.
- You have had a tattoo or body piercing in the last 6 months.
- You have recently visited the dentist.
- 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.

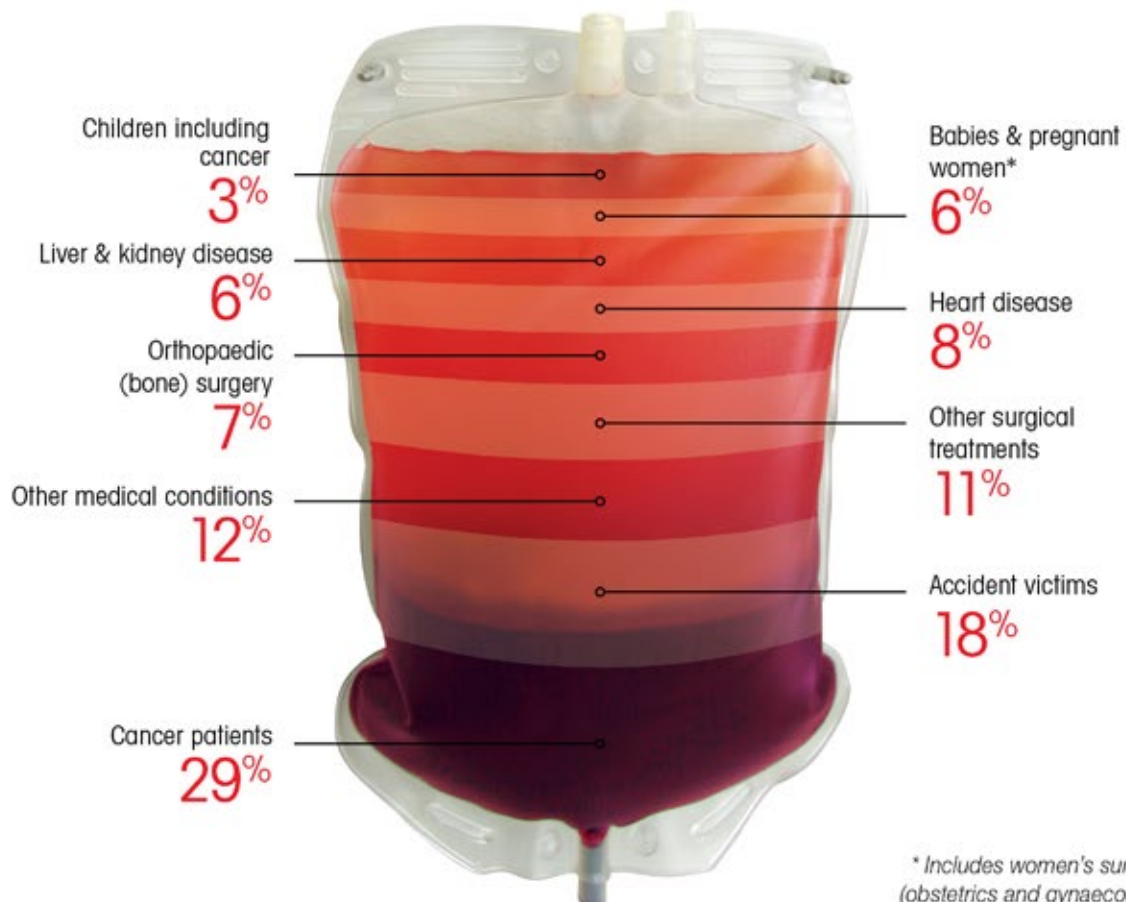
- You lived in the United Kingdom, France or the Republic of Ireland for a total of 6 months or more between 1980 and 1996, or received a blood transfusion in ANY of these countries since 1980.

Eligibility criteria are subject to change. For additional eligibility criteria, visit our website:

www.nzblood.co.nz

Who needs my blood?

Whether you give whole blood, plasma or platelets, your donation saves and improves the lives of people across New Zealand.



* Includes women's surgery (obstetrics and gynaecology)



Responding to Zika

Zika virus made the headlines throughout 2015 and in early 2016 the World Health Organization declared the virus an international public health emergency. As the provider of blood services for New Zealand, our first response to the epidemic was to ensure the safety of the blood supply.

Our pre-existing safeguards against mosquito-borne viruses also applied to Zika, ensuring that people who had contracted or been exposed to the infection overseas would not be able to donate blood. To keep our donors informed and reassure potential recipients of blood products in New Zealand, we updated our website's news page, our online travel tool and eligibility criteria.

All donors are routinely asked to disclose their recent travel history at each donation, and donors who have visited at-risk countries are put on hold from donating for 28 days. In the case of Zika, we also displayed posters in our donor interview rooms, prompting donors to let our nurses know if they might have been exposed to the virus.

The measures we have in place provide a high level of protection against becoming infected with Zika virus as a result of receiving a transfusion.



Rosemary

Volunteer and former donor

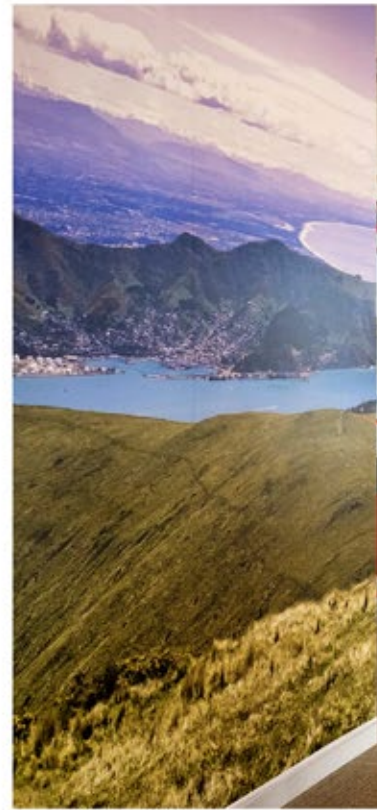
Rosemary first gave whole blood when she was 20. She has donated in donor centres all around New Zealand and encouraged her children to give blood too. Although Rosemary had to stop donating when she got breast cancer, she is still able to contribute as a volunteer, coming to the donor centre once a week. 'I love hearing the donors' stories. You get to know people, especially the plasma donors who come in every two weeks. I've always been very impressed by New Zealand Blood Service and I'm happy to help.'



Adam

100-time donor

When Adam's grandfather needed blood transfusions as part of his cancer treatment, Adam and his dad became aware of New Zealand's need for blood donors and both signed up. A few years later Adam began donating plasma. With fortnightly appointments in the diary, Adam is a familiar face at the Christchurch Donor Centre, where all the nurses know him. Impressively, at just 25 years old, Adam has already clocked up 100 blood donations. And he has no plans to slow down: 'I'm aiming for 200 donations next!'



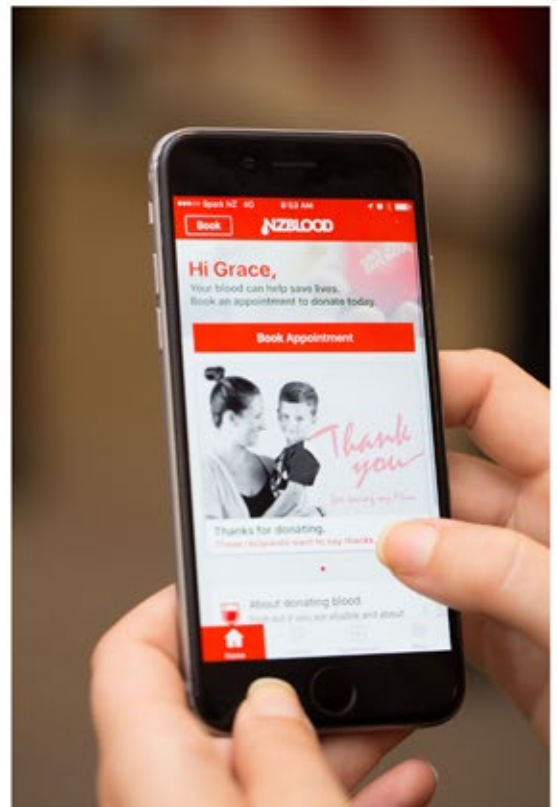
Thanking our donors:

World Blood Donor Day 2016

To celebrate World Blood Donor Day 2016 on 14th June we reached out to say a huge 'THANK YOU!' to all of our blood donors.

At our donor centres around the country, in magazines and newspapers, on the radio and TV, blood donors met, read about and heard from people whose lives had been saved by a blood donation.

To coincide with World Blood Donor Day we also launched a new app for iPhone and Android. The app makes it even easier to find your nearest place to donate, and to book and rearrange your appointments. With a special new feature, whole blood donors now get a message whenever their blood saves someone's life. You can download the NZ Blood Donor App from the Apple App Store or Google Play.



Celebrating our donors

Our donors stretch from Southland to the Far North, from the age of 16 to 76, from one donation to more than 500.

Many Kiwi blood donors start giving at school when they're 16, with nearly 5,000 pupils giving blood at school mobile blood drives this year. It can be a big step and first-timers are often a little nervous. But that first donation can become a lifelong habit of contributing to the community. All of our donors are volunteers, receiving no remuneration. Over 3,000 of our hugely committed donors have continued to donate in their seventies.

Nearly 17,000 donors made their first ever donation this year, whilst 939 of our donors have now given more than 100 times.

So many of our donors regularly go above and beyond. Particularly our plasma and platelet heroes, who can spend up to 2 hours on the donor bed, and who come in as regularly as every month or fortnight.

We recognise the vital contribution our donors make. More than 29,000 people in New Zealand relied on the blood and blood products our donors gave in 2015/16.

We work hard to look after our donors, and we ask for and listen to their feedback on how we can best do this. Our donors asked us for evening appointments, so we extended our opening hours. Donors in Auckland wanted to give plasma on the North Shore, so we began apheresis at our donor centre there in December 2015. We're improving the range of refreshments on offer after

donating and looking at ways we can improve and future-proof our facilities.

This year we also broadened the height and weight criteria for plasma donors, allowing some existing donors to give greater amounts and giving others the opportunity to give plasma for the first time. Incredibly, these changes have allowed us to collect an extra eight tonnes of plasma in the past year.

To all of our donors, young and old, first timers and 500th timers, a huge thank you from everyone at New Zealand Blood Service.

68,796
Facebook
likes (as at 30
June 2016)

38,726 donors
gave twice or
more this year

43,395
inbound calls to
our call centre
in 15/16

Liquid gold

Plasma, also known as 'liquid gold' because of its colour, is the part of blood that carries blood cells around the body. The demand for plasma has grown significantly in the past ten years and it has been an ongoing challenge for New Zealand Blood Service to increase donations to meet this demand.

The increase has been driven largely by demand for Intragam® P, which contains a concentrated dose of antibodies that detect and fight off bacteria and viruses that can make us sick. Because of this, it is used to treat people with compromised immune systems, such as after chemotherapy or for primary immunodeficiency diseases (of which there are hundreds).

It is also used to treat conditions where the body's immune system attacks itself, causing severe problems, like Guillain-Barré Syndrome, a disease where some of the white cells attack nerves, causing weakness or paralysis. It is even used to treat conditions we don't yet know the cause of, like Kawasaki disease. Some of these illnesses can require life-long treatment.

Plasma products are in constant demand with over 90,000 doses given each year. As doctors find more and more uses for plasma and its products, the demand continues to increase by more than 13% each year.

Our donors have responded extremely well. In 2006, we collected 7,000 units of plasma and in 2015/16 we collected



52,026 units. This demonstrates the dedication and commitment of a group of people who want to make a positive difference to other people's lives.

Since July 2015 over 930 whole blood donors have become plasma donors, and the number of active plasma donors has increased from 1,562 in 2006 to 9,707 in 2016. On average, plasma donors give blood more than six times a year, but there are some very exceptional donors who make appointments to donate plasma every two to four weeks.

All our donors are life-savers and it is with gratitude that we thank these people for playing such a major role in saving and improving the lives of fellow New Zealanders.



Plasma

The liquid part of blood which contains all of the clotting, immune and other proteins. It is a very versatile source of blood proteins for manufacture of specialised blood components and products.

Fresh Frozen Plasma

Plasma that has been frozen and carefully thawed before use. It is used to replace clotting factors when a patient is bleeding after major surgery or a serious accident.

Cryoprecipitate

Plasma that's been specially treated to produce a concentrated dose of clotting factors. It is mostly used for treatment of trauma patients and during cardiac and transplant surgery.



You can give plasma every

2 to 3 weeks



90 minutes:

total appointment time to give plasma (approx.)



13 life-saving

products made from plasma



Plasma

Also known as 'liquid gold', plasma is the gold coloured liquid part of blood that carries blood cells around the body



8 donor centres

in New Zealand where you can donate plasma



9,707

plasma donors in 2015/16



9% of all our donors are plasma donors



52,026 units of plasma collected in 2015/16.



*“ To all donors,
thank you, I am
eternally grateful ”*

Sabrina

Plasma product recipient

In 2013 wildlife biologist Sabrina was rushed to hospital, unable to breathe, and was diagnosed with a rare and chronic autoimmune disease. The muscles controlling her breathing had become so weak that her body couldn't ventilate itself. Sabrina had to remain in hospital for two weeks. Since then she has relied on a medicine made from plasma donated by New Zealand donors called Intragam® P. Importantly for Sabrina, the monthly treatment allows her to work, raising awareness around wildlife conservation, and to live a fulfilling life. She even refers to the infusions as 'the juice of life'. To all donors, Sabrina says 'Thank you, I am eternally grateful.'

How plasma saves lives

In addition to Fresh Frozen Plasma and Cryoprecipitate, New Zealand plasma is used to create 13 other products by CSL Behring at its plasma fractionation plant in Melbourne, Australia. Where necessary, these may be supplemented by imported commercial plasma products.



Albumex®4

Can be used to treat shock due to blood loss, and in plasma exchange treatment, where plasma is removed from the blood and a plasma substitute returned in its place.



Albumex®20

Given to critically ill patients with a very low level of albumin in the blood, or for resuscitation in shock due to acute loss of blood or plasma, in extensive burns, respiratory distress syndrome, and occasionally in haemodialysis (blood purification) and plasma exchange.



Rh(D) Immunoglobulin-VF (Anti-D)

Given to women after childbirth and sometimes during pregnancy where the baby's RhD blood type is, or may be, incompatible with the mother's blood type. The antibodies in Anti-D help prevent an immune response which could cause complications in their baby, and future babies. These complications vary from jaundice to serious anaemia or even death.



Biostat® (Factor VIII and von Willebrand Factor)

Contains factor VIII or von Willebrand factor, two proteins which are essential for normal blood clotting. It is used to replace factor VIII in some people with haemophilia A, and to provide von Willebrand factor for some people who have low levels or an abnormal form of this factor. The treatment is used to prevent bleeding during surgery or after injury.



MonoFIX®-VF (Factor IX)

Used to treat some people with the inherited bleeding disorder haemophilia B (also known as Christmas disease or Factor IX deficiency).



Prothrombinex™-VF (Factors II, IX & X)

Used to prevent bleeding during emergency surgery and to treat acute bleeding in patients who use the anti-coagulant medicine warfarin.



Hyperimmune Globulins

Provide temporary protection against a specific infection, such as chickenpox, tetanus or hepatitis B.



Intragam® P, Evogam® and Privigen®

Used to treat some immune deficiencies by replacing antibodies and providing protection against many infections. They are also used to treat patients with overactive immune systems causing some autoimmune disorders.



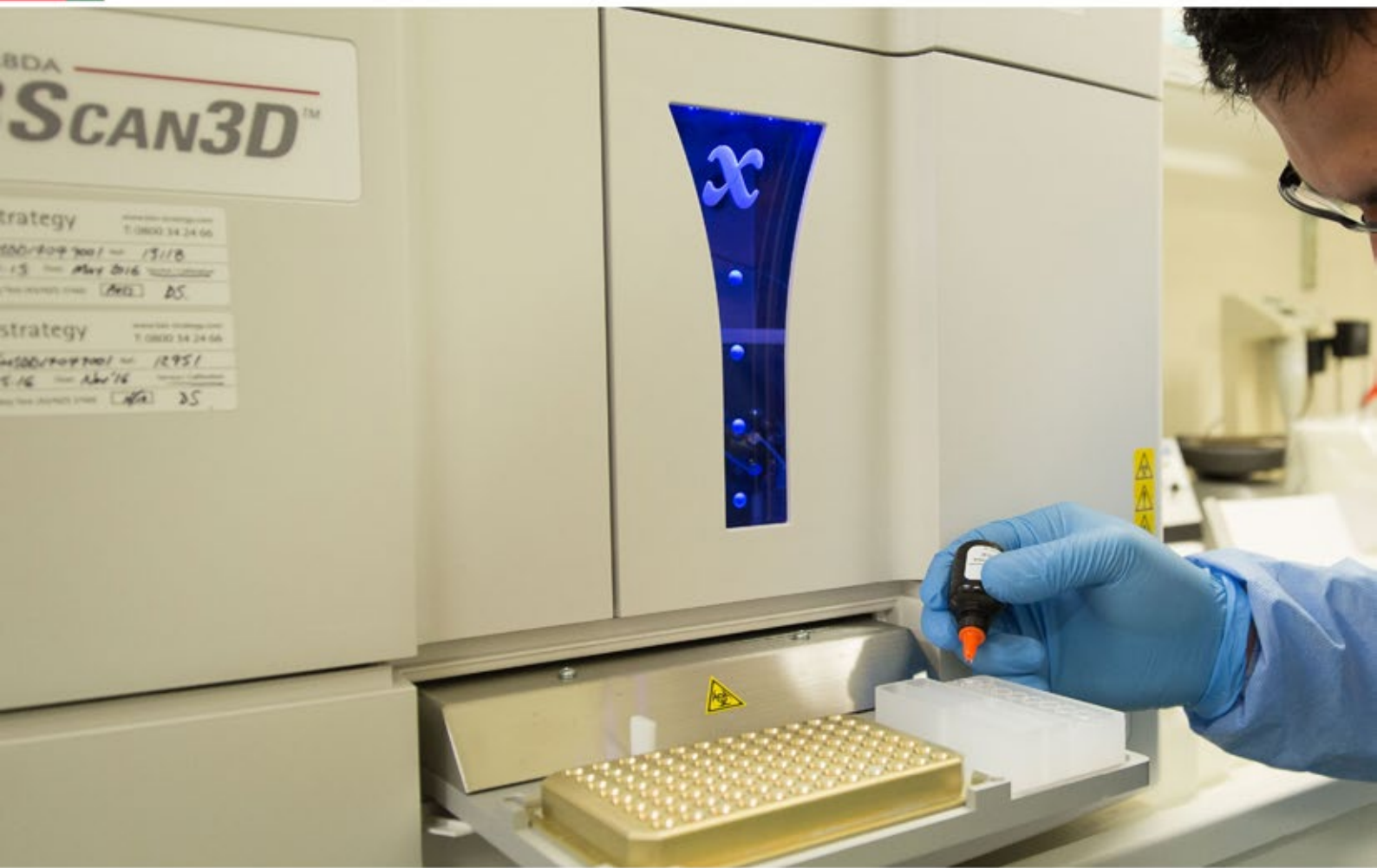
Normal Immunoglobulin

Provides antibodies to help protect people against hepatitis A, measles and other viruses, for example, when travelling overseas to high risk areas, if active immunisation is not possible or not appropriate.



Thrombotrol

Used before surgery or during pregnancy and childbirth in patients with an inherited deficiency of antithrombin III who might be at risk of blood clots.



Leading the way in quality and safety

To keep up with rapidly advancing technology and to continue improving safety for patients who need blood or blood products, we are constantly innovating our services and products.

Product innovations

The launch of new products and projects only happens after months of hard work by our staff behind the scenes. We test extensively, run pilots and undertake clinical and quality reviews. We then present our evidence to Medsafe – New Zealand's Medicines and Medical Devices Safety Authority – who give us the approval we need to roll out the projects across the country.

In late 2015 we rolled out the '7 Day Platelets' project. We began individually testing every single platelet component for bacterial contamination, resulting in a safer product. This change enabled us to increase the shelf life of platelets from five to seven days. The extended shelf life has resulted in a lower expiry rate of platelets, with more of our precious platelet donations being used by patients.

Similarly, we have extended the shelf life of fresh washed and cryopreserved red cells. It's good news for the patient and clinicians as it allows more flexibility in scheduling planned transfusions instead of the timing being dictated by the expiry date of the product. We deliver products to Blood Banks to order for specific patients, and the extended shelf life gives us more time to do this.

This year we also got approval to begin storing cryopreserved red cells in a mechanical freezer at -80°C , rather than in liquid nitrogen at -196°C . This is a safer method of production for our staff in the laboratory. The automation of the new process results in a better, standardised product for patients.

The hard work doesn't stop there, however. After we get the go-ahead for this kind of innovation, work begins on telling people about the changes and how they work. This includes writing standard procedures and processes, training our staff, and informing and educating clinical staff in hospitals throughout New Zealand.



Investing in the future

One of New Zealand Blood Service's shared values is 'striving for excellence'. In 2015 we launched an initiative called 'PEX' (Process Excellence). PEX is all about creating an environment where excellence is everybody's business and where all of our staff are involved in improvement. In one of the first PEX projects, in Auckland, we looked at ways of improving our donors' experience when they come to give blood. As a result, we reduced the time donors spend waiting and cut down on our nurses' paperwork, allowing them to spend more time with our donors. In other PEX projects we have improved the layout of our donor centres, made better use of office space, and simplified the way we order goods. As we roll out PEX across New Zealand Blood Service, our staff and donors will benefit from the improvements in our entire organisation's performance.



Another way we are future-proofing New Zealand Blood Service is by investing in new technology and equipment. Over the next year we will replace the software that Blood Banks use to trace blood and blood products from vein to vein. The new system, eTraceline, will give the Blood Banks fast and easy access to patient information. It will also improve patient safety by helping to ensure that the right product is given to the right patient.

We are investing in new machines for our laboratories. The Abbott Architect machine tests every single blood donation for diseases such as HIV and hepatitis B and C, processing around 200 tests per hour, with test results added automatically to the laboratory computer system.

We have also started upgrading the machines we use to collect stem cell donations to meet best international practice.

Creating connections in the health sector

As New Zealand's only provider of blood and blood products, we have a critical place in the New Zealand health system. We strive to create and maintain constructive relationships with other health providers.

As our funders and the clinical drivers of demand for blood and blood products, our strategic relationships with District Health Boards (DHBs) are paramount. Our Transfusion Medicine Specialist doctors advise hospitals on complex clinical problems, and our Transfusion Nurse Specialists work very closely with hospital clinical teams, supporting them to select the right blood products and services for patients, and providing education and training in hospitals.

Our role in education extends to training scientists for clinical laboratories and blood transfusion services of Pacific Island countries, through the not-for-profit Pacific Paramedical Training Centre (PPTC). We have also developed training modules for scientists in New Zealand's Blood Banks, including those not directly managed by New Zealand Blood Service. Our free educational resources for schools are available on our website and are aligned to the New Zealand Curriculum.

We also share knowledge and expertise with blood services and the health sector globally. This year's winner of the Sir John Staveley Scholarship, Jonathan Downing, visited the

UK's NHS Blood and Transplant Service, learning about next generation matching of bone marrow donors with recipients. Asuka Burge, National Manager Marketing & Communications took part in knowledge-sharing sessions with the Australian Red Cross Blood Service's marketing team in Melbourne and Sydney. In total nearly 300 of our staff attended one or more professional conferences this year.

Given our role in supplying blood products for treatment, we have built strong relationships with patient groups and organisations, including the Immune Deficiencies Foundation of New Zealand (IDFNZ) and National Haemophilia Management Group (NHMG). The NZ Bone Marrow Donor Registry is based at our Epsom Donor Centre and works very closely with our tissue typing laboratory. The Registry lists around 8,000 potential donors who are willing to donate cells from their bone marrow to patients worldwide, if they are found to match someone in need of a transplant.

Rachel Donegan, Anup Chand and Dhana Gounder





Sol3 Mio

Singers and donor recruiters

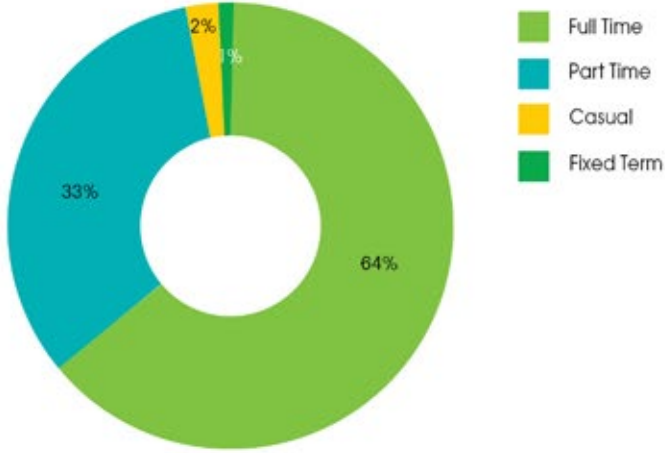
The musical trio Sol3 Mio are known for inspiring crowds with their powerful and moving operatic voices, and now the New Zealand group is inspiring Kiwis in a different way. Brothers Pene and Amitai Pati and their cousin Moses Mackay are encouraging people with Māori and Pacific Island ancestry to give blood and sign up to the NZ Bone Marrow Donor Registry.

Amitai says, 'When we found out that Māori and Pacific Island people were struggling to find donors, we wanted to help. Being of Pacific Island descent ourselves, we thought we could be role models for the community. We hope to inspire others to give blood and join the Registry.' Moses adds, 'I always thought it would be painful to give bone marrow until someone explained to me that it's just like giving blood. If I can do it, you can too.'

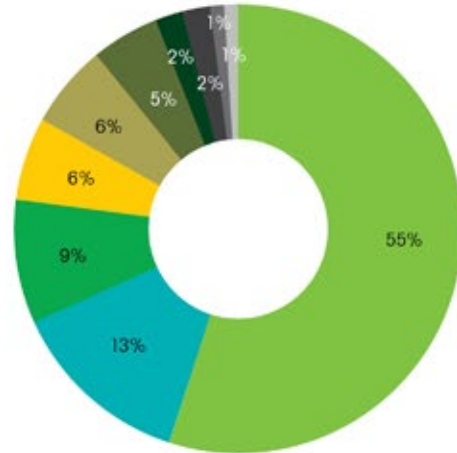
If you are male and your ancestors were Māori, Pacific Island or any other NZ ethnic minority group, talk to one of our nurses about joining the Registry at your next blood donation appointment.

Staff snapshot

Total staff



Ethnicity

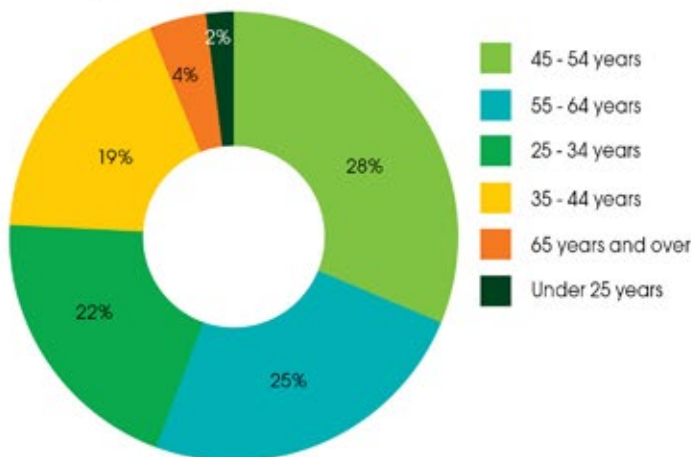


Gender



- New Zealand European
- Not Stated
- Other European
- Southeast Asian/Other Asian
- Chinese
- Indian
- Māori
- Other
- Pacific People
- African / of African origin

Age distribution



Disability



- Without Disability
- Not Stated
- With Disability

Average length of service



8 years

Staff attending conferences



325

Team fitness participants



385

Celebrating our staff

Our success as an organisation rests upon our team of 608 colleagues achieving excellence for New Zealanders every day. Healthy, motivated staff are fundamental to our business of saving and improving lives, so we're committed to supporting our people to be the best they can be.

Employee wellness

This year we launched a Team Wellbeing Challenge, motivating our colleagues to support each other to achieve their health and fitness goals. 70% of our staff took up the challenge, wearing pedometers and logging their daily activities, increasing their daily activity by 20%.

In winter 2016, 354 (58%) staff took up a free flu vaccination, protecting themselves and their families.

We take the safety of our staff seriously. To coincide with New Zealand ShakeOut 2015, we reminded our staff of what to do in the event of an earthquake. In April 2016 we improved our 'near miss' reporting system and made sure our staff knew about this through posters and Intranet news articles.

Valuing our staff

215 staff attended TRACE, our staff conference held in Rotorua. TRACE brought together staff from across the country for learning, sharing and networking.

We're proud that our staff are loyal and committed; this year our 35 longest-serving members of staff reached a combined total of more than 1100 years of service.

We celebrated our high-achieving colleagues with awards and scholarships. Congratulations to Craig Harris, Jonathan Downing, Denise Hudson, Kochumol Varghase, Leita Mackay and the National Component Development Laboratory, our 2015/16 winners.

We invested in our colleagues' growth and development, with 325 staff attending external learning and training events and 23 of our staff selected to attend our internal leadership programme.

Coming up in 2016/17

Throughout 2015/16 a staff focus group worked to revitalise our existing reward and recognition programme. Vital was launched in August 2016, with the mission of making our colleagues, the lifeblood of the organisation, feel valued for the life-saving work they do. We look forward to reporting back on the first year of Vital in next year's report.

NEW ZEALAND BLOOD SERVICE								
Statement of Trends - Actual Outcomes and Forward Outlook								
Commencing 1 July 2011 through to 30 June 2019								
KEY INDICATORS	ACTUAL OUTCOMES					FORWARD OUTLOOK		
	2011/12 Year	2012/13 Year	2013/14 Year	2014/15 Year	2015/16 Year	2016/17 Year	2017/18 Year	2018/19 Year
COLLECTIONS & PRODUCTION VOLUMES								
Donor Population								
- Active Donors at 30 June each year	126,041	121,167	112,744	109,158	110,746	106,600	106,400	107,300
- New Zealand population - stated in 000s	4,408.10	4,442.10	4,509.90	4,565.80	4,696.97	4,762.73	4,817.50	4,865.68
- Active donors as a % of the total population	2.86%	2.73%	2.50%	2.39%	2.36%	2.24%	2.21%	2.21%
Collection Volumes								
- Donation collection volumes	181,822	169,527	157,314	164,973	175,138	169,850	170,035	174,190
- Donor to donation ratio - average donation frequency per donor	1.44	1.40	1.40	1.51	1.58	1.59	1.60	1.62
Production Volumes								
- Red cells - units	132,152	120,683	110,483	111,750	111,365	107,501	107,203	107,266
- Platelets - adult doses	20,357	20,519	19,202	18,625	17,917	15,844	15,931	16,129
- Cryoprecipitate - units	4,632	4,413	4,979	5,123	5,572	5,430	5,485	5,539
- Plasma - units	20,621	19,767	15,675	16,367	16,521	16,284	16,479	16,626
- Source plasma issued for fractionation manufacturing - kgs	54,308	52,941	52,881	59,333	67,152	66,887	66,943	69,869
KEY PRODUCT & SERVICE DEMAND VOLUMES								
Key Blood Product Volumes - as issued								
Fresh Products								
- Total red cells - units	122,058	114,773	108,653	107,992	106,389	105,045	104,996	105,045
- Total platelets - adult doses	15,306	14,535	14,672	13,994	14,408	14,298	14,452	14,653
- Cryoprecipitate - units	4,194	4,216	4,753	4,996	5,358	5,300	5,350	5,400
- Total clinical FFP plasma - units	20,135	17,900	14,801	16,672	15,725	15,899	16,050	16,201
Total Fresh Product units issued per 1000 head of population	36.68	34.11	31.68	31.46	30.21	29.51	29.24	29.04
Fractionated Product								
- Immunoglobulin - intragam - grams	275,703	265,779	274,836	300,219	295,134	299,400	322,440	349,200
- Immunoglobulin - priven - grams		790	1,300	1,540	36,898	35,928	37,600	39,440
- Immunoglobulin - evogam - grams	9,386	10,744	22,434	33,255	25,095	44,885	46,790	45,665
Total Immunoglobulin product issues - grams	285,089	277,313	298,570	335,014	356,927	380,213	406,830	434,305
Total Immunoglobulin product issued per 1000 head of population - grams	64.67	62.43	66.20	73.37	75.99	79.83	84.45	89.26
- Albumin issues - grams	171,892	211,274	235,902	251,378	230,390	236,300	238,700	240,950
- Biostat (Factor VIII) - 500iu equivalent vials	6,853	7,310	7,233	8,567	8,227	7,400	7,400	7,400
Key Service Volumes - as supplied								
- Patient antibody screens	143,327	144,267	144,998	142,972	143,030	139,000	138,500	137,000
- Patient blood groupings	147,491	148,382	149,151	147,375	147,791	143,000	142,500	142,000
- Patient compatibility testing	123,563	114,418	109,302	111,857	111,469	108,800	107,800	107,000
- Antibody screens for patients awaiting organ transplants	7,444	7,941	7,883	8,329	8,358	8,510	8,564	8,637
- Tissue typing associated with transplant patients / donors	5,925	5,838	5,713	6,135	6,424	5,955	6,398	6,626
NZBS PRICING TRENDLINE versus CPI BENCHMARK - Based off June 2007 Position								
- Compound all groups CPI % movement	14.51%	15.29%	17.16%	17.65%	18.14%	19.80%	22.65%	25.39%
- Compound NZBS price % movement (net any price rebate paid)	6.88%	9.66%	9.59%	8.00%	8.47%	10.77%	12.97%	15.19%
- Compound NZBS price differential versus the compound CPI index	(7.63%)	(5.63%)	(7.57%)	(9.65%)	(9.67%)	(9.03%)	(9.68%)	(10.20%)
EARNINGS PERFORMANCE								
- Total blood product revenue (\$000s)	85,982	84,668	83,903	89,946	92,065	97,132	101,633	106,352
- Total services revenue (\$000s)	17,334	17,921	19,864	21,155	21,918	20,606	21,276	21,959
- Overseas revenue (\$000s)	1,662	1,315	1,693	675	1,052	927	1,187	1,193
- Other revenue (including interest earned) (\$000s)	523	986	535	779	558	385	406	606
- Total revenues - pre DHB price rebates (\$000s)	105,501	104,890	105,995	112,555	115,592	119,050	124,502	130,110
- Revenue growth %	3.15%	(0.58%)	1.05%	6.19%	2.70%	2.99%	4.58%	4.50%
- Full time equivalent employees with vacancy allowance - FTEs	490.31	490.25	471.49	508.64	514.20	516.11	513.11	512.11
- Revenue per full time equivalent employee (\$000s)	215.17	213.95	224.81	221.29	224.80	230.67	242.64	254.07
- Reported surplus / (deficit) before DHB price rebates (\$000s)	3,447	(2,105)	2,864	8,256	(2,345)	(1,040)	(1,066)	(285)
- Price rebates to DHBs (\$000s)	-	-	2,000	3,550	-	-	-	-
- Reported surplus / (deficit) after DHB price rebates (\$000s)	3,447	(2,105)	864	4,706	(2,345)	(1,040)	(1,066)	(285)
FINANCIAL POSITION (\$000s)								
- Total equity	38,352	36,247	37,111	41,817	39,472	38,432	37,366	37,081
- Total non-current borrowings	3,822	4,495	4,150	4,069	7,075	6,802	6,505	6,183
- Total assets	57,959	59,082	61,555	68,506	72,330	74,140	74,434	75,850
- Working capital	30,297	28,788	31,183	36,992	35,243	32,150	32,128	33,496
- Inventory stock turn (times per annum)	4.27	3.98	4.58	4.09	3.32	3.80	4.02	4.41
- Receivables - days sales outstanding (days)	36.47	32.28	37.73	35.83	35.18	29.20	29.20	29.20
DEBT / EQUITY GEARING								
- Equity ratio %	90.94%	88.97%	89.94%	91.13%	84.36%	84.65%	84.85%	85.38%
- Debt ratio %	9.06%	11.03%	10.06%	8.87%	15.64%	15.35%	15.15%	14.62%
CASH FLOWS (\$000s)								
- Cash flow derived from operating activities	5,732	4,180	8,160	5,803	(968)	7,207	4,078	6,726
- Investing activities - investments & capital expenditure	(6,348)	(7,370)	(7,399)	(2,943)	(5,285)	(6,895)	(3,249)	(4,267)
- Financing related activities - borrowing & debt repayment	(219)	753	(316)	(276)	(426)	(273)	(297)	(322)
- Cash movement in the financial year - (xxx) = cash reduction	(835)	(2,437)	445	2,584	(6,679)	39	533	2,137
- Cash position at balance date (\$000s)	10,006	7,569	8,014	10,598	3,919	3,958	4,491	6,628
BANKING COVENANT COMPLIANCE								
- Adjusted total tangible assets (TTA) (\$000s)	52,769	53,204	56,387	63,902	65,612	64,356	65,113	67,689
- Calculated bank equity - (TTA minus total liabilities) (\$000s)	33,162	30,369	31,943	37,213	32,754	28,648	28,045	28,921
- Bank equity ratio % - requirement of a minimum 30% of adjusted TTA	62.84%	57.08%	56.65%	58.23%	49.92%	44.52%	43.07%	42.73%
- Surplus before interest, depreciation & DHB price rebates (EBITDA) - (\$000s)	6,845	1,968	6,904	12,116	8,260	5,905	6,565	7,907
- Interest cover ratio - minimum 1 times cover of EBITDA	37.57	11.90	31.51	41.79	7.89	7.12	9.32	11.85

Meet the Board Members



David Chamberlain
Board Chairman

David is an actuary at Melville Jessup Weaver (MJW), with over 25 years' commercial experience in the financial services sector.



David Wright
Deputy Board Chairman

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. David retired from the Board on 14 June 2016.



Prof Peter Browett

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 also a member of the Auckland Medical Research Foundation Board and chairs their medical committee, and is on the Board of the Cancer Society of New Zealand Auckland Division.



Raewyn Idoine

Raewyn is Chair of the Southern Regional Health and Disability Ethics Committee and Advisor Marketing and Vocational Strategy for Lincoln University. Raewyn retired from the Board on 14 June 2016.



Victoria Kingi

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.



Ian Ward

Ian is the Chief Executive of the Auckland Energy Consumer Trust, the major shareholder of Vector Group Limited. He is a government appointed Board member of the Auckland District Health Board (ADHB) where he chairs the Audit, Finance and Risk Committee, 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 as a government appointee. Ian is also a director of C-4 Consulting Limited.

Find out more about our Board Members including our three new board members for 2016/17, Fiona Pimm, Cathryn Lancaster and Bart Baker at our website: www.nzblood.co.nz/about-nzbs/nzbs-board-members/

Meet the Executive Management Team



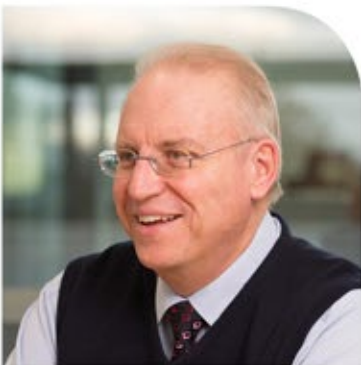
Sam Cliffe
Chief Executive Officer

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.



Dr Peter Flanagan
National Medical Director

Peter leads the NZBS Clinical Services team which plays a key role in ensuring that clinically appropriate blood and blood products are provided to patients in need, wherever and whenever they are required.



John Harrison
Chief Financial Officer

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



Sue Jensen
National Manager Human Resources

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



Christine Van Tilburg
National Manager Operations

Christine leads the Operations function which provides all routine business activities for NZBS sites in the collection, manufacturing, testing and distribution of more than 175,000 blood donations which are dispensed through NZBS or DHB Blood Banks around New Zealand.



Ray Scott
National Manager Technical Services

The Technical Services function which Ray leads, is responsible for the technical oversight of the processing, testing and supply of blood components to meet clinical requirements in hospitals throughout New Zealand.



Meredith Smith
National Manager Quality and Regulatory Systems

The NZBS Quality and Regulatory function is responsible for implementing the quality systems required for regulatory compliance in the manufacturing and diagnostic areas.



Olive Utiera
National Manager Donor Services

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

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 page 22) supports the CEO.

The NZBS Board ensured that the organisational activities supported NZBS to achieve the following seven strategic goals for the 2015/16 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.



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.

Our values

Safety is our cornerstone

Ko te haumaru tā mā tau mātapono taketake

Striving for excellence

Kia tau kite Tihi

Team work

Te Mahi Ngātahi

Integrity & respect

Te Pono me Te Tika

Open communication

Te Whakawhitiwhiti Whakaaro i runga i te Māharahara

Our enduring outcome

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

FINANCIAL STATEMENTS

for the year ended 30 June 2016

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

New Zealand Blood Service Statutory Disclosures For the year ended 30 June 2016



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 2016. 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 2015/16 financial year and continuously monitors actual performance against these targets during the course of the year. The 2015/16 year delivered a weaker level of growth at 2.0% compared with last year's above average growth of 5.0% which had been fuelled by strong immunoglobulin product demand, in particular. Adjusting to variable demand patterns is an ever present challenge for NZBS. The Board has been pleased with the NZBS response throughout 2015/16.

NZBS is reporting a deficit of \$2.34m for the 2015/16 financial year. At the operational level NZBS performed well delivering a small operational earnings surplus of \$468k which was \$604k favourable to budget. However the reported result has been adversely impacted by reporting compliance requirements under international financial reporting standards that totalled \$2.8m in non-cash charges, of which \$2.1m related to 'mark to market' unrealised foreign exchange losses, the consequence of a strong NZD as against the AUD at balance date.

Key financial performance indicators for the 2015/16 financial year are set out below.

Financial Performance Indicators	2015/16	2015/16	2014/15
	Actual	Budget	Last Year
Total Revenue pre DHB Price Rebates (\$000s)	115,592	112,299	112,555
Operational Earnings (\$000's)	468	(136)	7,839
Declared Price Rebate to District Health Boards (\$000s)	-	-	3,550
Total Expenses (\$000s)	117,937	112,314	104,298
Reported Surplus / (Deficit) (\$000s)	(2,345)	(15)	4,706
Capital charge (8% on equity) paid to Crown (\$000s)	3,363	3,083	3,236
Total Assets (\$000s)	72,330	62,222	68,506
Cash generated from Operating Activities (\$000s)	(968)	(412)	5,803
Capital investment excluding finance leases (\$000's)	5,649	5,170	3,329
Equity plus total Borrowings (\$000s)	46,788	42,602	45,866
Equity Ratio %	84.36%	90.45%	91.13%
Debt Ratio % (based on total external borrowings) *	15.64%	9.55%	8.87%
Banking Ratio - times EBITDA (minimum 1 times) *	7.89	22.45	51.66
Banking Ratio - Bank defined Equity to Total Tangible Assets (minimum 30%)	49.92%	57.47%	58.23%

* Note: the reduction in interest cover and the increase in Debt % ratio is a consequence of NZBS electing to recognise certain operating leases as finance leases from the 2015/16 financial year onwards.

Auditor

Audit New Zealand on behalf of the Auditor-General is appointed in accordance with Sections 14 and 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 2016	30 June 2015
Audit fees for financial statement audit	2016	106,170	-
Audit fees for financial statement audit	2015	-	104,000

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 Original Appointment	30 June 2016	30 June 2015
Mr David Chamberlain (Chairman)	Appointed 1 October 2009	32,000	32,000
Mr Ian Ward (Deputy Chair)	Appointed 19 August 2011	16,178	16,000
Professor Peter Browett	Appointed 1 October 2009	16,000	16,000
Mrs Victoria Kingi	Appointed 26 February 2014	16,000	16,000
Dr Bart Baker	Appointed 15 June 2016	711	-
Ms Cathryn Lancaster	Appointed 15 June 2016	711	-
Ms Fiona Pimm	Appointed 15 June 2016	711	-
Mr David Wright (Fmr Deputy Chairman)	Retired 14 June 2016	19,111	20,000
Ms Raewyn Idoine	Retired 14 June 2016	15,289	16,000
Total Board Members' remuneration		116,711	116,000

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 three 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 2016



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 2015/16 financial year. NZBS has one whole of government direction under s107 of the Crown Entities Act 2004 being the mandatory compliance with Procurement Rules of Sourcing. These rules support best practice government procurement and came into effect on 1 February 2015.

Donations

Donations were made by the entity during the year ended 30 June 2016 totalling \$2,402. (2015: 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 2016 No. Employees	30 June 2015 No. Employees
\$100,000 - 109,999	12	12
\$110,000 - 119,999	7	7
\$120,000 - 129,999	6	2
\$130,000 - 139,999	5	3
\$140,000 - 149,999	-	1
\$160,000 - 169,999	1	2
\$170,000 - 179,999	-	-
\$180,000 - 189,999	1	-
\$190,000 - 199,999	1	4
\$200,000 - 209,999	3	-
\$210,000 - 219,999	1	1
\$220,000 - 229,999	-	1
\$230,000 - 239,999	-	1
\$240,000 - 249,999	-	2
\$250,000 - 259,999	1	1
\$260,000 - 269,999	2	-
\$280,000 - 289,999	1	-
\$290,000 - 299,999 *	1	-
\$310,000 - 319,999	-	-
\$320,000 - 329,999	-	1
\$330,000 - 339,999	1	-
\$350,000 - 359,999 *	-	1
	46	40

* 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 2016 no termination payments were made. (2015: \$64,035).

David Chamberlain
Board Chairman
26 August 2016

Ian Ward
Board Deputy Chairman
26 August 2016



FINANCIAL STATEMENTS

For The Year Ended 30 June 2016

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 sales and other revenue
3. Cost and consumables and changes in inventory
4. Employee benefit expenses
5. Other expenses
6. Finance costs
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 entitlements
18. Rent accrued
19. Borrowings
20. Equity
21. Reconciliation of net surplus / (deficit) to net 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 the 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

New Zealand Blood Service
Statement Of Comprehensive Revenue And Expense
For The Year Ended 30 June 2016



	Note	Actual 2016	Budget 2016	Actual 2015
Revenue				
Revenue from supplying blood products		92,064,775	89,473,802	89,945,808
Revenue from supplying services		21,917,535	21,288,969	21,154,470
Revenue from overseas sales	2	1,052,130	940,579	675,273
Interest income		490,963	589,154	708,754
Other income	2	66,891	6,500	70,350
		115,592,294	112,299,004	112,554,655
Less price rebate to District Health Boards		-	-	(3,550,000)
Total revenue		115,592,294	112,299,004	109,004,655
Expenditure				
Cost of consumables and changes in inventory	3	41,674,627	39,276,134	35,434,969
Employee benefit expense	4	42,046,435	41,835,699	39,562,019
Depreciation and amortisation	13 & 14	3,730,350	3,938,500	3,569,529
Other expenses	5	27,620,966	27,008,508	26,321,174
Finance costs	6	734,837	255,163	289,895
Revaluation of derivative financial instruments	7	2,129,932	-	(879,287)
Total expenses		117,937,147	112,314,004	104,298,299
Surplus / (deficit) for the period		(2,344,853)	(15,000)	4,706,356
Other comprehensive revenue and expense		-	-	-
Total other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense for the period		(2,344,853)	(15,000)	4,706,356

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

**New Zealand Blood Service
Statement Of Financial Position
As At 30 June 2016**



	Note	Actual 2016	Budget 2016	Actual 2015
Assets				
Current assets				
Cash and cash equivalents	8	3,919,311	2,507,126	10,598,406
Trade and other receivables	9	12,287,553	12,456,041	12,511,142
Investments	10	8,000,000	8,000,000	8,000,000
Inventories	11	31,055,304	24,616,278	24,366,599
Derivative financial instruments	12	-	194,204	583,623
Total current assets		55,262,168	47,773,649	56,059,770
Non-current assets				
Property, plant and equipment	13	10,349,568	7,927,509	7,842,120
Intangible assets	14	6,718,048	6,521,113	4,604,415
Total non-current assets		17,067,616	14,448,622	12,446,535
Total assets		72,329,784	62,222,271	68,506,305
Liabilities				
Current liabilities				
Trade and other payables	15	13,423,981	10,880,387	13,018,421
Premises reinstatement provision	16	84,061	-	61,076
Employee benefit entitlements	17	5,739,729	4,792,405	5,838,611
Derivative financial instruments	12	530,857	-	-
Borrowings	19	240,589	86,850	149,764
Total current liabilities		20,019,217	15,759,642	19,067,872
Non-current liabilities				
Derivative financial instruments	12	1,015,452	-	-
Premises reinstatement provision	16	2,001,471	1,115,870	1,538,106
Employee benefit entitlements	17	1,608,213	1,678,100	1,558,552
Rent accrued	18	1,138,292	1,153,389	455,317
Borrowings	19	7,074,766	3,982,400	4,069,232
Total non-current liabilities		12,838,194	7,929,759	7,621,207
Total liabilities		32,857,411	23,689,401	26,689,079
Net assets		39,472,373	38,532,870	41,817,226
Equity				
Crown equity	20	15,716,696	15,716,696	15,716,696
Accumulated comprehensive revenue and expense		20,755,677	22,816,174	23,100,530
Adverse fractionation event reserve		3,000,000	-	3,000,000
Total equity		39,472,373	38,532,870	41,817,226

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

David Chamberlain
Board Chairman
26 August 2016

Ian Ward
Board Deputy Chairman
26 August 2016

**New Zealand Blood Service
Statement Of Changes In Equity
For The Year Ended 30 June 2016**



	Note	Actual 2016	Budget 2016	Actual 2015
Opening balance		41,817,226	38,547,870	37,110,870
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		(2,344,853)	(15,000)	4,706,356
Adverse fractionation event reserve		-	-	3,000,000
Contribution from owners		-	-	-
Closing balance	20	39,472,373	38,532,870	41,817,226

The accompanying notes form part of these financial statements

**New Zealand Blood Service
Statement of Cash Flows
For The Year Ended 30 June 2016**



	Note	Actual 2016	Budget 2016	Actual 2015
Cash flows from operating activities				
Receipts from blood products and services revenue		115,265,929	111,455,411	111,503,037
Interest received		169,344	201,154	327,371
Receipts from other revenue		40,210	78,000	14,812
Payments to employees		(42,011,161)	(42,096,563)	(38,835,820)
Payments to suppliers		(66,886,255)	(64,201,335)	(61,600,052)
Distribution of price rebate to District Health Boards		(3,550,000)	(2,500,000)	(2,000,000)
Interest paid		(697,636)	(215,163)	(291,162)
Capital charge payments		(3,362,600)	(3,082,747)	(3,236,400)
Net GST received from/(paid to) IRD		63,856	(50,327)	(79,065)
Net cash from operating activities	21	(968,313)	(411,570)	5,802,721
Cash flows from investing activities				
Interest received		350,054	388,000	334,608
Acquisition of investments - term deposits		(12,000,000)	(12,000,000)	(12,000,000)
Receipts from maturity of investments - term deposits		12,000,000	12,000,000	12,000,000
Proceeds from sale of property, plant and equipment		13,832	-	51,408
Purchase of intangible assets		(3,296,705)	(2,729,000)	(182,512)
Purchase of property, plant and equipment		(2,352,079)	(2,441,900)	(3,146,287)
Net cash from investing activities		(5,284,898)	(4,782,900)	(2,942,783)
Cash flows from financing activities				
Proceeds from borrowings - finance lease		-	-	-
Repayment of borrowings - finance lease		(425,884)	(80,450)	(275,617)
Repayment of equity		-	-	-
Net cash from financing activities		(425,884)	(80,450)	(275,617)
Net (decrease) / increase in cash, cash equivalents and bank overdraft		(6,679,095)	(5,274,920)	2,584,321
Cash, cash equivalents and bank overdraft at the beginning of the year		10,598,406	7,782,046	8,014,085
Cash, cash equivalents and bank overdraft at the end of the year	8	3,919,311	2,507,126	10,598,406

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.

**New Zealand Blood Service
Notes To The Financial Statements
For The Year Ended 30 June 2016**



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.

NZBS is a Crown entity under the New Zealand Public Health and Disability Act 2000, and, more specifically, a Statutory Entity under the Crown Entities Act 2004. 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 2016, and were approved by the Board on 26 August 2016.

(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 and 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.

(3) Standards And Interpretations Issued And Not Yet Adopted

In 2015, the External Reporting Board issued Disclosure Initiative (Amendments to PBE IPSAS 1), 2015 Omnibus Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. NZBS will apply these amendments in preparing its 30 June 2017 financial statements. NZBS expects there will be no effect in applying these amendments.

In 2016, the External Reporting Board issued Donated Goods (Amendments to PBE IPSAS 23). These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. NZBS will apply these amendments in preparing its 30 June 2017 financial statements. NZBS expects there will be no effect in applying these amendments.

(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.

**New Zealand Blood Service
Notes To The Financial Statements
For The Year Ended 30 June 2016**



1. Statement Of Accounting Policies

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.

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.

New Zealand Blood Service Notes To The Financial Statements For The Year Ended 30 June 2016



1. Statement Of Accounting Policies

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:

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.

**New Zealand Blood Service
Notes To The Financial Statements
For The Year Ended 30 June 2016**



1. Statement Of Accounting Policies

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.

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.

New Zealand Blood Service Notes To The Financial Statements For The Year Ended 30 June 2016



1. Statement Of Accounting Policies

Intangible Assets

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

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

Amortisation

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

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

Computer software	3 years
Computer software - blood management system (eProgesa)	10 years

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.

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.

New Zealand Blood Service Notes To The Financial Statements For The Year Ended 30 June 2016



1. Statement Of Accounting Policies

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.

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.

**New Zealand Blood Service
Notes To The Financial Statements
For The Year Ended 30 June 2016**



1. Statement Of Accounting Policies

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 entity under the New Zealand Public Health and Disability Act 2000 and is exempt from income tax under Section CW38 of the Income Tax Act 2007.

Budget figures

The budget figures are those approved by the Board of NZBS at the beginning of the year as presented in the *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

There have been no changes in Accounting Policy.

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



2 Revenue from overseas sales and other revenue

	30 June 2016	30 June 2015
Revenue from overseas sales - exchange revenue	1,024,355	663,750
Revenue from overseas sales - non-exchange revenue	27,775	11,523
Total revenue from overseas sales	1,052,130	675,273

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

Other revenue - exchange revenue	30,862	14,812
Other revenue - non-exchange revenue	36,029	55,538
Total other revenue	66,891	70,350

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 2016	30 June 2015
Consumables *	22,530,214	19,937,659
Changes in inventory **	16,006,074	12,956,769
Expired product ***	3,138,339	2,540,541
Total cost of consumables and changes in inventory	41,674,627	35,434,969

* Consumables - the cost of consumables for the period ending 30 June 2016 at \$22,530,214 was \$2,592,555 higher than the June 2015 cost of \$19,937,659. This was mainly driven by higher collection volumes needed to meet increased fractionated product demand and higher Tissue Typing costs relating to tests performed on the Luminex platform (a combination of higher test volumes and higher costs per consumable kit used).

** 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 2016 at \$16,006,074 was \$3,049,305 higher than the June 2015 cost of \$12,956,769 and was primarily due to higher demand for fractionated products plus the change in accounting estimate relating to the valuation of fractionated derived products (refer below) offset by stronger production recoveries driving from the higher collection volumes to meet fractionated product demand.

Changes in inventory for the period ending 30 June 2016 includes the impact of the change in accounting estimate relating to the valuation of fractionated derived products. The change in accounting estimate reflects the NRV (net realisable value) reallocation of fractionated products manufactured from NZBS source plasma being applied to the full year production of driver product volumes (Intragam P and Evogam) as opposed, in past years, to using the driver product year end closing stock quantities for the reallocation. This change has been made as it is seen as a more appropriate basis for the business going forward. The impact of this change is a lower product cost and represents a \$3.4 million difference as a consequence of the change being expensed in the June 2016 year (refer note 11).

*** 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 higher cost of expiry in the 2016 year was due to a combination of higher fractionated product expiry (actual expiry and a higher obsolescence provision) and fresh product expiry, in particular red cells.

4 Employee benefit expenses

	30 June 2016	30 June 2015
Salaries and wages	41,096,493	38,027,303
Defined contribution plan employer contributions	999,163	901,308
Increase/(Decrease) in employee benefit liabilities	(49,221)	633,408
Total employee benefit expenses	42,046,435	39,562,019

Employee benefit expenses at 30 June 2016 totalled \$42,046,435 and was \$2,484,416 higher compared to the June 2015 year of \$39,562,019. The increase is mainly due to the impact of stronger demand from District Health Boards for the supply of fractionated product, resulting in a higher number of staff needing to be employed to meet collection and production requirements in the June 2016 financial year.

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



5 Other expenses	30 June 2016	30 June 2015
Fees to principal auditor:		
Audit fees for financial statement audit 2016	106,170	-
Audit fees for financial statement audit 2015	-	104,000
Audit fees for other services	-	-
Capital charge *	3,362,600	3,236,400
Board members' fees	116,711	116,000
Net foreign exchange losses / (gains) **	64,242	593,387
(Gains) / losses on disposal of property, plant and equipment	(13,833)	69,239
Additions to premises reinstatement provision (note 16)	-	402,857
Changes in premises reinstatement provision (note 16)	438,028	126,487
Changes in impairment of receivables (note 9)	-	(2,488)
Impairment of intangible assets (note 14)	404,311	-
Minimum lease payments under operating leases ***	4,733,881	4,752,482
Other operating expenses:		
Distribution	1,964,325	1,778,479
General administration including insurance costs	1,493,629	1,388,515
IT systems and telecommunication	5,066,432	4,496,630
Marketing	2,004,276	2,059,070
Repairs and maintenance	2,190,832	2,225,499
All other operating expenses	5,689,362	4,374,617
Total other operating expenses	18,408,856	16,922,810
Total other expenses	27,620,966	26,321,174

* 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 the current year December six monthly result. The capital charge rate for the period ended 30 June 2016 was 8% (30 June 2015: 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 2016 totalling \$4,733,881 were \$18,601 lower when compared to the June 2015 spend of \$4,752,482. The June 2016 payments include the impact of reclassifying three leases recorded as operating leases in prior financial years, to finance leases in the 2016 financial year (refer note 19). The impact of the reclassified entries from the 2015 financial year and earlier flowing into the 2016 financial year are detailed below.

	30 June 2016
Reversal of minimum lease payments under operating leases	(361,470)
Interest on loan (note 6)	213,715
Depreciation on property, plant and equipment (note 13)	212,435
Net impact expensed to comprehensive revenue and expense	64,680

6 Finance costs	30 June 2016	30 June 2015
Interest on bank borrowings	124,439	151,617
Interest on Dilworth Trust finance leases	61,928	81,810
Interest on Ngāi Tahu Property Limited finance lease	395,095	-
Interest on other property, plant and equipment finance leases	86,441	-
Provisions: discount unwind (note 16)	48,322	56,468
Interest other	18,612	-
Total finance costs	734,837	289,895

No borrowing costs were capitalised during the period (2015: nil).

Interest on the Ngāi Tahu Property Limited finance lease reflects the specialist fit-out component relating to the Lester Lane, Christchurch facility, which was reclassified in the 2016 financial year from an operating lease to a finance lease. It includes interest of \$157,882 relating to the 2015 financial year (refer note 5).

Interest on other property, plant and equipment finance leases includes interest relating to two leases reclassified in the 2016 financial year from operating leases to finance leases. Interest of \$55,833 relating to prior financial years as a result of the reclassification is included in the June 2016 year expense (refer note 5).

7 Revaluation of derivative financial instruments	30 June 2016	30 June 2015
Foreign exchange forward selling contracts - (gain) / loss	2,129,932	(879,287)
Total revaluation of derivative financial instruments - (gain) / loss	2,129,932	(879,287)

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.

8 Cash and cash equivalents	30 June 2016	30 June 2015
Cash in hand	4,800	4,750
Cash at bank	3,914,511	10,593,656
Short term deposit	-	-
Total cash and cash equivalents for the purpose of the statement of cash flows	3,919,311	10,598,406

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 2016



9 Trade and other receivables	30 June 2016	30 June 2015
Trade receivables	10,807,096	11,185,490
Sundry receivables	145,963	33,681
	<u>10,953,059</u>	<u>11,219,171</u>
Less: provision for impairment of receivables	-	-
Net receivables	10,953,059	11,219,171
Prepayments	1,248,324	1,177,367
Interest receivable accrued - term deposits	86,170	114,605
Total trade and other receivables	12,287,553	12,511,142

Trade and other receivables from non-exchange transactions relate to sponsorship of a NZBS annual conference.

The carrying value of receivables approximates their fair value.

As at 30 June 2016 and 2015 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

Receivables ageing	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	10,808,273	-	10,808,273	11,167,988	-	11,167,988
Past due :						
31 - 60 days	143,121	-	143,121	49,677	-	49,677
61 - 90 days	(573)	-	(573)	2,148	-	2,148
> 90 days	2,238	-	2,238	(642)	-	(642)
Total receivables	10,953,059	-	10,953,059	11,219,171	-	11,219,171

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 2016	30 June 2015
Balance at beginning of period	-	2,488
Additional provisions made during the year (note 5)	-	-
Write-back of surplus provision during the period (note 5)	-	(2,488)
Receivables written off during the period	-	-
Balance at end of period	-	-

10 Investments

	30 June 2016	30 June 2015
Current portion		
Term deposits	5,000,000	5,000,000
Adverse fractionation event reserve term deposits	3,000,000	3,000,000
Total current portion	8,000,000	8,000,000
Non-current portion		
Term deposits	-	-
Adverse fractionation event reserve term deposits	-	-
Total non-current portion	-	-
Total investments	8,000,000	8,000,000

Term deposits at 30 June 2016 have maturities ranging between eight and nine months from the date of acquisition. Term deposits at 30 June 2015 had 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.

The adverse fractionation event term deposits is an investment portfolio established in the financial year ended 30 June 2015 to match the adverse fractionation event reserve balance (refer note 20).

The adverse fractionation event term deposits at 30 June 2016 and 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 2016



11 Inventories	30 June 2016	30 June 2015
Raw materials - fresh frozen plasma	2,591,830	1,698,457
Work in process - fractionated components	7,703,156	8,449,590
Fractionated components	16,471,094	9,852,253
Fresh components	2,420,201	2,248,050
Consumables	2,425,283	2,545,518
	31,611,564	24,793,868
Provision for expired inventory	(556,260)	(427,269)
	(556,260)	(427,269)
Total Inventories	31,055,304	24,366,599

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.

The cost of inventories recognised as an expense during the year totalled \$16,006,074 and includes a \$3,438,960 expense due to the change in accounting estimate relating to the valuation of fractionated derived products.

NZBS eliminated the use of an NRV provision relating to fractionated derived products in the 2010/11 financial year. From June 2011 onwards, valuation of fractionated derived products from plasma pools, both finished goods and WIP, has been 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 a product's net realisable value then that NRV cost excess is reallocated to the driver product group based on that driver group's closing stock levels. NZBS defines the driver group as comprising Intragam P and Evogam products. The change in accounting estimate reflects the NRV reallocation being applied to the full year production driver product volumes as opposed to the use of the driver product year end closing stock quantities. The impact of this change is detailed below.

	NRV reallocation using driver product year end closing stocks	NRV reallocation using full year production driver product volumes	Expensed to comprehensive Income
Fractionated components brought-in	4,704,085	4,704,085	-
Fractionated components derived including work in progress	22,909,125	19,470,165	(3,438,960)
Total fractionated components including work in progress	27,613,210	24,174,250	(3,438,960)

12 Derivative financial instruments	30 June 2016	30 June 2015
Forward foreign exchange contracts		
Current liabilities portion	530,857	-
Term liabilities portion	1,015,452	-
	1,546,309	-
Forward foreign exchange contracts		
Current assets portion	-	583,623
Term assets portion	-	-
	-	583,623

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

13 Property, plant and equipment

1 July 2014 Cost or valuation	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and 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

1 July 2015 Cost or valuation	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	8,951,143	21,765,797	6,117,563	1,787,227	276,447	184,437	39,082,614
Additions	3,203,103	1,383,069	869,295	11,532	21,627	12,294	5,500,920
Disposals	(3,000)	(897,782)	(2,557,442)	(2,973)	(51,901)	(2,230)	(3,515,328)
30 June 2016	12,151,246	22,251,084	4,429,416	1,795,786	246,173	194,501	41,068,206

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



The leasehold improvements addition of \$3,203,103 at 30 June 2016 includes \$2,851,379 relating to the specialist fit-out component at the Lester Lane, Christchurch facility, which was reclassified in the 2016 financial year from an operating lease to finance lease (refer note 19).

The plant and equipment addition of \$1,383,069 at 30 June 2016 includes \$308,247 relating to two leases reclassified in the 2016 financial year from operating leases to finance leases (refer note 19).

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 and equipment in the June 2015 year.

The leasehold improvements disposals of \$2,843,738 at 30 June 2015 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 and equipment disposals of \$2,437,449 at 30 June 2015 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.

1 July 2014 Accumulated depreciation and impairment losses	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	10,040,966	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

1 July 2015 Accumulated depreciation and impairment losses	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	7,729,274	16,887,256	5,282,292	1,098,790	101,822	141,060	31,240,494
Depreciation	532,648	1,660,016	553,951	198,918	30,591	17,349	2,993,473
Impairment losses	-	-	-	-	-	-	-
Disposals	(3,000)	(897,782)	(2,557,443)	(2,973)	(51,901)	(2,230)	(3,515,329)
30 June 2016	8,258,922	17,649,490	3,278,800	1,294,735	80,512	156,179	30,718,638

The leasehold improvements depreciation of \$532,648 at 30 June 2016 includes depreciation totalling \$158,410 relating to the specialist fit-out component at the Lester Lane, Christchurch facility, which was reclassified in the 2016 financial year from an operating lease to a finance lease (refer note 6). The depreciation of \$158,410 is a combination of current financial year (\$95,046) and 2015 financial year depreciation (\$63,364).

The plant and equipment depreciation of \$1,660,016 at 30 June 2016 includes \$205,651 relating to two leases reclassified in the 2016 financial year from operating leases to finance leases (refer note 6). The depreciation of \$205,651 is a combination of current financial year (\$56,580) and 2015 and prior financial year depreciation (\$149,071).

Carrying amounts

At 30 June and 1 July 2015	1,221,869	4,878,541	835,271	688,437	174,625	43,377	7,842,120
At 30 June 2016	3,892,324	4,601,594	1,150,616	501,051	165,661	38,322	10,349,568

Capital work in progress

At 30 June and 1 July 2015	-	824,226	249,148	-	57,470	1,828	1,132,672
At 30 June 2016	976	215,608	563,400	-	-	-	779,984

Property, plant and equipment additions include \$779,984 of capital work in progress projects at 30 June 2016 (2015: \$1,132,672). There are no restrictions or pledges over property, plant and equipment.

The net carrying amount of assets held under finance leases is \$3,403,053 (2015: \$915,423) for leasehold improvements, \$143,622 (2015: \$223,870) for furniture and fittings and \$411,682 for plant and equipment (2015: nil). The increase in the net carrying amount under finance leases for leasehold improvements reflects the reclassification of the specialist fit-out at the Lester Lane, Christchurch facility (refer note 19).

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



14 Intangible assets

	30 June 2016	30 June 2015
Computer software cost		
Balance at beginning of year	9,946,637	9,776,325
Additions	3,254,821	222,163
Disposals	(261,428)	(51,851)
	12,940,030	9,946,637
Balance at end of year		
	30 June 2016	30 June 2015
Accumulated amortisation expense and impairment losses		
Balance at beginning of year	5,342,222	4,608,242
Amortisation expense	736,877	735,190
Impairment losses	404,311	-
Disposals	(261,428)	(1,210)
	6,221,982	5,342,222
Carrying amounts		
At beginning of year	4,604,415	5,168,083
At year end	6,718,048	4,604,415

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 6 years.

Intangible asset additions include \$3,009,197 of capital work in progress projects at 30 June 2016 (2015: \$105,935). The majority of the 2016 capital work in progress relates to the eTraceline blood bank software implementation project which is due to go-live in April 2017.

Impairment losses of \$404,311 in the year 30 June 2016 (2015: nil) relates to the assessed proportion of functionality that will become redundant within the existing blood management system eProgesa when the new eTraceline blood bank software goes live in April 2017 (refer note 22).

15 Trade and other payables

	30 June 2016	30 June 2015
Trade payables	9,028,074	5,429,523
Accrued expenses	2,770,265	6,015,550
Capital charge accrued	-	-
Board members' fees payable	3,378	5,000
Taxes payable - PAYE and FBT	855,708	754,530
Taxes payable - GST	583,311	519,455
Other	183,245	294,363
Total trade and other payables	13,423,981	13,018,421

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 2016	30 June 2015
Balance as at 1 July	1,599,182	1,013,370
Additions (note 5)	-	402,857
Changes in provisions made during the year (note 5)	438,028	126,487
Discount unwind (note 5)	48,322	56,468
Total premises reinstatement provision	2,085,532	1,599,182
Comprising:		
Current	84,061	61,076
Non-current	2,001,471	1,538,106
Total premises reinstatement provision	2,085,532	1,599,182

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 in June 2015 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 28 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.

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



17 Employee benefit entitlements	30 June 2016	30 June 2015
Accrued salaries and wages	1,023,381	1,700,405
Annual leave	4,156,965	3,602,717
Long service leave	971,587	866,277
Retirement gratuities	1,065,006	1,100,044
Sick leave	131,003	127,720
Total employee benefit entitlements	7,347,942	7,397,163
Comprising:		
Current	5,739,729	5,838,611
Non-current	1,608,213	1,558,552
Total employee benefit entitlements	7,347,942	7,397,163

Liabilities for retirement gratuities and long service leave at 30 June 2016 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 2015.

The discount rates used by the external actuary to calculate the estimated liabilities existing at balance date are as follows: long service leave 2.42% (2015: 3.37%), retirement leave 2.80% (2015: 3.74%), and an inflation factor of 2.5% (2015: 3%).

18 Rent accrued	30 June 2016	30 June 2015
Rent accrued	1,138,292	455,317
Total rent accrued	1,138,292	455,317

In December 2012, NZBS entered into an agreement to construct and lease with Ngāi 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 predominately an operating lease. The specialist fit-out component relating to the facility has been classified in the 2016 financial year as a finance lease (refer note 19). 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 15 year 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	30 June 2016	30 June 2015
Current borrowings are represented by:		
Finance lease	240,589	149,764
Term credit facility	-	-
Total current portion	240,589	149,764
Non-current borrowings are represented by:		
Finance lease	3,774,766	769,232
Term credit facility	3,300,000	3,300,000
Total non-current portion	7,074,766	4,069,232
Total borrowings	7,315,355	4,218,996

	Carrying amount		Fair value	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Total borrowings	7,315,355	4,218,996	9,421,816	4,218,996

In the 2016 financial year the New Zealand Blood Service reclassified three leases recorded as operating leases in prior financial years to finance leases. The leases related to the specialist fit-out component of the purpose-built facility at Lester Lane, Christchurch plus two plant and equipment leases. The corresponding assets relating to these finance leases is recorded within each class of property, plant and equipment (refer note 13). An overview of the reclassification entries relating to borrowings is summarised as follows:

	Borrowing at commencement of lease	Repayments to 30 June 2015	Borrowing at 1 July 2016
Leasehold improvements - Lester Lane facility, Christchurch - Ngāi Tahu Property Limited	2,851,379	(15,498)	2,835,881
Plant and equipment - two leases	308,247	(132,257)	175,990
Total finance leases previously recorded as operating leases	3,159,626	(147,755)	3,011,871

Fair Value

Due to interest rates on debt resetting to the market rate every three months, the carrying amount of the term credit facility approximates the fair value.

The fair value of finance leases in 2016 has been determined using contractual cash flows discounted using a rate based on the NZBS market borrowing rate at balance date of 3.33%.

The fair value of finance leases in 2015 was assessed as being equivalent to carrying value.

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



	30 June 2016	30 June 2015
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	559,664	211,691
Later than one year but not more than five years	2,348,409	707,787
Later than five years	5,949,798	283,115
Total minimum lease payments	8,857,871	1,202,593
Future finance charges	(4,842,516)	(283,597)
Present value of minimum lease payments	4,015,355	918,996
Present value of minimum lease payments payable		
Less than one year	240,589	149,764
Later than one year but not more than five years	1,015,498	507,015
Later than five years	2,759,268	262,217
Total present value of minimum lease payments	4,015,355	918,996
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
Total borrowings	7,315,355	4,218,996

Weighted average effective interest rate for the Westpac term credit facility is 3.77% (2015: 4.59%), the original Dilworth Trust Board loan was repaid in full in the 2016 financial year (2015: 7.0%), the Dilworth Trust Board loan negotiated in the 2012/2013 financial year 7.5%, the Ngāi Tahu Property Limited loan relating to the specialist fit-out component recognised in 2016 financial year 8.375% (2015: nil) and the finance leases relating to plant and equipment range from 7.59% to 9.24% (2015: nil).

Finance leases are classified as current for the balance repayable within 12 months and non-current for the remaining balance for both the 2016 and 2015 years. In 2016 and 2015 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 was 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 a committed funding line with the balance uncommitted funding, all on a term facility (2015: \$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 2017 with a renewal offer through to 30 September 2018.

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

	30 June 2016	30 June 2015
20 Equity		
Crown equity		
Total crown equity	15,716,696	15,716,696
Accumulated comprehensive revenue and expense		
As at 1 July	23,100,530	21,394,174
Surplus for the year	(2,344,853)	4,706,356
Transfer to adverse fractionation event reserve	-	(3,000,000)
Total accumulated comprehensive revenue and expense	20,755,677	23,100,530
Adverse fractionation event reserve		
As at 1 July	3,000,000	-
Additional funds received	-	3,000,000
Funds utilised - net of recoveries	-	-
Total adverse fractionation event reserve	3,000,000	3,000,000
Total equity as at 30 June	39,472,373	41,817,226

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. In the 2016 year the board elected not to increase the reserve.

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



21 Reconciliation of net surplus / (deficit) to net cash from operating activities	30 June 2016	30 June 2015
Net surplus / (deficit) from the statement of comprehensive income	(2,344,853)	4,706,366
Add / (less) non-cash items:		
Depreciation and amortisation	3,730,350	3,569,529
Changes in premises reinstatement provision	486,350	585,812
Add / (less) items classified as investing or financing activities:		
Interest received on investments	-	-
Investment other		
(Gains) / losses on disposal of property, plant and equipment	(13,833)	69,239
Impairment losses (note 14)	404,311	-
Interest received on investments - term deposits	(350,054)	(334,608)
Add / (less) movements in working capital items:		
Trade and other receivables	223,590	(41,714)
Inventories	(6,688,705)	(3,900,453)
Trade and other payables	1,503,820	1,394,440
Employee benefit liabilities	(49,221)	633,407
Revaluation of derivative financial instruments	2,129,932	(879,287)
Net cash from operating activities	968,313	5,802,721

Creditors and accruals for capital expenditure are excluded from the trade and other payables increase or decrease.

22 Capital commitments and non-cancellable operating leases

Capital commitments	30 June 2016	30 June 2015
Leasehold improvements	1,869	25,976
Plant and equipment	312,437	723,277
Computer equipment	103,950	617,819
Furniture and fittings	-	-
Motor vehicles	-	38,339
Office equipment	-	1,698
Intangible assets	3,927,326	20,022
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment plus intangibles	4,345,582	1,427,131

Intangible assets include \$3.9 million relating to the implementation of the eTraceline blood bank software which goes live in April 2017. This includes both the contracted price for the purchase of the software and a forecast of the expected contractor costs to be incurred in completing the project/implementing the software.

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 2016	30 June 2015
Not later than one year	4,220,999	4,736,007
Later than one year and not later than five years	16,307,625	17,711,768
Later than five years	71,026,356	82,995,035
Total non-cancellable operating leases	91,554,980	105,442,810

The 30 June 2015 and 2016 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 2015 and 2016 non-cancellable operating leases include the commitment to lease both level 1 and 2 of Diworth 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 being predominately an operating lease. The specialist fit-out component relating to the facility has been classified in the 2016 financial year as a finance lease (refer note 19). 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.

The reduction between the 2016 and 2015 year total non-cancellable operating leases is a combination of leases being one year closer to term of expiry and the finance lease reclassification of the Lester Lane specialist fit-out component.

NZBS has not entered into any sublease arrangements as at 30 June 2016.

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



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.

At 31 March 2015 the surplus was \$20.9 million (11.4% of the liabilities). As at 31 March 2014, the Scheme had a past service surplus of \$16.2 million (8.0% 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 for 31 March 2014 and PBE IPSAS25 for 31 March 2015.

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 2016 (2015: Nil).

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 2016	30 June 2015
Board members		
Remuneration	\$116,711	\$116,000
Full-time equivalent members	0.35	0.35
Leadership team		
Remuneration	\$1,902,620	\$1,967,613
Full-time equivalent members	8.00	8.00
Total Board and leadership		
Total key management personnel remuneration	\$2,019,331	\$2,083,613
Total full time equivalent personnel	8.35	8.35

(c) Related party transactions

Capital charge

During the period the New Zealand Blood Service paid the Ministry of Health a capital charge of \$3,362,600 (2015: \$3,236,400). The amount outstanding at the end of the period was nil (2015: Nil).

Equity injection

During the period the New Zealand Blood Service did not receive any equity injection from the Ministry of Health (2015: 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 personnel 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 2016	30 June 2015
Mr David Chamberlain	Appointed 1 October 2009, appointed Chairman 15 August 2011	32,000
Mr David Wright	Deputy Chairman appointed 15 August 2008, retired 14 June 2016	19,111
Mr Ian Ward	Appointed 19 August 2011, appointed Deputy Chairman 15 June 2016	16,178
Professor Peter Browett	Appointed 1 October 2009, retiring 16 September 2016	16,000
Ms Raewyn Idoine	Appointed 1 October 2012, retired 14 June 2016	15,289
Mrs Victoria Kingi	Appointed 26 February 2014	16,000
Dr Bart Baker	Appointed 15 June 2016	711
Cathryn Lancaster	Appointed 15 June 2016	711
Fiona Pimm	Appointed 15 June 2016	711
Total Board members' remuneration	116,711	116,000

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



26 Employee remuneration range

	30 June 2016	30 June 2015
	No. Employees	No. Employees
\$100,000 - 109,999	12	12
\$110,000 - 119,999	7	7
\$120,000 - 129,999	6	2
\$130,000 - 139,999	5	3
\$140,000 - 149,999	-	1
\$150,000 - 159,999	3	1
\$160,000 - 169,999	1	2
\$180,000 - 189,999	1	-
\$190,000 - 199,999	1	4
\$200,000 - 209,999	3	-
\$210,000 - 219,999	1	1
\$220,000 - 229,999	-	1
\$230,000 - 239,999	-	1
\$240,000 - 249,999	-	2
\$250,000 - 259,999	1	1
\$260,000 - 269,999	2	-
\$280,000 - 289,999	1	-
\$290,000 - 299,999 *	1	-
\$320,000 - 329,999	-	1
\$330,000 - 339,999	1	-
\$360,000 - 369,999 *	-	1
	46	40

* Chief Executive Officer - a new CEO was appointed in April 2015. The remuneration range shown above for the June 2015 financial year 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 for the June 2015 financial year 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.

27 Termination payments

There were no termination payments made to employees in 2016. During the year ended 30 June 2015 2 employees received termination payments totalling \$64,035.

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 2016	30 June 2015
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents (note 8)	3,919,311	10,536,406
Trade and other receivables (note 9)	12,287,553	12,511,142
Investment - term deposits (note 10)	8,000,000	8,000,000
Total loans and receivables	24,206,864	31,109,548
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	12,840,670	12,436,966
Borrowings (note 13)	7,315,355	4,218,996
Total financial liabilities measured at amortised cost	20,156,026	16,717,962
Fair value through surplus or deficit		
Derivative financial instruments (note 12)	1,546,309	-
Total fair value through surplus or deficit	1,546,309	-

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



31 Fair value hierarchy disclosures

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2016				
Financial assets				
Derivatives - forward foreign exchange contracts	-	-	-	-
Financial liabilities				
Derivatives - forward foreign exchange contracts	1,546,309	-	1,546,309	-
30 June 2015				
Financial assets				
Derivatives - forward foreign exchange contracts	583,623	-	583,623	-
Financial liabilities				
Derivatives - forward foreign exchange contracts	-	-	-	-

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

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 rate 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 \$73,150 at 30 June 2016 (2015: \$42,190).

There are no interest rate options or interest rate swap agreements in place as at 30 June 2016 (2015: Nil).

Cash and cash equivalents include deposits at call which are at floating rates and short term deposits at fixed rates totalling \$3,914,511 (2015: \$10,593,656). A movement in interest rates of plus or minus 1% has an effect on interest income of \$39,150 (2015: \$105,940).

Currency risk

Trade payables include AUD\$6.59 million of Australian dollar denominated payables (2015: AUD\$2.77 million) in relation to inventory purchases. Currency risk has been mitigated on these payables as they are covered by Fixed Forward Foreign Exchange selling contracts.

The NZD equivalent of unhedged amounts owing in foreign currency at balance date is \$198,343 (2015: \$203,674). The NZD equivalent of unhedged amounts owing to NZBS in foreign currency at balance date is \$124,371 (2015: nil).

Forward foreign exchange contracts

30 June 2016 30 June 2015

Total forward foreign exchange contracts (stated in NZD)

38,702,579 23,453,412

The foreign currency principal amounts were AUD\$35,168,411 (2015: AUD\$21,185,835).

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.

**New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016**



Financial assets

There were no derivative financial assets held for trading at 30 June 2016. 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.

Financial liabilities

At 30 June 2016 derivative financial liabilities consisted of forward foreign exchange contracts with a fair value totalling \$1,546,309. At 30 June 2016, a movement in foreign exchange rates of plus 10% has an adverse impact of \$3.38 million, and minus 10% has a favourable impact of \$4.13 million, based on a derivative valuation model using hypothetical forward rates. There were no derivative financial liabilities held for trading at 30 June 2015.

Credit risk

Maximum exposure to credit risk at balance date are:

	30 June 2016	30 June 2015
Cash in hand	4,800	4,750
Call deposits and short term deposits	3,914,511	10,593,656
Receivables	10,953,059	11,219,171
Investments - term deposits	8,000,000	8,000,000
Derivative financial instruments	-	583,623
Total credit risk	22,872,370	30,401,200

Credit quality of financial assets

COUNTERPARTIES WITH CREDIT RATINGS

Total cash at bank and term deposits

	30 June 2016	30 June 2015
AA-	11,914,511	18,593,656
Derivative financial instrument assets		
AA-	-	583,623

COUNTERPARTIES WITHOUT CREDIT RATINGS

Debtors and other receivables

Existing counterparty with no defaults in the past	10,953,059	11,219,171
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	10,953,059	11,219,171

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 97% (2015: 98%) of the total receivables outstanding at balance date. Collectively the DHBs are assessed to be low risk, high quality entities due to their nature, as 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 (2015: \$8,300,000) on term facilities of which \$3,300,000 was drawn down at balance date (2015: \$3,300,000). A negative pledge obligation exists with this facility – refer note 19.

30 June 2016

Trade and other payables (note 15) - excluding GST
Borrowings - finance lease (note 19)
Borrowings - term credit facility (note 19)

Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
12,840,670	12,840,670	12,840,670	-	-	-
4,015,365	8,857,871	559,664	1,034,713	1,313,636	5,949,798
3,300,000	3,438,190	128,857	3,309,333	-	-

30 June 2015

Trade and other payables (note 15) - excluding GST
Borrowings - finance lease (note 19)
Borrowings - term credit facility (note 19)

Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
12,498,966	12,498,966	12,498,966	-	-	-
918,996	1,202,593	211,691	283,115	424,672	283,115
3,300,000	3,450,771	139,028	3,311,743	-	-

New Zealand Blood Service
Notes To And Forming Part Of The Financial Statements
For The Year Ended 30 June 2016



Contractual maturity analysis of derivative financial instruments

30 June 2016	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	1-2 years	2-5 years
Forward foreign exchange contracts	-	-	38,702,579	4,588,814	5,609,072	27,434,602	1,070,091
outflow	-	-	37,156,270	4,399,907	5,267,122	26,430,020	1,059,221
inflow	1,546,309	-					

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	2-5 years
Forward foreign exchange contracts	-	583,623	23,453,411	5,433,247	11,133,526	6,886,638	
outflow	-	-	24,037,034	5,612,640	11,342,123	7,082,271	
inflow	-	-					

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 deficit of \$2.3 million was influenced by the following factors when compared to the budgeted deficit of -\$15.0 thousand:

- 1) Gross revenues of \$115.6 million were +\$3.3 million ahead of budget mainly due to stronger demand for fractionated products (+\$3.4 million above budget) from DHBs.
- 2) The cost of consumables and changes in inventory at \$41.7 million was -\$2.4 million unfavourable to budget. These unfavourable adjustments arose primarily from higher fractionated product demand, in particular immunoglobulin (IVIg) products (+5.96% above budget) and higher than budgeted product expiry (mainly red cells, platelets and fractionated products).
- 3) Mark to market revaluation movement of derivative financial instruments was -\$2.1 million unfavourable overall driving mainly from the strengthening NZD/AUD cross rate in the month of June 2016. Foreign exchange contracts on hand at year end were purchased at an average NZD/AUD rate of 0.9092 which compares to the closing mark to market average rate of NZD/AUD 0.9470.
- 4) The balance of other variances to budget at an unfavourable -\$1.1 million was represented by a combination of:
 - (i) Higher employee benefit expenses -\$0.2 million due to the higher number of staff employed on average during the year compared to budget as a result of higher fractionated product demand.
 - (ii) Lower depreciation and amortisation costs +\$0.2 million.
 - (iii) Finance charges -\$0.5 million driving from the reclassification of three operating leases to finance leases (refer note 6).
 - (iv) Higher Other expenses -\$0.6 million overall being a combination of a higher capital charge (-\$0.3 million), the impairment loss (-\$0.4 million) relating to the proportion of functionality that will become redundant within the existing blood management system eProgesa when the new eTraceline blood bank software goes live in April 2017 (refer note 14), higher distribution costs relating to higher collection volumes and fractionated product demand (-\$0.2 million), higher foreign exchange losses (-\$0.2 million), higher employee expenses partly due to higher health and safety compliance expenditure and recruitment related costs (-\$0.3 million) offset by lower expenditure on occupancy expenses (+\$0.2 million) due to the reclassification from operating lease to finance lease of the specialist fit-out component of the Lester Lane, Christchurch facility, lower marketing expenditure (+\$0.3 million) plus lower equipment operating leases costs (+\$0.3 million) due to reclassifying two operating leases in prior years, to finance leases in the 2016 financial year.

Note when comparing the Financial Statements to the Statement of Service Performance, the budget numbers shown in the Statement of Service Performance are recorded at an aggregated level whereas budget figures shown in the financial statements are broken out at a more detailed level.

The overall cash flow movement for 2015/16 was a decrease in cash of -\$6.7 million resulting in a closing cash position at 30 June 2016 of \$3.9 million. This figure was \$1.4 million favourable to budget due primarily to a favourable +\$2.8 million higher opening position offset by -\$1.4 million unfavourable activity movements as detailed below.

- (a) Cash from Operating Activities at -\$1.0 million was -\$0.6 million unfavourable to budget. Key influencing factors were:
 - (i) Increase in receipts (+\$3.7 million) driving from higher demand particularly fractionated product.
 - (ii) Higher levels of supplier payments (-\$2.6 million) reflecting the increased levels of manufacturing activity and purchases relating to fractionated products.
 - (iii) Payment of the 2014/15 Price Rebate to DHBs which was -\$1.1 million higher than originally allowed for.
 - (iv) Other payments in total being unfavourable to budget by -\$0.6 million, the major contributor being interest paid, in part due to the reclassification of 3 operating leases to finance leases in the 2016 year (refer note 6).
 - (b) Cashflows from Investing Activities at -\$5.3 million was -\$0.5 million unfavourable to budget mainly due to timing on capital expenditure relating to the eTraceline blood bank project.
 - (c) Cashflows from Financing Activities at -\$0.4 million was unfavourable to budget by -\$0.3 million driven by the reclassification of three leases recorded as operating leases in prior financial years to finance leases (refer note 19).
- The equity position at 30 June 2016 totalled \$39.4 million (budget \$38.5 million) representing an equity ratio of 84.4% (budget 90.4%) and a debt ratio of 15.6% (budget 9.6%). The adverse variance to budget was driven by the reclassification in the year under review of three leases to finance leases that historically had been recorded as operating leases.
- Tangible assets totalled \$65.6 million (budget \$55.7 million) compared to last year's \$63.9 million.

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>					Target Set 2015/16	Target Set 2016/17
Performance Measures stated in Financial Years	Target Set 2015/16	Historical Trend Line of Actual Outcomes							Result 2015/16	Target Set 2016/17	
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15				
Provision of a safe and effective blood service for all New Zealanders through supply and delivery of: <ul style="list-style-type: none"> • Fresh Blood Components; • Fractionated Blood Products; and • Other products and related services. 	Revenue of \$112.30M with no Rebate to DHBs planned.	\$97.4M	\$102.3M	\$105.5M	\$104.9M	\$104.0M	\$109.0M net of \$3.55m Rebate to DHBs	Revenue of \$115.6M with no Rebate to DHBs.	Revenue of \$119.1M with no Rebate to DHBs planned.		
	Expenses of \$112.31M	\$95.8M	\$93.0M	\$102.1M	\$107M	\$103.1M	\$104.3M	Expenses of \$117.9M	Expenses of \$120.1M		
	Deficit of \$0.01M	\$1.6M	\$9.3M	\$3.4M	-\$2.1M	\$0.9M	\$4.7M	Deficit of \$2.3M	Deficit of \$1.0M		
<p>Financial Performance Commentary: The reported deficit of \$2.3m was adverse to both the budgeted deficit of \$15k and last year's surplus of \$4.7m. This result was delivered off revenues of \$115.6m which were 2.9% and 2.6% up on budget and last year's revenue levels respectively. The reported result has been heavily influenced by international accounting standards reporting compliance which has masked a solid operational performance in what had been a challenging operational environment throughout the 2015/16 financial year. In that context the reported result is further explained as follows:</p> <ol style="list-style-type: none"> 1) At the operational level (defined as being within NZBS influence) NZBS performed solidly as confirmed by an operational earnings surplus of \$468k versus a budgeted operational deficit of \$136k. This result included a \$404k impairment charge related to the blood management system. 2) Accounting standards reporting compliance requirements added a further \$2.8m in non-cash charges comprising: <ul style="list-style-type: none"> - A \$2.1m charge from 'marking to market' the NZBS held forward AUD currency cover as compared to the spot NZD/AUD rate at 30 June 2016 noting the NZD/AUD cross rate had noticeably strengthened in the June month. - A \$0.7m charge for accrued rent associated with the Christchurch Blood Centre arising from the requirement to amortise the rent over the initial lease term, noting for the first half of the initial term the annual amortised figure is higher than the actual rental being paid. <p>In the current operating environment the Board elected to not declare a price rebate to DHBs for the 2015/16 financial year.</p>											
<p>Change in Accounting Standards: Please note from the 2014/15 financial year information has been prepared under <i>International Public Sector Accounting Standards (IPSAS)</i> with all prior reported financial information within this document prepared under the <i>International Financial Reporting Standards (NZ IFRS)</i>.</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	Target Set	Historical Trend Line of Actual Outcomes					Result	Target Set	
	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
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* 1	ACHIEVED 0	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	Target Set	Historical Trend Line of Actual Outcomes					Result	Target Set	
	2015/16	2010/11 Unaudited	2011/12 Unaudited	2012/13	2013/14	2014/15	2015/16	2016/17	
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.	Target Set 2015/16 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 2015/16 financial year.	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, "if would be my assertion that NZBS has met the requirements of its Planning and Communications with DHBs' 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 stated: "I can confirm from a DHB point of view NZBS has fully met the requirements of its Planning and Communications with DHBs' performance measure in the 2014/15 financial year". ACHIEVED	Lead DHB CEO confirmed an open communication process with DHBs over price setting and utilisation patterns to inform the new financial year. To quote: "I believe you have developed an open partnership with me which will hopefully see a greater strategic partnership developed". ACHIEVED	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 2016/17 financial year.	



Performance Measures stated in Financial Years	Target Set	Historical Trend Line of Actual Outcomes						Result	Target Set
		2010/11 Unaudited	2011/12 Unaudited	2012/13	2013/14	2014/15	2015/16		
<p>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.</p>	<p>2015/16 Reports are provided to each DHB by the 12th working day of the following month.</p>	<p>ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs in the 2010/11 financial year.</p>	<p>ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs in the 2011/12 financial year.</p>	<p>ACHIEVED Monthly reports detailing product use and expiry information provided to all DHBs in the 2012/13 financial year.</p>	<p>ACHIEVED Monthly reports detailing product and expiry information provided to all 20 DHBs in the 2013/14 financial year.</p>	<p>ACHIEVED Monthly reports detailing product use and expiry information provided to all 20 DHBs in the 2014/15 financial year.</p>	<p>ACHIEVED Monthly reports detailing product use and expiry information provided to all 20 DHBs in the 2015/16 financial year.</p>	<p>2016/17 Reports are provided to each DHB by the 12th working day of the following month in the 2016/17 financial year.</p>	
<p>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.</p>	<p>2015/16 100% achievement of a minimum one clinical oversight visit and report per year to all non NZBS managed blood banks located in main DHB hospitals.</p>	<p>ACHIEVED 100%</p>	<p>ACHIEVED 100%</p>	<p>NOT ACHIEVED 96%</p>	<p>ACHIEVED 100%</p>	<p>ACHIEVED 100%</p>	<p>ACHIEVED 100%</p>	<p>2015 100% achievement of a minimum one clinical oversight visit and report per year to all non NZBS managed blood banks located in main DHB hospitals.</p>	
CALENDAR YEARS									
<p>Haemovigilance - Patient safety (measured in calendar years)</p>	<p>2014 2014 Annual Haemovigilance Report published and provided to all DHBs in the December quarter of 2015.</p>	<p>2009 ACHIEVED 2009 Annual Haemovigilance Report distributed to DHBs in November 2010 and available on NZBS website.</p>	<p>2010 ACHIEVED 2010 Annual Haemovigilance Report distributed to DHBs in November 2011 and available on NZBS website.</p>	<p>2011 ACHIEVED 2011 Annual Haemovigilance Report distributed to all DHBs in December 2012 and available on NZBS website.</p>	<p>2012 ACHIEVED 2012 Annual Haemovigilance Report distributed to all DHBs in December 2013 and available on NZBS website.</p>	<p>2013 ACHIEVED 2013 Annual Haemovigilance Report distributed to all DHBs in December 2014 and available on the NZBS website.</p>	<p>2014 ACHIEVED 2014 Annual Haemovigilance Report distributed to all DHBs in October 2014 and available on the NZBS website.</p>	<p>2015 2015 Annual Haemovigilance Report published and provided to all DHBs in the December quarter of 2016.</p>	
<p>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. 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</p>	<p>2014 Relates to adverse recipient reactions in calendar year 2014. While zero is always the desired outcome it is considered inappropriate to set a target for this measure.</p>	<p>ACHIEVED 0</p>	<p>ACHIEVED 0</p>	<p>ACHIEVED 0</p>	<p>ACHIEVED 0</p>	<p>ACHIEVED 0</p>	<p>ACHIEVED 0</p>	<p>2015 Haemovigilance data received but yet to be formally reported.</p>	

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.

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.							
Performance Measures stated in Financial Years	Target Set	Historical Trend Line of Actual Outcomes					Target Set
		2010/11	2011/12	2012/13	2013/14	2014/15	
3.1 Donation Testing Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe).	2015/16 To maintain 100% donation testing	ACHIEVED 100% tested	ACHIEVED 100% tested	ACHIEVED 100% tested	ACHIEVED 100% tested	ACHIEVED 100% tested	2016/17 To maintain 100% donation testing
No product is released for issue to a patient until it has passed all safety tests and associated records are maintained.							
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. 	To maintain 100% GMP Licensing Compliance	ACHIEVED 100% GMP Licensing compliance maintained	ACHIEVED 100% GMP Licensing compliance maintained	ACHIEVED 100% GMP Licensing compliance maintained	ACHIEVED 100% GMP Licensing compliance maintained	ACHIEVED 100% GMP Licensing compliance maintained	To 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. 	To maintain 100% IANZ accreditation	ACHIEVED 100% IANZ accreditation maintained	ACHIEVED 100% IANZ accreditation maintained	ACHIEVED 100% IANZ accreditation maintained	ACHIEVED 100% IANZ accreditation maintained	ACHIEVED 100% IANZ accreditation maintained	To maintain 100% IANZ accreditation
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 Biennial on-site audit to be conducted.	MAINTAINED 100% ASHI accredited Biennial on-site audit completed	MAINTAINED 100% ASHI accredited	MAINTAINED 100% ASHI accredited Biennial on-site audit completed	MAINTAINED 100% ASHI accredited	MAINTAINED 100% ASHI accredited Biennial on-site audit completed	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		Historical Trend Line of Actual Outcomes					Result	Target Set
	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
<p>4.1 Donor Population NZBS maintains a donor population capable of meeting the on-going demand for blood and blood products.</p>	115,500 to be flexed as required to meet forecast demand.	128,417	126,041	121,167	112,744	109,158	110,746 active donors aligned to meeting ongoing demand.	115,500 active donors flexed as required to meet forecast demand.	
<p>NOTE: The NZBS active donor population of whole blood and apheresis donors is maintained at levels required to support ongoing demand and therefore may be above or below the original target set.</p>									
<p>4.2 Donor Satisfaction Measure of Overall Satisfaction with the Quality of Service using the Common Measurement Tool questionnaire.</p> <ul style="list-style-type: none"> Aspirational target of greater than 90% of donors surveyed state that they are either "Satisfied" or "Very Satisfied" with the overall quality of service. 	Set at greater than 90% satisfaction	New measure in the 2011/12 financial year	88.6%	88.3%	88.4%	87.9%	88.4%	Set at greater than 90% satisfaction	
<p>4.3 Targeted Donor Recruitment Strategies</p> <p>4.3.1 To increase the percentage of Māori donors on the active donor panel from the level achieved in the prior year. * increase as a result of aligning ethnicity selection to NZ census definitions.</p> <p>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. • Attraction of youth donors assists in future proofing the service by encouraging new donors to replace those who are retiring.</p>	Better than prior year	New Measure 6.6%	6.6%	6.7%	7.7%*	9.3%	9.8%	Better than prior year	
	Better than prior year	New Measure 18.2%	18.2%	18.4%	18.8%	18.8%	18.8%	Better than prior year	
<p>4.4 Raw Material (Collections) Inputs</p>	<p>Note: Collection inputs targets are not fixed. The collection inputs have been / will be flexed over the year to meet demand indications.</p>								
4.4.1 Total Whole Blood donations.	116,350	149,915	144,820	133,255	120,858	120,099	119,967	117,040	
4.4.2 Total Plateletpheresis donations.	3,130	6,546	6,521	6,066	3,942	3,436	3,145	3,120	
4.4.3 Total Plasmapheresis donations.	48,095	24,194	30,481	30,206	32,514	41,438	52,026	48,370	
4.4.4 Total Donations.	167,575	180,655	181,822	169,527	157,314	164,973	175,138	168,530	

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	Historical Trend Line of Actual Outcomes					Result	Target Set	
	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
5.1 Annual Employee turnover.	12.0%	10.7%	9.7%	12.4%	10.4%	8.1%	9.9%	12.0%	
5.2 Employee Engagement Index Score from biennial Staff Engagement Survey using the IBM Kenexa (formerly JRA & Associates) Survey Tool.	No Survey	74.4%*	No survey	No survey	68.5%**	No survey	No survey	78%	
<p>Comment: * The format for assessing the overall engagement was redefined in 2014, using a different metric. If the 2010/2011 result was restated using the new metric the score would have been 73.0%.</p> <p>** 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 services for the New Zealand health and disability sector.</i>									
Performance Measures	Target Set	Trend Historical Line of Actual Outcomes					Result	Target Set	
	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
6.1 Auckland Facility Project Successful completion of key project milestones in accordance with Board approved project plan.	Project plan approved by Board and key milestones to 30 June 2016 achieved						DEFERRED This project was deferred to enable certain work to be completed, such work having a potential material impact on the nature and scope of the planned project.		
New Measure in 2015/16 for this particular project									
No measure as the project was deferred in the 2015/16 financial year pending further pre project planning work.									
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	Historical Trend Line of Actual Outcomes					Result	Target Set	
	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
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).	Achievement of Budget. Budget deficit of \$15k on revenues of \$112.3m. No DHB Rebate planned.	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.	Actual - surplus of \$4.7m on revenue of \$109.0m. Rebate paid to DHBs of \$3.55m.	NOT ACHIEVED A reported deficit of \$2.3m on revenue of \$115.6m. No rebate paid to DHBs	Achievement of Budget. Budget deficit of \$1.04m on revenue of \$119.1m. No rebate planned to DHBs	



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STATEMENT OF RESPONSIBILITY

For the Year Ended 30 June 2016

- 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 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 2016 fairly reflect the financial position and operations of the New Zealand Blood Service.

A handwritten signature in black ink, appearing to read 'D Chamberlain', enclosed in a thin black rectangular border.

David Chamberlain
Board Chairman
26 August 2016

A handwritten signature in black ink, appearing to read 'I R Ward', enclosed in a thin black rectangular border.

Ian Ward
Deputy Board Chairman
26 August 2016

Independent Auditor's Report

To the readers of New Zealand Blood Service's financial statements and statement of performance for the year ended 30 June 2016

The Auditor-General is the auditor of 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 statement of performance of the New Zealand Blood Service on her behalf.

Opinion on the financial statements and the statement of performance

We have audited:

- the financial statements of the New Zealand Blood Service on pages 30 to 54, that comprise the statement of financial position as at 30 June 2016, 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 statement of performance of the New Zealand Blood Service on pages 55 to 60.

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 2016; 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 Reporting Standards.
- the statement of performance:
 - presents fairly, in all material respects, the New Zealand Blood Service's performance for the year ended 30 June 2016, including:
 - for the class of reportable output:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;

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

Our audit was completed on 26 August 2016. 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 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 statement of performance 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 statement of performance. 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 statement of performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of performance, 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 statement of performance in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Zealand Blood Service's internal control.

An audit also involves evaluating:

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

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

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 statement of performance that:

- comply with generally accepted accounting practice 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 statement of performance 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 the statement of performance, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of performance and reporting that opinion to you based on our audit. Our responsibility arises from 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 Ian Ward (Deputy Board Chairman)

BSc, MCom

Professor Peter Browett

BMedSc, MBChB, FRACP, FRCPA

Mrs Victoria Kingi

Llb (Hons)

Ngā Potiki a Tamapahore

Te Arawa, Ngāti Porou, Ngāi Tahu

Dr Bart Baker

Mb ChB (distinction), FRACP, FRCPA

Cathryn Lancaster

BCom, ACMA

Fiona Pimm

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

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Audit New Zealand

(on behalf of the Auditor General)

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Auckland

PRINCIPAL BANKERS

Westpac New Zealand Limited

Level 6, 16 Takutai Square

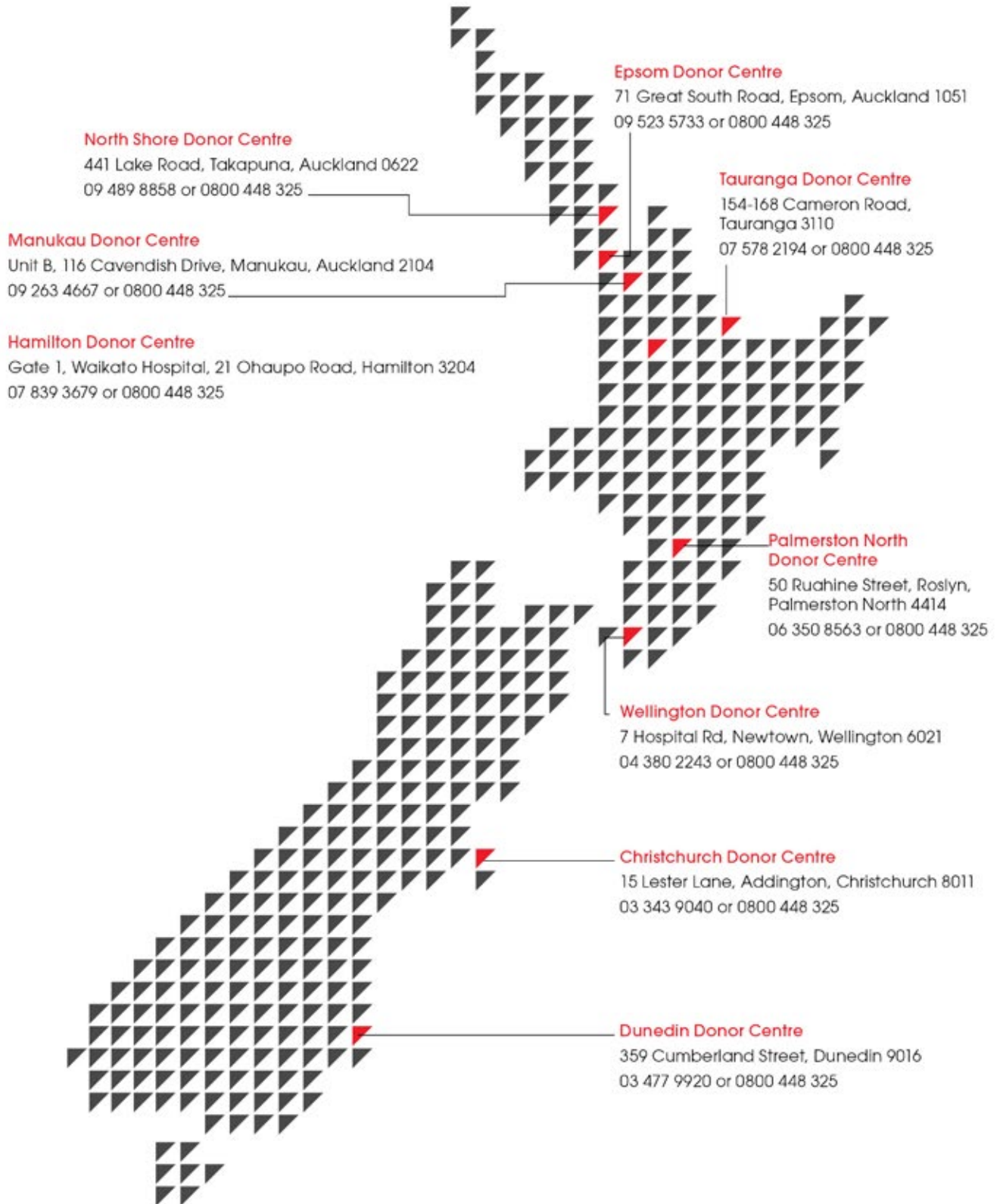
Auckland

SOLICITORS

Buddle Findlay

Auckland and Wellington

Where to find us





[New Zealand Government](#)