



**SAVING LIVES** IT'S IN OUR BLOOD.

**We Are**  
*Whānau*



**From the 7,608 Kiwis needing lifesaving blood or plasma this summer, thank you.**

Unseen emergencies happen every day.  
DON'T WAIT TO SAVE A LIFE.

**NZBLOOD**  
Te Ratonga Tōto o Aotearoa



## Today, 83 Kiwis will need lifesaving blood or plasma.

Every day, 83 Kiwis face an unseen emergency that won't make the news. We need 30,000 more blood and plasma donors to step up now to meet their needs.

Unseen emergencies happen every day.  
DON'T WAIT TO SAVE A LIFE.

**NZBLOOD**  
Te Ratonga Tōto o Aotearoa  
nzblood.co.nz

### NGĀ KAI OROTO

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**Papamoa mother Rata Campbell started giving blood again after her now four-year-old son Isaac Tai was diagnosed with leukaemia in September 2020.**

After his diagnosis, Campbell and husband, Marc Tai, spent the first two months at Starship Children's Hospital.

Campbell said being at the hospital for a long period of time "opens your eyes" to the need for blood donors, as did meeting other children with different types of leukaemia and blood cancers who needed numerous transfusions.

Isaac needed four transfusions in his first four weeks of treatment.

"That's the tip of the iceberg of what we're dealing with. The need is huge and it's unpredictable when you'll need it. People often don't think to give blood until they have that immediate need, but someone needs to help keep those supplies ready so when you do need it it's there.

"You literally never know when it's going to be a matter of life or death for you and someone you love."

While Isaac no longer needs blood transfusions, Campbell is now encouraging people to give blood.

"Giving blood is something any ordinary person, like me, can do to give extraordinary hope to others, like our son," Campbell said.

*As always, thank you to our wonderful staff, to the dedicated hospital teams and to our amazing donors, without whom we could not fulfil our duty as the sole guardian of all blood and blood products in Aotearoa. Your ongoing support is invaluable and we continue to be very proud to lead this organisation.*

**"WE NEVER IN A MILLION YEARS IMAGINED WE WOULD NEED THAT SUPPORT — BLOOD TO BE AVAILABLE FOR TRANSFUSIONS FOR OUR SON."**

**TIROHANGA WHAKAMURI**

**THE YEAR IN REVIEW**

**Blood donors across Aotearoa New Zealand donated more than 227,000 units of blood or plasma this year, changing tens of thousands of lives for the better.**

This busy year has again been shaped by the pandemic, with the emergence of the COVID-19 Delta and Omicron sub-variants impacting our staff and our donors. Despite a very challenging year, New Zealand Blood Service (NZBS)<sup>1</sup> never failed to supply blood, blood products or the services needed by the people of New Zealand. You can read more about our response to COVID-19 below.

During the year we continued to invest in vital infrastructure replacements and redevelopments. This will allow us to increase capacity for blood and plasma collections as demand increases. It will also allow us to meet the needs of New Zealand patients for critical stem cell and tissue treatments.

As always, thank you to our wonderful staff who have gone above and beyond this year. Thank you to the dedicated hospital teams who have continued to support patients through these tough times and the biggest thank you to our amazing donors. Your ongoing support is invaluable.

As Board Chair and Chief Executive we continue to be very proud to lead this organisation.

**Fiona Pimm**  
Board Chair

**Sam Cliffe**  
Chief Executive

<sup>1</sup>New Zealand Blood and Organ Service was established as a statutory entity in 2000. Our functions include managing the donation, collection, processing, and supply of blood and controlled human substances, providing oversight and clinical governance of organ and tissue donation, and providing support to transplantation services. Where 'New Zealand Blood Service' and 'NZBS' appear in this report, they refer to the work of New Zealand Blood and Organ Service.

**NEGOTIATING COVID-19**

**Much of our work this year has been impacted by COVID-19. In particular, the first half of 2022 when the Omicron variant hit New Zealand's shores.**

While our emergency planning teams and systems were, by this time, well versed in dealing with COVID-19, this next phase of the pandemic would bring new challenges; Omicron was more highly transmissible, reduced border restrictions meant the arrival of other viruses, and the winter influenza season was also upon us.

Based on the experiences of blood services around the world, we planned for around a quarter (25-30%) of our staff being impacted by COVID at any one time, and a corresponding number of donors being unavailable. We put in place strict guidance around hygiene standards and the use of personal protective equipment (PPE), with mandatory mask use for staff and donors. All our staff were fully vaccinated as per the government's mandate for healthcare workers, we split teams wherever possible, and we asked office-based staff to work from home. In part due to these measures, we were able to manage staff absences and did not need to restrict or stop any part of our operations.

Our biggest challenge was Omicron's impact on our donors. At its peak, our rate of deferrals increased by around 50 per cent. We were unable to send our mobile blood drives to high schools and a number of our usual mobile venues (being offices and large organisations) had the majority of their staff working from home. This led to a very challenging period where we had to balance collecting fresh products (those needed for emergencies and acute care) with those which have a longer shelf life and are predominantly used for more chronic conditions. We needed to launch appeals for certain blood groups during this time and stocks were certainly difficult to maintain. However, we are extremely proud that at no time did we fail to supply any hospital or patient with the products they needed, when they were needed.

We are very proud of our staff and donors who, during a very difficult time in New Zealand and while navigating challenging personal experiences, stepped up and did what was necessary to ensure lifesaving treatments continued to be available. We are very grateful to everyone.

TŌ MĀTOU TŪMANAKO ME NGĀ WHANONGA PONO  
**OUR VISION AND VALUES**

**OUR ENDURING OUTCOME**

The health needs of people in New Zealand are supported by the availability of safe and appropriate blood, blood products, tissues and related services.

**OUR VISION**

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

**SHARED VALUES**

Our shared values are at the heart of our organisation's culture and guide our behaviour each and every day. They inspire us, motivate us and drive us to provide the very best service to the New Zealand public.

**SAFETY IS OUR CORNERSTONE | KO TE HAUMARU TĀ MĀTAU  
MĀTĀPONO TAKETAKE**

Everything we do contributes to the safety of our donors, products and the recipients of the services that we provide to New Zealanders.



*In doing this we commit to the following values:*

**KIA TAU KI TE TIHI  
STRIVING FOR EXCELLENCE**

**TE MAHI NGĀTAHI  
TEAMWORK**

**TE PONO ME TE TIKA  
INTEGRITY AND RESPECT**

**TE WHAKAWHITIWHITI WHAKAARO I  
RUNGA I TE MĀHARAHARA  
OPEN COMMUNICATION**

**TE HAUMARU HOKI TE KATOA  
SAFETY FOR ALL**

# NGĀ TAU NZBS IN NUMBERS

**THE ONLY BLOOD SERVICE IN NEW ZEALAND**  
collecting all of the blood Kiwis use in hospitals each year.

**775**  
STAFF IN TOTAL

**FOUNDED IN 1998**

**3**  
PROCESSING SITES

**1941**  
OUR OLDEST DONOR

**2006**  
OUR YOUNGEST DONOR

**9**  
DONOR CENTRES IN NEW ZEALAND

**115,425**  
ACTIVE DONORS AS AT 30 JUNE 2021

**315**  
MOBILE PLASMA DRIVES AT 5 LOCATIONS

**997**  
MOBILE BLOOD DRIVES AT 223 SEPARATE LOCATIONS

**106,890** PLASMA UNITS  
**2,739** PLATELET UNITS  
**31** GRANULOCYTE UNITS

**4,000+**  
AVERAGE NUMBER OF DONATIONS PER WEEK

**117,534**  
WHOLE BLOOD UNITS COLLECTED IN 2021/22

WE HAVE **4** WONDERFUL VOLUNTEERS ACROSS THE COUNTRY

# MAHERE HEI KAIORA TANGATA HOW TO SAVE A LIFE

Donors can make an appointment at [nzblood.co.nz](http://nzblood.co.nz), through the NZ Blood Donor app or by calling 0800 448 325.

Blood donors can donate at our donor centres or find a mobile blood drive in their area. Plasma donors can donate at one of our donor centres or, if based in Auckland, at one of the five mobile plasma drive locations available. Platelet donors require special machines, so can donate at one of our four donor centres that collect platelet donations.

In our laboratories, blood is spun in centrifuges to separate the red blood cells, platelets and plasma. Our scientists test every donation for infectious diseases and to 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 it is processed and separated out to make up to 11 lifesaving 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 blood component.

- 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 11 different plasma products. Find out more about these on pages 10 and 11.

## CAN I DONATE?

If you are 16-70 years old, in good health, and weigh over 50kg, you may be able to give blood.

Before booking your appointment, take a look at some of our key eligibility criteria:

- You must be in good health at the time you donate.
- You cannot donate if you have a cold, flu, sore throat, cold sore, stomach bug or any other infection.
- If you have recently had a tattoo, you must wait three months from the date of the procedure before you can donate.
- If you have recently travelled overseas, a stand-down period may apply. Please check our travel tool at [nzblood.co.nz](http://nzblood.co.nz) to check your eligibility.
- You must not have lived in the United Kingdom, France or the Republic of Ireland for a total of six months or more between 1980 and 1996, or received a blood transfusion in ANY of these countries since 1980.

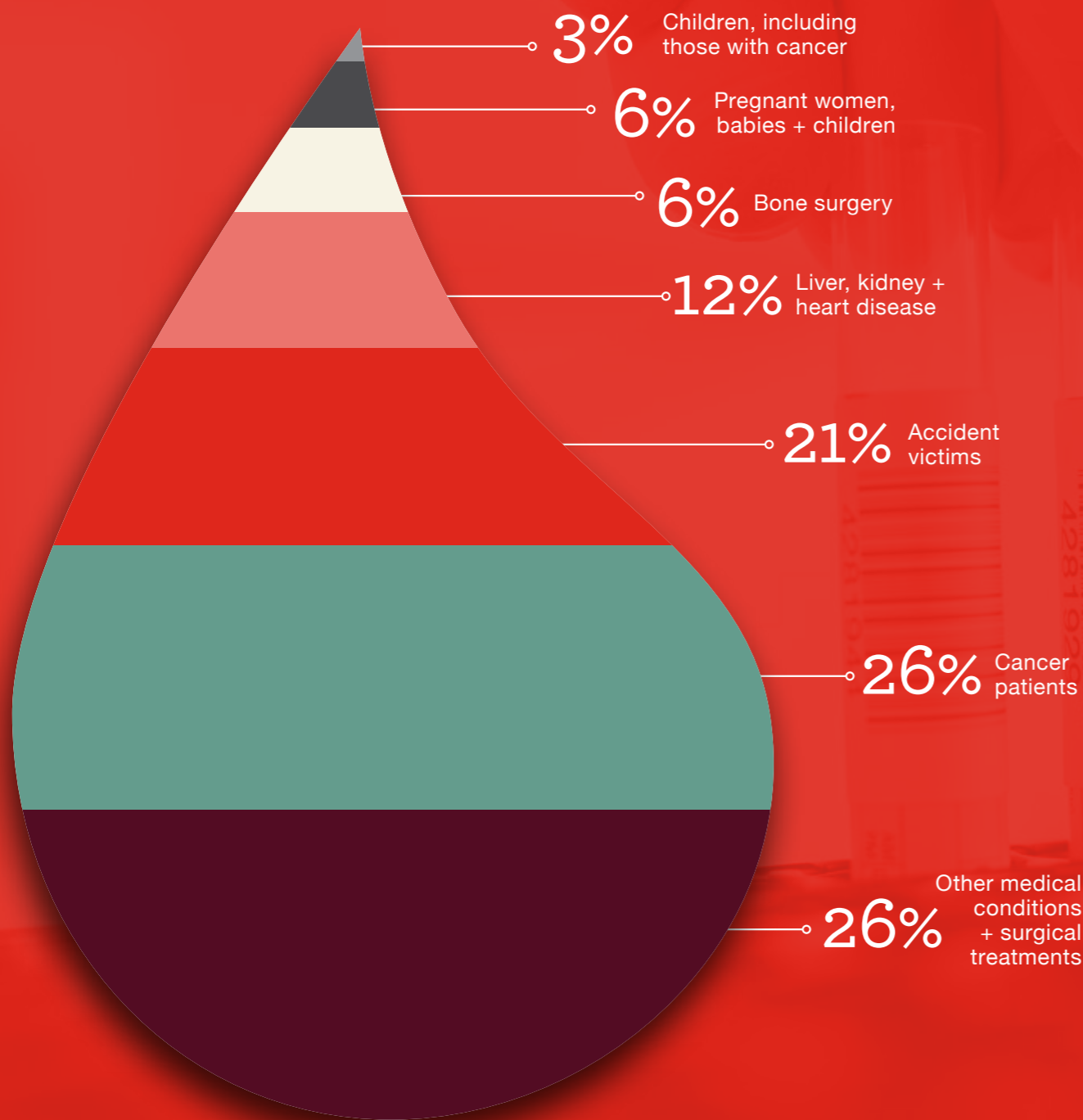
ELIGIBILITY CRITERIA ARE SUBJECT TO CHANGE.

FOR ADDITIONAL ELIGIBILITY CRITERIA, VISIT OUR WEBSITE: [Nzblood.co.nz](http://Nzblood.co.nz)

KO WAI E HIAHIA TŌKU TOTO?

# WHO NEEDS MY BLOOD?

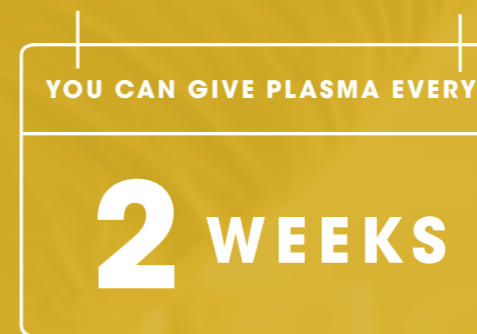
RED BLOOD CELLS ONLY LAST 35 DAYS AND HELP A VARIETY OF PATIENTS, WITH PARTICULAR CARE TAKEN TO ENSURE BLOOD TYPE COMPATIBILITY.



WAI ĀWHEO

# LIQUID GOLD

PLASMA, OR 'LIQUID GOLD', IS THE LIQUID PART OF BLOOD THAT CARRIES BLOOD CELLS AROUND THE BODY



## 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 the manufacture of specialised blood components and products.

## Fresh Frozen Plasma (FFP)

Plasma is stored frozen to preserve clotting factors. It is carefully thawed before transfusion. Plasma is used to replace clotting factors after major surgery or a serious accident. Thawed plasma can now be stored for up to five days, if not needed immediately.

## Cryoprecipitate

Plasma that has been specially treated to produce a concentrated dose of the clotting factor fibrinogen. Fibrinogen is needed to make the meshwork of fibres called fibrin that hold blood clots together. It is mostly used for the treatment of trauma patients and during cardiac and transplant surgery.

WHAKAORANGIA TĀNGATA

# HOW PLASMA SAVES LIVES


Plasma is used to treat people who have lost a lot of blood from accidents or other trauma, and patients who have severe bleeding during surgery.

It is also used to create up to 11 lifesaving blood products that help to:



**Boost the immune systems**  
of people who have low levels of antibodies.

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**Control some autoimmune disorders**  
where the patient's immune system is attacking their own tissues.

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**Provide special clotting factor concentrates**  
for some people with haemophilia and other bleeding disorders.

As it is being used to treat a growing number of life-threatening conditions, the demand for plasma increases every year so we need more people to become plasma donors.

Plasma donations require donors to meet eligibility criteria and to book specific plasma appointments, so if you are keen to learn more about whether you can donate plasma, please ask about it next time you donate.

Call 0800 448 325 or visit [nzblood.co.nz/give-plasma](http://nzblood.co.nz/give-plasma)



**PROTHROMBINEX™-VF  
(FACTORS II, IX & X)**

Used to reverse the action of the anti-coagulant medicine to prevent bleeding during urgent surgery and to treat acute bleeding in patients taking this treatment.



**HYPERIMMUNE  
GLOBULINS**

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



**INTRAGAM®  
P, EVOGAM® &  
PRIVIGEN®**

Used to treat some immune deficiencies by replacing antibodies that provide protection against many infections. These products are also used to treat patients with overactive immune systems causing some autoimmune disorders. They are often used when other treatments are not effective.



**NORMAL  
IMMUNOGLOBULIN-VF**

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



**THROMBOTROL®-VF**

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.



**BIOSTATE®  
(FACTOR VIII & VON  
WILLEBRAND FACTOR)**

Contains blood clotting factor VIII and von Willebrand factor, two proteins that are essential for normal 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 very low function of this factor. The treatment is used to prevent bleeding during surgery or after injury.



**ALBUMEX®4**

Used to provide the albumin for people who lose this protein from severe burns or have very low albumin levels for other reasons. It is essential for plasma exchange treatment to replace plasma and may be used to treat shock due to blood loss.



**ALBUMEX®20**

Given to critically ill patients who have a very low level of albumin in their blood. Examples include, for resuscitation in shock due to acute loss of blood or plasma, extensive burns, occasionally in haemodialysis (blood purification) and during plasma exchange.

**RH(D) IMMUNO-  
GLOBULIN-VF (ANTI-D)**

Given to women after childbirth or during pregnancy where the mother has the blood group RhD negative. Anti-D helps prevent the mother making her own anti-D as this could cause complications in her baby, and in future babies. These complications vary from jaundice to serious anaemia or even death.

NGĀ PĀNUI HIRAHIRA O TE KAITIAKI O TE KAITUKU

# DONOR SERVICES HIGHLIGHTS

Whole blood and plasma collections exceeded previous years, with 106,890 units of plasma and 117,564 units of whole blood collected this year. And collections' demand is forecast to grow over the next few years. COVID-19 continued to affect collections in many ways, initially with the donor rooms bustling – even during times of lockdown. But as the pandemic evolved we were challenged to consistently meet collection requirements.

With less than four per cent of the population donating blood, a campaign was needed to break through the clutter and motivate the New Zealand public to start their donation journey.

In July 2021, the Unseen Emergencies campaign was launched, with five emotional, real-life stories conveying the need for blood and plasma. The campaign provided a creative platform that will continue, as NZBS aims to increase its donor numbers by 38,000 to meet growing demand.

A new Donor Relationship Management System (DRMS) project kicked off in January 2022, and its launch is scheduled for early 2023. The new system will provide better customer service to our donors, along with advanced reporting capabilities.

## INAUGURAL NATIONAL BLOOD DONOR WEEK

'We are Whānau' was the theme of New Zealand's first-ever National Blood Donor Week (13-19 June). The week was a chance for NZBS to say a big 'thank you' and recognise the lifesaving generosity of New Zealand's donor community – often referred to as a "family of lifesavers". Through the week, heartfelt stories from recipients were shared across multiple media and channels to convey what a difference blood and plasma donors make to the lives of their fellow Kiwis.

## NEW HUTT VALLEY PLASMA COLLECTION INTRODUCED

In the Central Region, a permanent two-days-a-week plasma

collection at Avalon in the Hutt Valley was established, proving very popular with plasma donors and taking the pressure off the cramped Wellington donor rooms. As a result, the plasma collections target for the year in Wellington was exceeded.

In the Southern Region, the focus was on staff recruitment, training and establishing a small, six-bed plasma unit in Tuam St. The donor panel in the region is strong and the demand for appointments high, so the new unit will help meet the increased plasma targets for the region.

To meet the ever-increasing demand for plasma-derived products in New Zealand, NZBS is constantly looking at ways to increase plasma collection capability. A key focus for Donor Services this year has been preparing to replace the apheresis technology used to collect plasma products from our donors. Moving to a new type of machine will keep NZBS up-to-date with new, improved technology. Installing additional machines will also help us to cope with the rising plasma demand, maximise our collections, and support our move to more streamlined, paperless processes. The new equipment will be fully implemented within the next 12 months at all our plasma sites and plasma mobiles.

## PREPARING FOR NEW TECHNOLOGY

Equipment management in general has been important for Donor Services as we have provided the regions with the necessary tools to allow expansion and increased collections. This last year has seen installation of new donor couches at centres, mobile beds for the mobile teams, implementation of heat sealers, and additional machines for platelet collection and therapeutic apheresis procedures. Keeping up with advances in technology is key to continuous improvement and innovation opportunities within all areas of collections.

This year we restructured and expanded the National Rosters Team. This team already pre-planned rosters for all NZBS Collections and Administration teams within Donor Services. But we expanded their scope to include advanced roster

planning for the Manufacturing and Logistics teams too.

## OUR PEOPLE AND TRAINING

This frees up the team leaders to be more available for their teams. The National Rosters Team will also be taking responsibility for scheduling appointment templates for all collections, so that Donor Relations teams can dedicate more time to growing our donor panels.

The Donor and Product Safety (DaPS) team has recruited five new team members and is managing record numbers of blood and plasma clinical referrals, femoral head bone assessments, and other calls. Construction has this year begun on an expanded DaPS Contact Centre space to ensure this team is well placed to meet the growing demand for blood and plasma products.

The Professional Development Team became the Nurse Education Team (NET) this year, reflecting a focus on wider

education and training for the NZBS nursing and donor technician workforce.

NET has supported a range of Donor Services projects, including formulating training for the new electronic Donor Adverse Event system, and facilitating and supporting the cross-functional Workforce Coach Programme and the wider Workforce Coach Project. The team has also been involved in the Therapeutic Services Project, and updating and facilitating the Qualified Medical Laboratory Technician (QMLT) programme and the nurse-led TV Clinic training. A major highlight was the QMLT programme achieving a 78 per cent pass rate in 2021, enabling successful donor technicians to gain their provisional registration.

This year also saw NET complete a revamp of the Professional Development and Recognition Programme (PDRP) to assist with staff engagement and ease of use.

keep donating blood.  
it's essential.

NZBLOOD

From the **83 Kiwis** who need lifesaving blood or plasma today, thank you.

Unseen Emergencies happen every day. **DON'T WAIT TO SAVE A LIFE.**

NZBLOOD  
Te Rauwheroa Tahi O Aotearoa

NATIONAL BLOOD DONOR WEEK | JUNE 13TH-19TH | We Are Whānau

Thank you for being part of our whānau of lifesavers this National Blood Donor Week.

Unseen emergencies happen every day. **DON'T WAIT TO SAVE A LIFE.**

NZBLOOD  
Te Rauwheroa Tahi O Aotearoa



## RACHEL AND WENDY'S STORY

### Rachel and Wendy have been friends since they were teenagers.

What might surprise some people, though, is how they met: It was after being diagnosed with the same type of leukaemia by the same doctor in the same doctor's room a day apart.

Wendy was 19 at the time. Rachel just 17.

What's more, they ended up in the same bedroom at Auckland Hospital as they underwent treatment together.

"It was really hard. I really thought I was on my way out," remembers Rachel.

"It was all pretty scary," adds Wendy.

The pair needed the donations of 432 people to keep them alive while undergoing chemotherapy.

"At that time, I was pretty low on all my blood counts actually. I did have a pretty hefty load of blood products

which gave me that little bit of extra energy just to pick myself up and keep going," says Rachel.

Not only did the blood products they received from donors across Aotearoa allow them to be treated and aid their recovery from leukaemia, but it also gave them the opportunity to grow up, travel abroad, get married and have children.

Twenty-five years on, Rachel and Wendy remain forever grateful to those who rolled up their sleeves and saved their lives.

"For me, receiving these blood products has allowed me to live, to have a future, to have hope, to have a family, to help others, to be a voice, to be an advocate," says Wendy.

*It's thanks to the country's 115,000 registered blood donors that NZBS is able to continue to ensure blood is available when needed. To find out more about how you can donate blood or plasma, call 0800 GIVE BLOOD.*

**"IT REALLY HAS SHAPED OUR LIVES. THE GIFT OTHER PEOPLE HAVE GIVEN US WAS JUST SO IMPORTANT. WE ARE WHERE WE ARE TODAY BECAUSE OF DONORS, BECAUSE PEOPLE ROLLED UP THEIR SHIRTSLEEVES AND GAVE BLOOD. IT MAY HAVE MADE THEM SQUEAMISH BUT FOR US IT WAS GOLD AND WE THANK YOU."**



Rachel and Wendy (right)

NGĀ PĀNUI HIRAHIRA O TE KAITIAKI O TE TOTO  
**TECHNICAL SERVICES HIGHLIGHTS**

This year has seen significant progress in the development of new NZBS facilities and the refurbishment of existing ones – work vital for the continued delivery of high quality technical services.

At our Epsom site we reached two major milestones, completing the upgrade of both the National Red Cell Reference Laboratory and the New Zealand Transplant and Immunogenetics Laboratory (NZTIL). These specialised facilities have been in the planning for some years and their delivery had been eagerly anticipated.

The reference laboratory provides referral services for all six NZBS blood banks, as well as other, non-NZBS blood banks nationally. These services include investigating rare and complex red cell antibodies to identify compatible blood, and working with Lead Maternity Carers to monitor antibody levels during pregnancy – an important step in supporting the health of mother and child.

The NZTIL cross-matches organ donations to prospective recipients, performs genetic testing for disease association (e.g. Crohn's disease, ankylosing spondylitis), and matches bone marrow donations to transplant recipients.

The next phase of the Epsom refurbishments will provide a new laboratory space for the Donation Accreditation Team. This team tests each and every Northern region donation to determine its blood type and to check for any infectious diseases, ensuring a safe supply chain.

Outside of Auckland, NZBS has been working with its District Health Board (DHB) partners to provide our Waikato and Christchurch blood bank teams with new facilities. These are expected to open late 2022.

We have also continued our ongoing equipment replacement programme, replacing all of the incubators (BacT machines) used in Auckland, Wellington and Christchurch to screen our platelet and serum eye drop products for bacterial contamination.

And we have introduced a new batch freezing technology, to better manage the increasing plasma volumes that pass through the manufacturing floors. We have begun piloting Afinox freezers in Auckland and, based on the outcomes of the pilot, will roll this technology out to our other manufacturing sites. We have also begun a replacement programme for the equipment used to freeze plasma and cryoprecipitate for clinical use.

Work has also advanced this year on NZBS' biggest infrastructure investment, our Highbrook facility in Auckland. The first phase of this build will accommodate a national warehouse, with freezing and storage capacity for plasma for fractionation and dispatch to Melbourne's CSL Behring. We anticipate moving in to this new facility in mid-2023. The design of the second phase is also well underway; it will provide a suite of cleanrooms, additional laboratory space and a national cryogenic store to meet the processing and storage demand for our growing cellular therapy (stem cell processing) and tissue banking needs.



**2,052,000**  
 MANDATORY AND DISCRETIONARY TESTS ON DONATED PRODUCTS



MANUFACTURED  
**385,000**  
 COMPONENTS

**215,000**  
 UNITS OF PLASMA PROCESSED FOR FRACTIONATION



**23**  
 HEART DONATIONS PROCESSED



**728**  
 CELL THERAPY PRODUCTS ISSUED



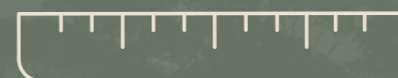
MANUFACTURED  
**58**  
 PRODUCTS



OUR NZBS BLOOD BANKS ISSUED  
**184,000**  
 COMPONENTS AND PRODUCT VIALS



**160,000 cm<sup>2</sup>**  
 OF SKIN ALLOGRAPHS ISSUED



**16,100**  
 DIAGNOSTIC SAMPLES TESTED



RECEIVED  
**155,000**  
 PARTIAL THROMBOPLASTIN TIME (PTT) SAMPLES



PPT testing measures how long it takes for a clot to form in a blood sample.

## THE HIDDEN WORK THAT SAVES OUR PRECIOUS PĒPI AND TAMARIKI

When it comes to the precious act of blood donation, most people think about the two ends of the process: the donating and the receiving.

But there's some vital 'magic in the middle' that goes largely unseen, yet transforms donated blood into life-saving products for our most vulnerable - our babies and young infants.

Manufacturing Operations Support Manager Daniel Bohnen explains. "Our Donation Accreditation and Component Processing laboratories are where we check that our products are safe for use and where we turn them into specialised, life-saving products, he says. "Every year, tens of thousands of blood units pass through our labs, but few people are probably aware that some of those units become specialised products tailored specifically for babies and infants."

Daniel says that neonatal red cells and plasma, are two such examples. "When an infant has severe anaemia, a doctor may decide that a transfusion of neonatal red cells is needed," Daniel says. "This helps to restore their red blood cells, vital for carrying oxygen around their small bodies."

The premise is straightforward, but there are numerous crucial steps involved in producing neonatal red blood cells. "First we screen donations to check for certain viruses," Daniel says. "We want to be sure there's no risk of passing any infection on to a paediatric patient."

Daniel says cytomegalovirus (CMV) can be particularly dangerous for unwell pēpi and young tamariki, so a donation destined for a wee patient must test negative for CMV antibodies. Once the donation has the 'all-clear' and has met a range

of other key criteria, the team will consider whether irradiation is also required. "We do this when the product is destined for an infant with a very weak immune system; it's a process that deactivates any remaining white blood cells left after most of them have been removed by filtration," Daniel says. "Ultimately, it's about removing anything that might attack the baby's immune system when the product is transfused."

Like red blood cells, neonatal plasma also saves young lives. "Clinicians will use neonatal plasma if there has been ongoing blood loss," Daniel says. "It's 'liquid gold' that contains the coagulation factors vital to help stop bleeding."

In the year ending 30 June 2022, the scientists and technicians that comprise NZBS' Manufacturing Team produced 483 neonatal red cell units and 280

neonatal plasma units.

And they did it all in accordance with quality assurance processes that ensure NZBS products meet all clinical requirements and work as intended.

*"All of our work is vital and rewarding, but manufacturing neonatal products is work that holds a special place in the hearts of all our team."*



An analyser machine used for testing blood samples.

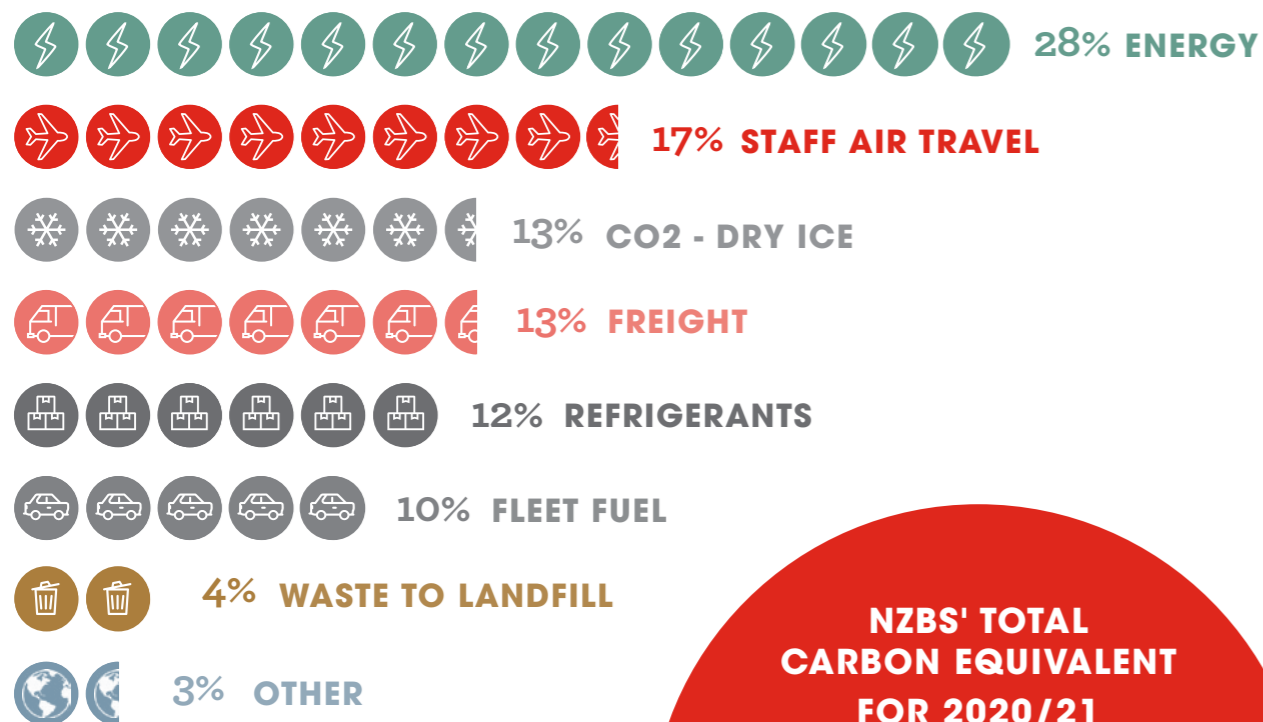


# TE ARA TOITŪTANGA SUSTAINABILITY

NZBS is on a journey to reduce its carbon footprint and become a more sustainable organisation. As a Crown Health Entity, NZBS operates within the scope of the Carbon Neutral Government Programme (CNGP). This has been set up to accelerate the reduction of emissions within the public sector, and to work towards carbon neutrality by 2025. We have partnered with Toitū Envirocare to measure our carbon emissions and have gained Toitū carbonreduce certification, meaning we can access high quality data that provides a good picture of our emissions and how they are generated.

Knowing where our emissions come from is an important step on our journey to reducing them where we can. And to aid our progress we have engaged with frontline employees throughout the organisation, forming a cohort of 'green initiative' teams known as the "Planetisers". These teams identify, research and pilot various initiatives to reduce emissions. The Planetisers are highly enthusiastic ambassadors for improvement and work hard to take the message to their teams and regions.

Our commitment to sustainability directly correlates to the work we do to sustain life by collecting and delivering blood services and products. A sustainable approach to the way we operate will help to ensure we can continue this life-saving work into the future.



**NZBS' TOTAL  
CARBON EQUIVALENT  
FOR 2020/21**

# 1582 TONNES

Our carbon footprint this year was 182 tCO2e less than in the 2019/2020 year. This improvement is the result of a two per cent reduction in the amount of waste going to landfill and an 18 per cent reduction in staff air travel (mostly attributable to the absence of international air travel due to COVID-19 restrictions).

## WE HAVE IDENTIFIED SIX AREAS WHERE WE'LL CONCENTRATE OUR EFFORTS BETWEEN NOW AND 2025:

 <p><b>ELECTRIC/HYBRID VEHICLES</b></p> <p>NZBS leases its entire vehicle fleet. As each lease comes up for renewal the opportunity to change to more energy-efficient vehicles will be assessed and taken where appropriate.</p>	 <p><b>TRAVEL</b></p> <p>By embedding and increasing the use of video conferencing (think Teams and Zoom) in place of face-to-face meetings, NZBS will ensure that the level of domestic air travel is no greater than that required to maintain service.</p>	 <p><b>WASTE</b></p> <p>Via waste audits, we aim to identify opportunities to reduce our waste sent to landfill, increase our recycling practices and identify areas where we can work with our suppliers to reduce non-recyclable packaging.</p>
 <p><b>ENERGY</b></p> <p>We will work with our landlords to make our buildings as energy efficient as possible. As we design new facilities we will, in partnership with the owners, incorporate energy sparing technology and services.</p>	 <p><b>FREIGHT</b></p> <p>As a national provider freight is an essential part of our service delivery. Together with our contracted freight companies we will continue to work to reduce the emissions generated when moving product.</p>	 <p><b>REFRIGERANTS</b></p> <p>Due to the temperature sensitive nature of blood and blood products, NZBS operates a large quantity of fixed and free-standing refrigeration equipment. As plant and equipment is replaced we will, where technically possible, introduce lower Global Warming Potential (GWP) gas-containing products.</p>

**The journey has begun. Every step along the way will make a difference!**



# HE PŪRONGO HOU TŌ TE RŌPŪ HAUORA UPDATE FROM THE CLINICAL TEAM

## BLOOD TRANSFUSION TEAM

The multidisciplinary Clinical Team has continued to provide support, guidance and clinical advice regarding blood donation, transfusion, and organ and tissue donation across NZBS - as well as to patients, donors and hospital teams across the country.

### SAFE DONATION - IMPROVING THE SAFETY OF BLOOD AND PLASMA DONORS

Our Clinical Surveillance Team has developed a new automated data collection system to help us better understand the adverse events that some donors may experience. Examples of these include bruising, feeling dizzy, or fainting around the time of donation. Our new system makes it much easier for our team members to report these events quickly and in a structured way. Having this data helps us plan interventions to reduce the likelihood of these incidents, making donation safer. We report all donor adverse events every year in our Haemovigilance Report (available on the NZBS website).

### SAFE NURSING PRACTICE - NURSING DEVELOPMENT AND CLINICAL GOVERNANCE

We have welcomed a new chief nurse, Jacqui Wynne-Jones, to our team this year. Jacqui's focus is on supporting the professional development of all NZBS nurses and donor technicians. Our nursing teams are central to our donor and patient services, including blood and plasma donation, organ and tissue donation, therapeutic services and transfusion support. Working with our Clinical Governance Lead, Jacqui has also been supporting new, nurse-led, safety and clinical improvement initiatives.

### CLINICAL SUPPORT IN THE SOUTH ISLAND

This year we have also welcomed two new senior doctors to our team: Dr Gustavo Duarte is based in Christchurch and Dr Annette Neylon in Dunedin. Gustavo and Annette joined our existing nursing and medical teams and provide support to donor services, hospitals and blood banks across the South Island, as well as contributing to our national service.

### RESEARCH AND DEVELOPMENT

We have worked with research partners this year on projects that will have an impact on clinical practice. These include the Sex and Prevention of Transmission Study (SPOTS), with a team based at the University of Auckland, which is about sex between men, blood donation and HIV prevention. Another is the CLIP-II study which compares the use of cryopreserved (frozen) platelets, with standard platelets. The study is being undertaken with collaborators in Australia and across New Zealand and could change the way we treat patients needing emergency support for blood loss.

Our Clinical Development Team also undertakes projects to improve the services we provide. Some examples include developing a new method to make our manufacture of serum eye drops easier and safer, plus the introduction of a test to streamline the care of blood group D-negative pregnant women and their babies.

## ORGAN DONATION TEAM

Organ Donation New Zealand (ODNZ) has now enjoyed a full calendar year under the umbrella of New Zealand Blood Service.

### LIFE-SAVING AND LIFE-CHANGING GIFTS

Despite the ongoing challenges posed by COVID-19, 191 people received life-saving organ transplants in 2021/22 thanks to the generosity of 66 deceased donors and their whānau. The youngest of these donors was 14-years-old and the oldest, 78-years-old.

Donors come from many ethnicities, with over ten per cent being Māori. As well as 66 donors, there were a further eight patients whose whānau agreed to organ donation but this was unable to proceed. Three of these patients, however, were able to donate tissue (skin, heart valves or eye tissue) for transplantation. And an additional 52 patients were able to donate tissue-only after they had died in a hospital, hospice or at home.

After a patient has died in an intensive care unit (ICU) in New Zealand, deceased organ donation can occur via two pathways: Donation after brain death (DBD, the brain has died but the person's heart has not yet stopped), or donation after circulatory death (DCD, after the person's heart has stopped). Nine of the 66 deceased donations in 2021/22 were able to occur through the DCD pathway. Twenty-four hospitals in New Zealand are able to facilitate DBD and, until recently, nine hospitals had been able to facilitate DCD. ODNZ has been able to credential a further three hospitals to facilitate DCD and is working actively with another three hospitals with the aim of having them credentialed in the next year.

### OPTIMISING THE POTENTIAL FOR ORGAN DONATION

ODNZ has been working hard to maximise the potential for organ and tissue donation by:

- ◆ Supporting all ICU teams to identify and refer every opportunity.
- ◆ Providing education for nursing and medical staff in ICUs, operating theatres and the wider hospital setting
- ◆ Continuing credentialing for more units to facilitate DCD.

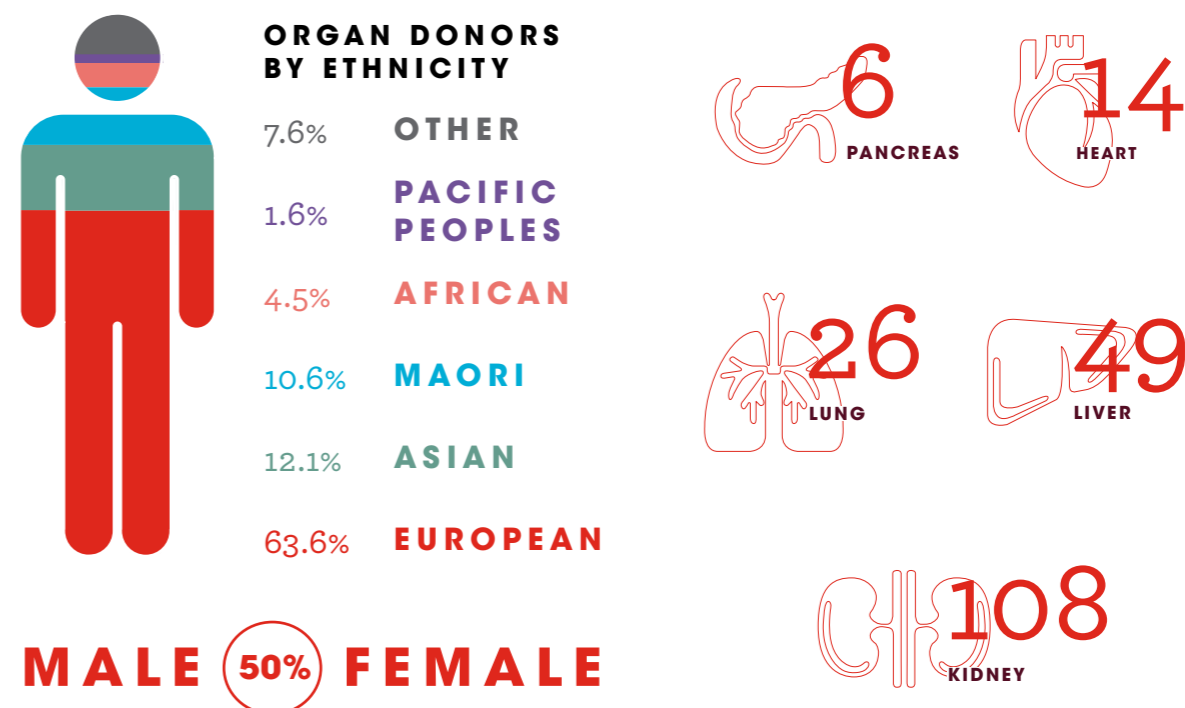
ODNZ is also now able to collect more data on tissue donation intent and continues to work with the coronial and forensic pathology service to increase options for tissue donation.

### OUR GROWING TEAM

ODNZ has welcomed three new donor coordinators and two new part-time medical specialists, and has farewelled Janice Langlands, who was a donor coordinator for 30 years and a team leader for much of this time. Her name is synonymous with organ donation in New Zealand and she will continue to be known as a wonderful mentor and strong advocate for the donation process.

Deceased donation is only able to go ahead thanks to the generosity of grieving whānau, and the hard work and dedication of many people - not only in ICUs and operating theatres, but across many other services within our donor hospitals and transplant centres, including New Zealand Blood Service.

The ODNZ team continues to be extremely proud to play a part in facilitating and supporting donation in all instances where this might be possible, and to provide a truly life-saving service.



TE HANGARAU MATIHIKO ME TE PENAPENA PĀRONGO

# DIGITAL TECHNOLOGY & INFORMATION MANAGEMENT

NZBS' Digital Technology and Information Management team ensures that fit-for-purpose technology and information systems are in place across the organisation. This includes providing and maintaining safe, secure, and robust digital solutions to support both the organisation's operational activities, and the staff who perform them.

## A NEW DIRECTOR

This year saw the appointment of Joshua Bankers as NZBS' new Director, Digital Technology and Information. Josh is responsible for enabling New Zealand Blood Service's business strategy through the smart application and management of technology and information. He is accountable for information services' systems and infrastructure across all NZBS locations.

## ISBT 128 INTERNATIONAL LABELLING

During the year, NZBS has progressed, on behalf of the sector, the ISBT 128 international labelling project. This project will bring New Zealand into line with the globally adopted standard for coding and labelling medical products of human origin including blood, cells, tissue, milk, and organs.

The ISBT 128 labelling standard ensures the highest levels of accuracy for safety and efficiency for the benefit of donors and patients worldwide. Importantly, moving to ISBT 128 standards ensures those hospitals involved in patient trials can continue their work (the Foundation for the Accreditation of Cellular Therapy – FACT - now has ISBT 128 as a mandatory requirement). This project will be completed in FY24.

## BLOOD MANAGEMENT SYSTEMS

NZBS uses several systems for blood management, including at hospital blood banks. Blood management encompasses the processing, testing and distribution of blood and blood products, and the collection, processing, storage and distribution of tissue and stem cells.

These systems are critical to NZBS' operation and there is a continued focus on their stability and operation. This year, systems' review work was initiated to ensure they continue to facilitate change in business operations, by adopting functionality. This is likely to require some level of system modernisation and work is underway to make the appropriate recommendations.

## INFORMATION MANAGEMENT

During the 2021 calendar year Archive New Zealand worked with NZBS to audit and assess the organisation's compliance against the Public Records Act. This has resulted in several publicly available reports that outline the key focus areas for NZBS in relation to public records.

NZBS has a clear strategy and plan in place regarding information management, which also aligns with the Public Records Act. NZBS' six priority areas are:

- ◆ Information Management Strategy
- ◆ Governance and executive sponsorship
- ◆ Capacity and capability
- ◆ Information maintenance and accessibility
- ◆ Information access, use and sharing
- ◆ Disposal decisions

A continued focus on cyber security across NZBS, in conjunction with industry partners, is driving a further level of emphasis on information security.

## DIGITAL DIRECTION

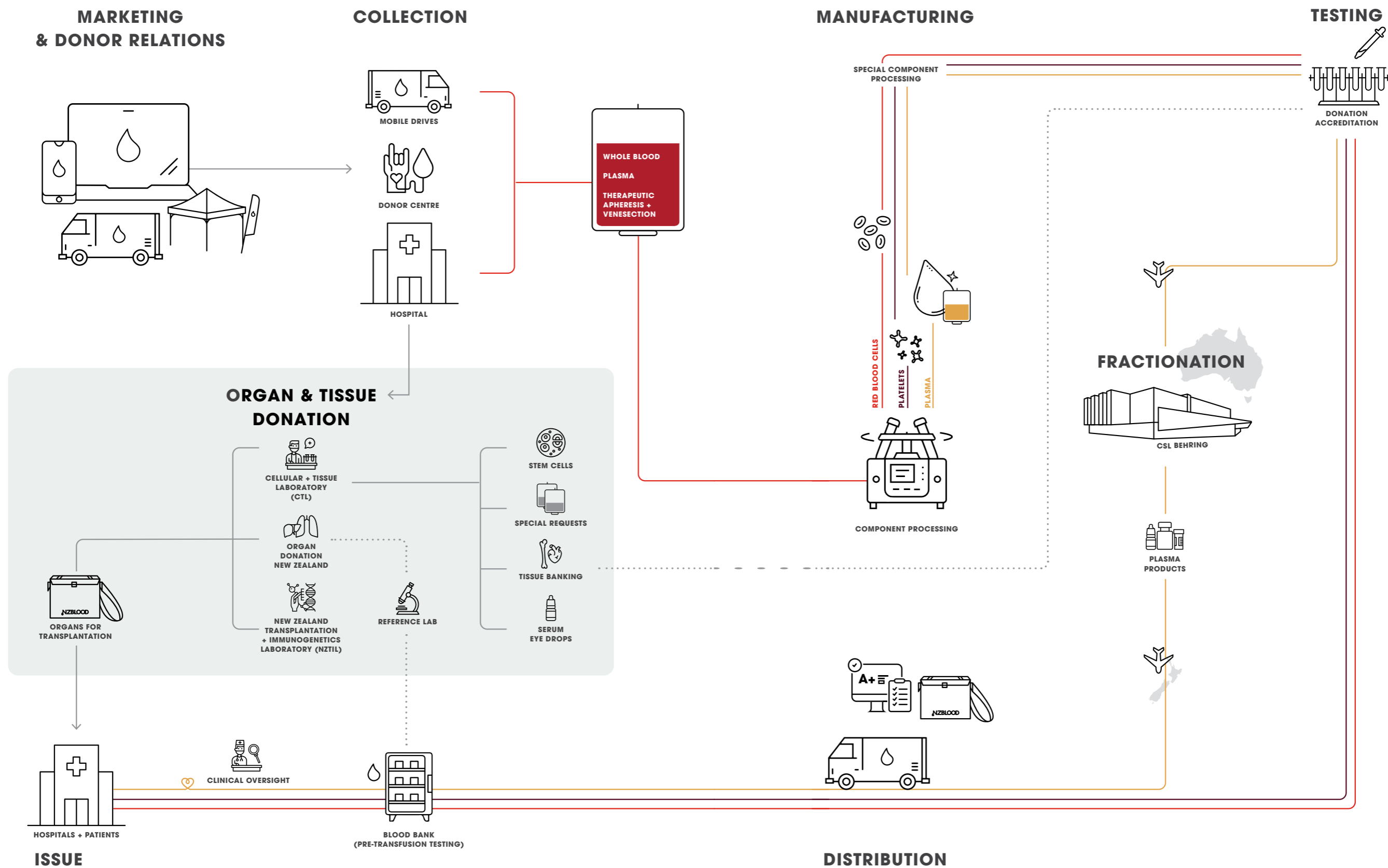
The digital direction within NZBS continues to evolve around six themes:

- ◆ Donor experience
- ◆ Employee experience
- ◆ Patient experience
- ◆ Connected partnerships
- ◆ Better insights
- ◆ Safe, secure and considerate

These themes support NZBS in its continuous efforts to deliver excellence in meeting the needs of donors, patients, our staff and the wider healthcare community.



# AN OVERVIEW OF NZBS



## BLOOD DONATION AT THE HEART OF SPECIAL SISTER'S SURVIVAL

**As a paramedic-in-training and neonatal nurse, sisters Emma and Hannah Ashley understand how blood donors save lives.**

But they also know from their own personal experience the impact those donations can have.

Emma was born with a pulmonary atresia, a birth defect of the heart where the valve that controls blood flow from the heart to the lungs doesn't form at all. In babies with this defect, blood has trouble flowing to the lungs to pick up oxygen for the body.

When Emma was just a week old, she required her first open-heart surgery and spent the first two months after birth in hospital. Six more operations have since followed.

"For the first 10 years of her life she was in and out of hospital for surgeries," remembers Hannah.

During her lifetime, Emma needed around eight to 10 litres of blood to survive (around 20 donations).

Many times Hannah feared she might not see her big sister again as she went in and out of hospital. She is grateful to the blood donors who helped keep her older sibling alive.

Emma's heart condition is now stable. It doesn't affect her day-to-day, but she requires yearly check-ups and will need more surgeries.

"I literally wouldn't be here if it wasn't for blood donations," she says.

Not only have blood donations meant the pair still have each other to laugh with, and tease, but through their jobs they see lives being saved every day thanks to New Zealand Blood Service (NZBS).

Emma is training to be a paramedic with St John. She'll be qualified in about a year's time. Hannah, meanwhile, has been practising as a neonatal nurse for six years.

As two people who care about and like helping people, both are also blood donors themselves. It's their way of giving back and saying thank you. What's more, their mum Jo-Anne also works at NZBS as a donor relations co-ordinator in Auckland. It's a real family affair.

And given what Emma and Hannah have been through together as siblings, they often find themselves convincing their friends to join New Zealand's whānau of lifesavers.

"Giving blood can be the difference between life and death, so why wouldn't you make the time?" asks Hannah.

***It's thanks to the country's 115,000 registered blood donors that NZBS is able to continue to ensure blood is available when needed. To find out more about how you can donate blood or plasma call 0800 GIVE BLOOD or visit [nzblood.co.nz](http://nzblood.co.nz).***

**"I LITERALLY WOULDN'T BE HERE IF IT WASN'T FOR BLOOD DONATIONS."**



THANKFUL: Hannah (left) is grateful to the blood donors who helped keep sister Emma alive.





TE NOHO MATATAPU ME TE MAHI WHAKARITE

# PRIVACY, QUALITY AND REGULATORY AFFAIRS

NZBS continues to invest in having the right policies and processes in place to ensure compliance with the Privacy Act 2020 and the Health Information Privacy Code 2020. We recognise that we are the kaitiaki of a large amount of sensitive personal information – information we are entrusted with to enable us to provide our services to New Zealanders. Our staff and contractors are expected to treat personal information as a taonga and care for it as carefully and respectfully as they would if it was their own.

## QUALITY AND REGULATORY AFFAIRS

The Quality and Regulatory Affairs team works in collaboration with colleagues to provide safe services and products for donors, patients and their whānau throughout New Zealand.

We support regulatory compliance and quality standards across NZBS, operating a single, comprehensive quality management system (QMS) through an electronic tool called QPulse.

This helps us to control our process and compliance documents, internal audits, incident investigations and management, change management and equipment maintenance. Our processes also ensure that staff are adequately trained and competent.

During 2021/22 the Quality and Regulatory Affairs Team further developed the quarterly Quality Management Review meeting, chaired by our CEO and attended by members of the Executive and senior managers. A formal quarterly report is produced for this meeting designed to monitor that key processes remain in control. It also details quality activity and reporting is regularly reviewed to identify improvements within the QMS.

Our products and services must comply with various regulations and pieces of legislation which include the New Zealand Code of Good Manufacturing Practice for Manufacture and Distribution of Therapeutic Goods.

We also work to a number of professional standards and accreditations, including ISO15189 Medical Laboratories. Quality and competence requirements, particularly for medical laboratories (including our blood banks) are set out according to this international standard. We are audited regularly by International Accreditation New Zealand (IANZ). In collaboration

with our colleagues at Auckland and Christchurch hospitals we are also audited by the Joint Accreditation Committee (JACIE), the accreditation body in the field of haematopoietic stem cell transplantation and cellular therapy.

During 2021/22 NZBS had 10 external audits from our regulators or accreditation bodies. Due to the COVID-19 pandemic not all planned audits were undertaken, with our regulators risk-assessing the requirement to audit our activities in the pandemic environment. Of the audits performed there were no critical findings raised and one major non-conformance which was closed out on the day of the audit. All 'other' deficiencies or 'observations' raised at audit have been addressed and closed.

### NZBS' Privacy Programme comprises:

#### Privacy impact assessments

These are completed for all major system and policy changes to ensure that potential privacy impacts are understood, and appropriate mitigations are implemented before the changes are implemented. In the last year, we completed 19 Privacy Impact Assessments.

#### Privacy incident reporting

Incident reporting is managed through a structured process overseen by our Privacy Officer. All breaches are reported internally and reviewed by the Privacy Officer to ensure they are managed in line with Privacy Act requirements. Individuals, or the Office of the Privacy Commissioner, are also notified where appropriate. We take all privacy incidents seriously and have processes in place to understand what has caused an incident to occur and learn from it to lessen the risk of recurrence in the future.

This financial year, we have had 28 privacy incidents, all of which we investigated, assessed for reporting to the Privacy Commissioners Office and reviewed by the NZBS Privacy Officer.

#### Privacy champions

NZBS has a network of privacy champions across New Zealand who assist the Privacy Officer to communicate key messages relating to privacy, as well as supporting with privacy incident responses and providing advice to other NZBS staff members.



# NGĀ AHO O TE TAURA

## OUR PEOPLE

### OUR JOURNEY TO EMPOWERING OUR PEOPLE TO BE THE BEST THEY CAN BE.

#### THE ONGOING IMPACT OF COVID-19

It is impossible to summarise the past 12 months without reflecting on COVID-19's effect on our people and our organisation.

NZBS had its first COVID-positive employee in late February 2022. During the subsequent four months to 30 June, 274 more staff contracted the virus. This, coupled with staff who were self-isolating as household contacts, meant that by May 2022 NZBS had experienced a peak of 40 employees per day being unavailable for work.

The Omicron variant marked a significant shift in disease severity and transmissibility, and our ongoing focus was on supporting staff safety and wellbeing. This included ensuring staff were up to date with COVID-19 vaccinations, supplying personal protective equipment (PPE), and providing hand hygiene advice and easy access to sanitiser gels and wash stations. We also made COVID-19 tests readily available, restricted non-operational staff from being on-site, and supported staff to self-isolate when needed by providing special paid leave.

The AskNZBS helpline we established in 2020/21 continued to provide valuable support as the one-stop-shop for all COVID-19 queries and issues. The AskNZBS team made wellbeing information readily available for staff on the NZBS intranet site, and supported the organisation's Emergency Operations Centre (EOC) by providing data and intelligence on staffing.

During the year we also worked with staff and unions to develop temporary variations to Collective Employment Agreements, allowing us to introduce new working practices should COVID-related staff shortages impact our ability to deliver services.

#### WELLBEING AND RECOGNITION Influenza vaccination campaign

NZBS again offered free influenza vaccinations in the workplace this year, an initiative supported by the use of peer vaccinators (NZBS employees trained to give influenza vaccinations). We achieved a staff uptake of 65.6 percent, down on last year but consistent with what other organisations experienced - and generally assumed to be attributable to the 'vaccine fatigue' brought about by COVID-19.

#### Vital Awards

Held annually, the Vital Awards are an opportunity for staff to nominate their colleagues, either individuals or teams, for recognition in one of three broad categories:

##### Excellence in Improvement and Innovation

Sponsored by Dr Graeme Woodfield, this award recognises individuals or teams who show leadership, enthusiasm and commitment to creating a culture of positive change, innovation and/or sustainable improvement at NZBS.

*Our winners were Melissa May, Senior Project Manager – Clinical, and Sharon Holdridge, Quality Systems Associate. Melissa and Sharon were instrumental in the successful transition of the Heart Valve Bank from Auckland District Health Board to NZBS.*

##### Service Excellence

For individuals or teams who promote a philosophy of service excellence by demonstrating an unwavering commitment to the community we serve both in and outside our organisation.

*Our winner was Alexandra Dean, Document Control Officer. Alexandra was recognised for the inclusive and unfailingly positive support she provides to her customers and the high level of commitment she has to the quality of service she provides.*

##### Spirit of NZBS

For individuals or teams who cultivate a community spirit, consistently make a social difference and help shape our work environment for the good of our organisation and our people.

*Our winners were Pita Hola, Logistics Support, and Atawhai Te Hau, Donor Relations Coordinator and Donor Relations Southern Acting Team Leader.*

*Pita's approach and attitude to work is underpinned by kindness. Pita was recognised for his cheerful nature and can-do attitude, which brighten the day for everyone around him.*

*Atawhai truly reflects the value of manaakitanga in all her interactions and is a positive influence for all those who spend time with her. She is consistently a positive role model for the use and integration of te ao Māori and te reo Māori within our NZBS family.*

Award winners from left to right: Melissa May, Sharon Holdridge, Alexandra Dean, Pita Hola, Atawhai Ta Hau.



#### LEARNING

##### Developing leaders

We prioritised leadership development during the 2021/22 year. Following the establishment of an NZBS Leadership Framework (which articulates the 'on-the-job' outcomes leaders must deliver), NZBS partnered with Capability Group to design Foundations for Leadership. This programme for people managers focuses on developing growth and change capability.

COVID-19 threatened to derail the programme's delivery but, by moving to remote learning, we were able to launch the initiative in November 2021. By the financial year end (June 2022), NZBS had three groups of managers on the programme pathway.

##### Workforce coaches - supporting staff training on the floor

Our workforce coaches support skill and capability training on the frontline. The Workforce Coach Team comprises skilled and experienced frontline staff who have the ability to assess and train their colleagues. We have 227 identified workforce coaches across the organisation and, this year, reviewed and designed the training for this cohort. Forty staff were able to complete the updated training, but COVID delays mean the remainder of the group will do so next year.

##### Conferences

Restrictions on travel and gatherings during the pandemic disrupted the continuing professional development systems that our registered professionals had traditionally relied on. However, as the conference community adapted, virtual events not only created new learning opportunities, they extended these opportunities to more staff across the organisation. Taking advantage of this, we changed our training application and approval processes, empowering line managers to make decisions about the release of staff for learning opportunities.

#### EMPLOYMENT

##### Bargaining

As with other public sector organisations, NZBS continued to be bound by the Public Services Commission pay restraint guidance. This guidance, and the scope for bargaining, impacted on our bargaining progress this year.

NZBS has Single Employer Agreements with three unions: The New Zealand Nurses Organisation (NZNO), the Public

Service Association (PSA), and the Association of Salaried Medical Specialists (ASMS). Our agreements have been developed to reflect our particular working environment, while also responding to changes in the wider labour market – in particular settlements reached with DHBs. After a lengthy period of bargaining we reached agreement with the NZNO in February 2022. This not only included adjustments to pay for staff, but also positive changes to sick leave, parental leave, domestic violence leave, and Te Tiriti obligations. By the end of the year we remained in bargaining with ASMS and the PSA on the expired agreements with these unions.

##### Holidays Act compliance

New Zealand Blood Service is party to the DHB, Trade Union, MBIE Memorandum of Understanding of Holidays Act Remediation. This MoU forms a tripartite agreement on the management of Holidays Act remediation. The work falls within two broad areas:

- ◆ Rectification – putting in place steps to provide fixes to the payroll systems – ensuring they are compliant with the Holidays Act; and
- ◆ Remediation – addressing historic underpayments.

In the past year, KPMG has established an assurance framework outlining the stages and actions to be followed on the pathway to a successful remediation outcome, and to secure central reimbursement of those outcomes.

NZBS welcomed this as a positive initiative that establishes a consistent approach and supports quality assurance across the rectification, remediation and central reimbursement processes.

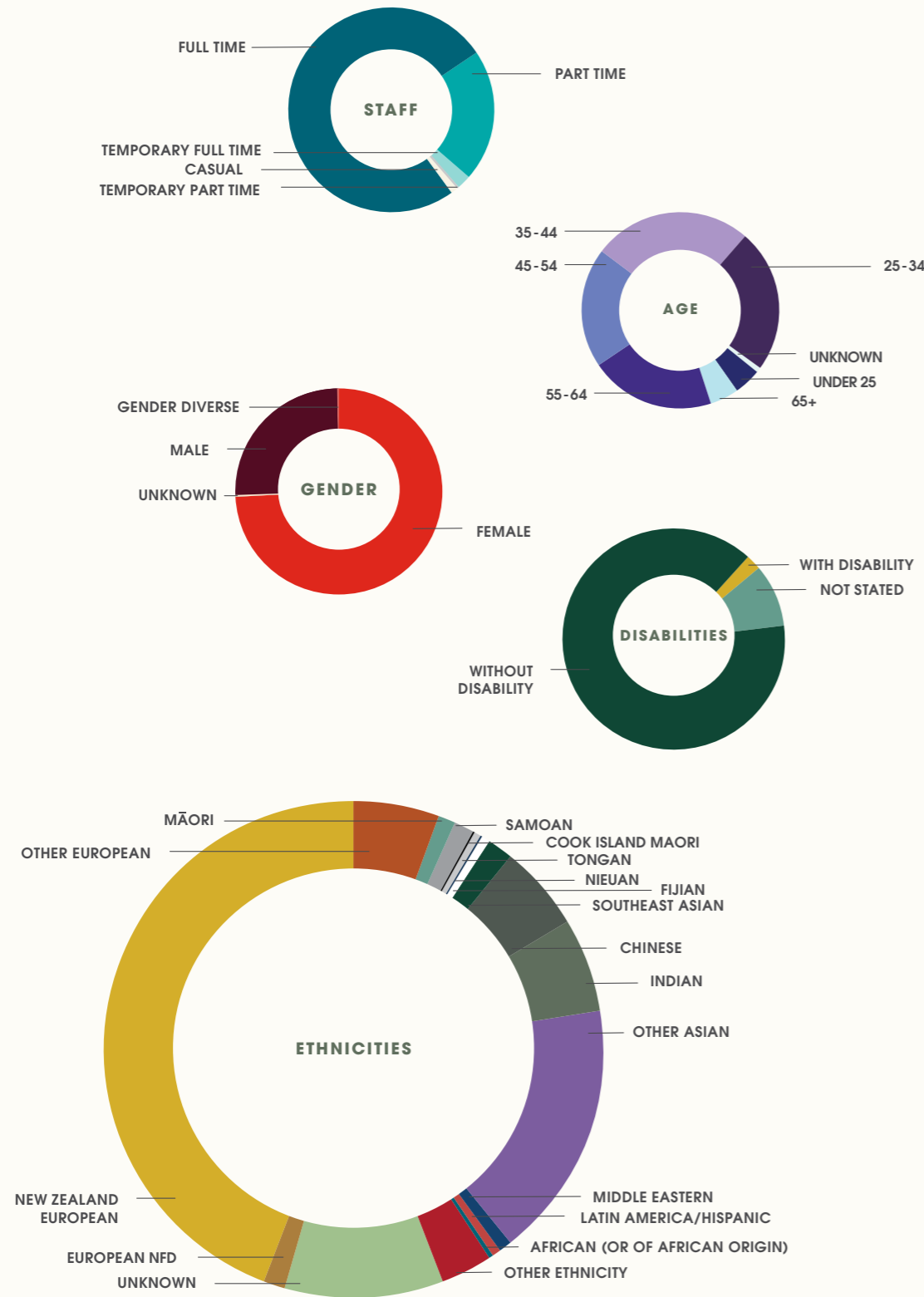
##### Our Voices employee survey

Due to COVID-19, this was deferred until next year.

##### Making HR easy and accessible

To provide optimal HR support to the organisation, we have this year reorganised the work and roles of the HR team by establishing a centralised service function. Partly informed by our new ways of operating during COVID-19, the centralised HR team provides payroll and recruitment support, but also offers first-line support to managers and employees on employment and HR matters. We have also established self-service pages on the NZBS intranet, providing easy access to HR resources and information. These two changes have made HR information more accessible and transparent – giving managers and employees the information they need, when they need it.

# EMPLOYEE DEMOGRAPHICS



# BONE MARROW DONATION:

## EMOTIONAL JOURNEY PROMPTS LIFESAVING CHOICE



LIFESAVER. For Christian Curtis, 24, it was seeing a close friend pass away from leukaemia that prompted a series of events that led to his lifesaving bone marrow donation.

**After 17-year-old Teina Terei's battle with leukaemia, Trust Teina was created by his late friend's parents – Debs and father of New Zealand comedy and TV icon, Pio Terei – as a charitable trust with a purpose to save Māori and Pasifka lives through increasing the bone marrow and organ donor registers in New Zealand.**

Christian, who was close to Teina through school and work, said giving back was one of the ways that helped him come to terms with his passing.

"I kept thinking, how can I give back and honour the memory of this awesome kid, and Debs said, 'Give blood'. So, I immediately signed up to become a donor to give back in memory of my mate who made such an impact in his short 17 years."

It was during his very first donation at a mobile blood drive held in Teina's honour, that Teina's mother Debs suggested Christian sign up for the bone marrow registry.

*"I took it as a sign and immediately there was a change in me, and I was committed to doing this to help out a total stranger who I just knew needed my help."*

The New Zealand Bone Marrow Donor Registry (NZBMDR) is responsible for searching all registries for unrelated volunteer donors for New Zealand patients who require a bone marrow transplant and do not have a suitable family donor. It is part of a worldwide network of registries which contain 40 million unrelated volunteer donors and cord blood units.

"She said, 'Get a swab, the odds are you'll never be called' and I just figured sure, why not, if this is something I can do that could help someone."

As another act of service to honour the memory of his friend, Christian signed up.

Bone marrow donation can play a critical role in helping to save the lives of those diagnosed with blood conditions such as lymphoma and leukaemia. For many patients with these conditions, a bone marrow transplant is the best and only hope for a cure.

"To be honest, I wasn't expecting to be called at all but sure enough only a few weeks later I got the call saying they had a match.

"I took it as a sign and immediately there was a change in me, and I was committed to doing this to help out a total stranger who I just knew needed my help."

Christian says having been so close to Teina and his family, there was no way he was going to turn down this opportunity.

"I know what Teina went through and what Pio and his whānau had to watch and the hole it left, so being able to help prevent that for another whānau is truly incredible."

After the initial call-up, Christian said it took a while to get to the donation stage thanks to COVID-19 and other factors, including some physical tests to ensure he was not at risk.

However, he safely donated his lifesaving bone marrow just after his own birthday.

"A gift from me to someone else," he says. "It's definitely one of the most rewarding experiences I've ever had – and I know I'd tell everyone out there who is considering donating to please sign up for the register. The difference it can make in someone's life is indescribable and it's an incredible way to give back."

Right now, there are more than 13,000 donors on the NZBMDR.

Currently, they are looking for people aged between 18 and 35 who meet New Zealand Blood Service's requirements to give blood and are willing to have their donation sent to any patient, anywhere in the world to join the registry.



**To find out more information, visit [bonemarrow.org.nz](https://bonemarrow.org.nz)**

TE POARI

# THE BOARD



**FIONA PIMM - BOARD CHAIR (FROM 3 SEPTEMBER 2021)**

Fiona is an independent consultant and director with more than 40 years' experience in the health sector and extensive governance experience. She previously worked in senior executive roles in primary care and District Health Board (DHB) management, as well as in Māori health with Ngāi Tahu. Fiona is currently a Canterbury DHB Board member, chairperson for Whai Rawa Fund Limited, and represents her Arowhenua marae on the Board of Te Runanga o Ngāi Tahu. She has a Postgraduate Diploma in Public Health and an MBA from Massey University.



**RAY LIND - DEPUTY CHAIR (FROM 12 JULY 2022)**

Ray has many years' experience in corporate management within the health sector and a proven track record in results-driven leadership. His most recent role was CEO for Careerforce, an industry training organisation (ITO) for the health, mental health, youth work, disability, social services and cleaning sectors. Prior to this, Ray was Chief Operating Officer (COO) for one of New Zealand's largest providers of home care, mental health and addictions, and residential disability support services, and COO for Hawke's Bay DHB. Ray is an Officer of the New Zealand Order of Merit for services to industry training governance.



**DR JACKIE BLUE - DEPUTY CHAIR (UP TO 12 JULY 2022)**

Jackie is a former medical practitioner who pioneered the breast physician role in the late 1990s. In 2005, she was elected as a list member of parliament (MP) and remained in this role until June 2013 when she joined the Human Rights Commission. On completing her term at the Commission, Jackie was appointed as NZBS deputy chair.



**DR BART BAKER**

Bart is a consultant haematologist at Palmerston North Hospital's Regional Cancer Treatment Service. He is an active and experienced committee member, including for Leukaemia & Blood Cancer New Zealand. He is a member of the Haematology Society of Australia and New Zealand and the American Society of Haematology, and is registered with the New Zealand Medical Council as a specialist in Internal Medicine and in Pathology (Haematology).



**EDIE MOKE**

Edie is an independent director with more than 20 years' governance experience across organisations related to health services, health funding, broadcasting, audio-visual archiving, regional development, philanthropy and kaupapa Māori community services delivery. Her business experience started with the Canterbury Area Health Board where she worked as an accountant, and at Healthlink South Ltd. She also worked for Ernst & Young as a principal consultant, and established their Māori health and Māori business development teams. Edie holds a Diploma in Business Studies (Accounting), a Bachelor of Business Studies (Management and Information Systems Management), a Postgraduate Diploma in Business Administration, and a Master of Business Studies (Health Service Management). She has been a member of the NZ Institute of Management and Leadership for more than 25 years, and is a chartered member of the Institute of Directors NZ.



**NICOLE ANDERSON (FROM 27 AUGUST 2021)**

Nicole Anderson (DipAcc, DipBus, DipMgt, PDGPH) is a professional director and a chartered member of the Institute of Directors (CMIInstD) with a background in financial management and business development. She is a member of various public and private sector governance bodies, including being Chair of Northland Inc., a Director of the Boards of Top Energy Ltd and Ngāpuhi Asset Holding Company, and a member of the International Accreditation Council (IANZ). Ko Ngāpuhi tōna iwi, nō Hokianga ia. Ka noho ia ki Kerikeri ki te taha o tōna whānau.



**DAVID CHAMBERLAIN - BOARD CHAIR (TO 2 SEPTEMBER 2021)**

David is a Principal and Actuary at Melville Jessup Weaver Limited (MJW), a leading firm of consulting actuaries in New Zealand. He has more than 30 years' commercial experience in the financial services sector and has advised a wide variety of clients over that time on a broad range of topics. David is also Chairman of the Board of Trustees of the Medical Research Institute of New Zealand. He retired as NZBS Board Chair in September after ten years in the position, and a 12-year contribution to the Board. We thank him for the hard work, support and guidance he has given the organisation during his tenure.



**DR PAULA MARTIN**

Paula has over 25 years' experience in public policy, strategy and research as a senior manager, consultant and advisor. She is also a member of the Institute of Directors and holds a BA(Hons) in Psychology, an MA(Applied) in Social Science Research and a PhD in Public Policy from Victoria University. (Paula retired from the Board on October 30, 2021).

TE RĀNGAI MATUA

# THE EXECUTIVE MANAGEMENT



**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.



**KAREN DIDOVICH**  
Director Human Resources & Organisational Development

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



**DOUG GALLAGHER**  
Director Donor Services

Doug leads and is accountable for the Donor Services function, from strategy development through to operational service delivery. This function ensures that collection targets are achieved and clinical demand for products and services are met.



**JOHN HARRISON**  
Director Finance & Corporate Services

John leads and is accountable for the Finance and Corporate Services function, responsible for delivering effective financial management, financial strategy, policy development and operational analysis. This includes overseeing the property management functions. John also drives business improvement and enhanced performance through the use of analytics and business intelligence practices.



**DR SARAH MORLEY**  
Chief Medical Officer

Sarah leads the Clinical Services team, which plays a key role in ensuring that clinically appropriate blood and blood products are provided to patients, wherever and whenever they are needed. Sarah's team, which includes transfusion medicine specialists, medical officers, transfusion nurse specialists and clinical scientists, ensures expert transfusion medicine advice is available, nationwide, at all times.



**FIDELMA MURPHY**  
Director, Quality and Regulatory Affairs and NZBS Privacy Officer

Fidelma is responsible for leading effective and co-ordinated quality and regulatory compliance processes. This ensures NZBS meets all of its statutory requirements, achieves high standards of manufacturing and laboratory practice, and provides a safe, timely and high quality service. Fidelma's team also supports continuous business improvement activity within the organisation.



**JUSTIN SCOTT**  
Director Planning & Supply Chain

Justin is accountable for leading, overseeing and providing strategic direction to the Planning and Supply Chain function. This ensures the effective collection and distribution of blood and blood products. Justin also leads organisational procurement activity and supports manufacturing and collection planning.



**JOSHUA BANKERS**  
Director, Technology and Information Management

Joshua is accountable for leading and overseeing the strategic development and management of the organisation's information, information resources, digital platforms and technology. He is accountable for information systems and infrastructure across all NZBS locations.



**DR MANDY SUDDES**  
Director Technical Services

Mandy is accountable for the operational delivery of technical and laboratory services. Central to this is ensuring the demand for products and services, and performance, is met in line with clinical requirements. Mandy is accountable for the supply of blood components to hospitals throughout New Zealand, and for activities such as blood processing, testing, blood banking, and compatibility testing for transfusion and transplant patients.

## TE ANGA ME TE KĀWANATANGA

## STRUCTURE &amp; GOVERNANCE

NEW ZEALAND BLOOD AND ORGAN SERVICE (NZBS) IS A CROWN ENTITY ESTABLISHED IN 1998 UNDER THE NEW ZEALAND PUBLIC HEALTH AND DISABILITY ACT 2000<sup>1</sup>.

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 patients and donors prior to organ/tissue transplantation, tissue banking (skin and bone) and stem cell services.

These activities contribute to the organisation achieving its single **Enduring Outcome**:

*The health needs of people in New Zealand are supported by the availability of safe and appropriate blood, blood products, tissues 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' 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 Leadership Team (see page 39) supports the CEO.

The NZBS Board ensured that the organisational activities supported NZBS to achieve the following three Strategic Objectives for the 2021/22 year:

- ◆ Building Foundations for Growth
- ◆ Delivering Operational Effectiveness
- ◆ Providing Exceptional Service

<sup>1</sup> To be replaced by the Pae Ora (Healthy Futures) Act from 1 July 2022.

## STATEMENT OF TRENDS - ACTUAL OUTCOMES AND FORWARD OUTLOOK 1 JULY 2017 - 30 JUNE 2025

Key indicators	Actual outcomes					Forward outlook per 2022/23 Statement of Performance expectations		
	Year 2017/18	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021/22	Year 2022/23	Year 2023/24	Year 2024/25
<b>Collections &amp; Production Volumes</b>								
<b>Donor population</b>								
Active donors at 30 June each year	107,210	108,588	110,765	112,388	115,428	123,222	124,778	131,856
New Zealand population - stated in 000s	4,882.21	4,917.00	4,966.17	5,122.60	5,127.10	5,202.63	5,241.64	5,280.96
Active donors as a % of the total population	2.20%	2.21%	2.23%	2.19%	2.25%	2.37%	2.38%	2.50%
<b>Collection volumes</b>								
Donation collection volumes	172,666	175,347	193,348	220,335	227,163	229,846	229,122	261,603
Donor to donation ratio - average donation frequency per donor	1.61	1.61	1.75	1.96	1.97	1.87	1.84	1.98
<b>Production volumes</b>								
Red cells - units	105,209	106,418	106,600	109,662	110,427	113,922	115,796	118,113
Platelets - adult doses	18,998	19,370	19,762	17,413	23,876	20,718	20,998	21,413
Cryoprecipitate - units	5,750	7,169	6,851	7,209	7,195	7,440	7,682	7,951
Plasma - units	15,582	16,001	16,490	14,714	14,571	13,567	13,579	13,596
Source plasma issued for fractionation manufacturing - kgs	68,868	71,273	83,243	101,634	111,877	111,398	109,607	133,443
<b>Key product &amp; service demand volumes</b>								
<b>Key blood product volumes – as issued fresh products</b>								
Total red cells - units	101,837	102,179	102,753	106,685	107,203	109,328	111,514	113,744
Total platelets - adult doses	15,374	15,882	14,653	15,526	15,717	16,013	16,334	16,475
Cryoprecipitate - units	5,589	6,725	6,620	7,477	6,996	7,171	7,422	7,682
Total clinical FFP plasma - units	14,488	17,192	15,155	13,622	12,921	12,770	12,782	12,799
Total fresh product units issued per 1000 head of population	28.12	28.87	28.03	27.98	27.86	27.92	28.25	28.54
<b>Fractionated product</b>								
Immunoglobulin - Intragam P – grams	301,914	328,683	367,869	391,680	412,368	442,236	65,889	0
Immunoglobulin - Privigen NZ (replacing Intragam P and Privigen) - grams							324,350	369,325
Immunoglobulin – Evogam – grams	44,630	50,016	55,358	54,713	55,240	55,356	31,638	0
Immunoglobulin - Hizentra NZ (replacing Evogam and Hizentra) - grams							72,400	101,952
Immunoglobulin – Privigen – grams	45,250	52,815	52,225	66,565	68,500	69,150	62,200	83,000
Immunoglobulin – Hizentra – grams	900	1,348	1,312	1,696	6,480	25,592	22,400	10,800
Total immunoglobulin product issues – grams	392,694	432,862	476,764	514,654	542,588	592,334	578,877	565,077
Total immunoglobulin product issued per 1000 head of population – grams	80.43	88.03	96.00	100.47	105.83	113.85	110.44	107.00
Albumin issues – grams	245,832	275,190	289,706	307,008	595,804	642,200	793,236	530,972
Biostate (Factor VIII) – 500iu equivalent vials	7,393	6,658	5,474	5,371	5,731	5,350	5,350	4,900
<b>Key service volumes – as supplied</b>								
Patient antibody screens	150,427	149,888	151,466	163,372	158,305	160,250	161,250	162,500
Patient blood groupings	156,353	155,688	157,224	169,514	164,079	167,500	170,000	172,500
Patient compatibility testing	111,787	114,942	110,633	117,479	116,794	116,500	118,000	120,000
Tissue typing NGS testing for solid organ & bone marrow transplants	2,224	2,807	2,443	2,455	3,433	3,700	3,852	4,005
<b>Taxpayer value - Cost of NZBS for a family of four</b>								
Total NZBS operating cost net of unrealised exchange movements (\$000's)	123,656	132,527	144,039	153,944	170,824	180,674	209,616	226,612
Annual operating cost of NZBS per Head of Population (\$)	25.33	26.95	29.00	30.05	33.32	34.73	39.99	42.91
Cost of New Zealand Blood Service for a family of 4 (\$)	101.32	107.80	116.00	120.20	133.28	138.92	159.96	171.64
Cost of New Zealand Blood Service per week for a family of 4 (\$)	1.95	2.07	2.23	2.31	2.56	2.67	3.08	3.30

**STATEMENT OF TRENDS -  
ACTUAL OUTCOMES AND FORWARD OUTLOOK  
1 JULY 2017 - 30 JUNE 2025**

Key indicators	Actual outcomes					Forward outlook per 2021/22 Statement of Performance Expectations		
	Year 2017/18	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021/22	Year 2022/23	Year 2023/24	Year 2024/25
<b>Earnings performance</b>								
Total blood product revenue (\$000s)	96,087	105,674	112,502	126,025	139,753	163,844	201,910	226,884
Total services revenue (\$000s)	23,995	25,834	27,239	29,792	28,982	30,848	33,664	36,061
Overseas revenue (\$000s)	1,115	1,261	1,290	1,719	1,426	100	100	100
Other revenue (including interest earned) (\$000s)	427	306	544	5,721	3,697	5,381	4,773	3,206
Total revenues - pre DHB price rebates (\$000s)	121,624	133,075	141,575	163,257	173,857	200,173	240,448	266,251
Revenue growth %	6.29%	9.42%	6.39%	15.31%	6.49%	15.14%	20.12%	10.73%
Full time equivalent employees with vacancy allowance - FTEs	533.16	533.45	602.83	677.89	711.47	790.41	822.41	836.41
Revenue per full time equivalent employee (\$000s)	228.12	249.46	234.85	240.83	244.36	253.25	292.37	318.33
Reported surplus / (deficit) (\$000s)	(567)	(593)	(4,847)	2,739	(2,365)	2,699	7,189	15,786
<b>Financial position (\$000s)</b>								
Total equity	38,832	38,239	33,391	43,130	40,765	109,203	131,292	147,178
Total non-current borrowings	7,847	10,071	14,929	18,131	26,674	21,313	23,522	23,084
Total assets	76,533	82,363	91,281	107,483	126,756	186,987	217,338	235,551
Working capital	30,920	32,444	30,023	39,833	36,916	58,368	51,803	64,261
Inventory stock turn (times per annum)	3.23	3.46	3.15	2.74	2.41	2.29	2.97	2.85
Receivables - days sales outstanding (days)	33.23	27.32	28.10	31.95	34.28	26.69	24.17	24.15
<b>Debt / Equity gearing</b>								
Equity ratio %	83.19%	78.21%	67.64%	69.10%	59.04%	83.02%	84.01%	85.64%
Debt ratio %	16.81%	21.79%	32.36%	30.90%	40.96%	16.98%	15.99%	14.36%
<b>Cash flows (\$000s)</b>								
Cash flow derived from operating activities	5,835	4,317	(1,808)	(1,680)	114	(11,481)	25,696	17,248
Investing activities - investments & capital expenditure	(5,313)	(4,981)	(5,617)	(6,477)	(10,607)	(49,032)	(43,540)	(17,850)
Financing related activities - borrowing & debt repayment	(494)	1,848	4,972	10,133	8,394	(9,022)	(3,615)	(4,680)
Cash movement in the financial year - (xxx) = cash reduction	29	1,184	(2,453)	1,975	(2,099)	583	422	(695)
Cash position at balance date (\$000s)	3,961	5,145	2,692	4,668	2,569	3,143	3,566	2,870
<b>Banking covenant compliance</b>								
Bank equity ratio % - requirement of a minimum 30% of adjusted TTA	43.55%	44.47%	36.54%	41.89%	34.07%	61.37%	63.55%	65.28%
Interest cover ratio - minimum 1 times cover of EBITDA	5.58	10.93	2.20	16.27	3.91	8.29	12.27	17.42

**STATUTORY DISCLOSURES**

For the year ended 30 June 2022

Your Board members take pleasure in presenting their Annual Report, including the Financial Statements of New Zealand Blood and Organ Service, for the year ended 30 June 2022.

The presented Annual Report is also published on the NZBS website - [nzblood.co.nz](http://nzblood.co.nz)

**Principal activity**

New Zealand Blood and Organ 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. Following the passing of the *Organ Donation and Related Matters Act (2019)* NZBS' functions were expanded to include oversight of Organ Donation New Zealand (ODNZ) from Auckland District Health Board, effective 30 November 2020. The planned broader strategy for organ donation and transplantation will be progressed as funding is made available to NZBS.

**Financial performance**

The NZBS Board sets financial targets for the entity at the beginning of each financial year and continuously monitors actual performance against these targets during the course of each financial year. The 2021/22 year delivered a modest overall volume growth of 2.2 per cent compared with last year's growth of six per cent. This level of growth reflected the ongoing COVID-19 pandemic and how it impacted the health sector generally in the 2021/22 financial year. The year's growth occurred broadly in fresh product and immunoglobulin product (Ig). Immunoglobulin growth eased slightly to 5.43 per cent compared with last year's 7.95 per cent volume growth. NZBS is reporting a deficit of **-\$2.37 m** for the 2021/22 financial year compared with a budgeted surplus of \$2.88m and last year's surplus result of \$2.74m. At the operational level the result was a deficit of **-\$1.34 m** compared to a budgeted operational deficit of **-\$0.86 m** and to last year's operational surplus of \$5.55m.

The Board confirms NZBS complied at all times with its banking covenants in the 2021/22 financial year.

Key financial performance metrics for the 2021/22 financial year are set out below.

Financial Performance Indicators	2021/22	2021/22	2020/21
	Actual	Budget	Last Year
Total Revenue pre DHB Price Rebates (\$000s)	173,857	178,188	163,257
Operational Earnings (\$000's)	(1,344)	(856)	5,545
Declared Price Rebate to District Health Boards (\$000s)	-	-	-
Total Expenses (\$000s)	176,222	175,306	160,519
Reported Surplus / (Deficit) (\$000s)	(2,365)	2,882	2,739
Capital charge (5% on equity) paid to the Crown (\$000s)	2,350	2,157	1,939
Total Assets (\$000s)	126,756	132,626	107,483
Cash generated from Operating Activities (\$000s)	114	9,317	(1,680)
Capital investment excluding capitalised finance leases (\$000's)	3,009	1,466	3,661
Equity plus current and non-current Borrowings (\$000s)	69,047	76,420	62,420
Equity Ratio %	59.04%	58.34%	69.10%
Debt Ratio % (based on non-current external borrowings)	40.96%	41.66%	30.90%
Banking Ratio - times EBITDA (minimum 1 times)	3.91	16.12	16.27
Banking Ratio - Bank defined Equity to Total Tangible Assets (minimum 30%)	34.07%	34.81%	41.80%

**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 2022	30 June 2021
Audit fees for financial statement audit	2022	128,852	-
Audit fees for financial statement audit	2021	-	119,347

## STATUTORY DISCLOSURES

For the year ended 30 June 2022

### Board members

All Board members are appointed by the Crown.

### Board members' remuneration

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 2022	30 June 2021
Mr David Chamberlain (Board Chair)	Resigned 31 August 2021	5,511	32,000
Ms Fiona Pimm (Board Chair)	Appointed 15 June 2016, Board Chair from 1 September 2021	29,244	16,000
Dr Jackie Blue (Deputy Chair)	Appointed 19 October 2018	20,000	20,000
Dr Bart Baker	Appointed 15 June 2016	16,000	15,200
Mr Raymond Lind	Appointed 19 October 2018	16,000	15,331
Dr Paula Martin	Appointed 19 October 2018	5,333	16,000
Ms Edie Moke	Appointed 28 April 2020	16,000	16,000
Ms Nicole Anderson	Appointed 1 September 2021	13,245	-
<b>Total Board members' remuneration</b>		<b>121,333</b>	<b>130,531</b>

### Board members' interests – related party transactions

New Zealand Blood and Organ Service operates an Interest Register under a continuous disclosure regime with the Register reviewed at every Board meeting. NZBS has one Board Member with a relationship to organisations that NZBS transacts business with. The Board has assessed these potential related party transactions under the 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.

### Board members' interests

No payments were made to Board members other than 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

New Zealand Blood and Organ Service received no ministerial directives under s107 of the Crown Entities Act 2004 in the 2021/22 financial year. NZBS continues to operate under two ministerial directives namely; (1) mandatory compliance with Procurement rules of sourcing (2015) and (2) the public sector implementation of the New Zealand business number (2016).

### Donations

No donations were made by the entity during the year ended 30 June 2022 (2021: \$nil).

### Disclosure of 'ultra vires' transactions

New Zealand Blood and Organ Service confirms in accordance with Section 151 (1) of the Crown Entities Act 2004 that no 'ultra vires' transactions occurred in the 2021/22 financial year.

### Insurance

New Zealand Blood and Organ 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 2022 No. Employees	30 June 2021 No. Employees
\$100,000 - 109,999	67	66
\$110,000 - 119,999	40	39
\$120,000 - 129,999	18	14
\$130,000 - 139,999	8	7
\$140,000 - 149,999	7	5
\$150,000 - 159,999	7	4
\$160,000 - 169,999	3	3
\$170,000 - 179,999	2	5
\$180,000 - 189,999	2	1
\$190,000 - 199,999	1	1
\$200,000 - 209,999	5	2
\$210,000 - 219,999	1	2
\$220,000 - 229,999	2	1
\$230,000 - 239,999	1	1
\$240,000 - 249,999	1	2
\$260,000 - 269,999	1	1
\$280,000 - 289,999	3	-
\$290,000 - 299,999	2	3
\$300,000 - 309,999	-	1
\$320,000 - \$329,999	1	-
\$330,000 - 339,999	-	2
\$380,000 - 389,999	1	-
\$390,000 - 399,999	1	-
\$400,000 - 409,999 *	-	2
\$410,000 - \$419,999 *	1	-
	175	162

\* Chief Executive Officer

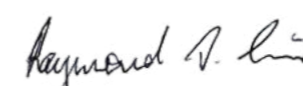
Employee remuneration includes the following elements; base salary, cash allowances, bonuses and incentive payments, non-monetary benefits, any Fringe Benefit Tax paid on any element of the remuneration package and any termination, severance or end of contract payments.

### Termination payments

During the 2021/2022 financial year three employees (2020/2021: 11 employees) were made redundant and received a total amount of \$160,979 (2020/2021: \$301,915) in redundancy payments.



Fiona Pimm  
Board Chair  
10 March 2023



Mr Ray Lind  
Deputy Board Chair  
10 March 2023



## PŪRONGO PŪTEA

## FINANCIAL STATEMENTS

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## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2022

	Note	Actual 2022	Budget 2022	Actual 2021
<b>Revenue</b>				
Revenue from supplying blood products		139,752,544	142,266,017	126,024,848
Revenue from supplying services		28,981,596	31,303,465	29,792,395
Revenue from overseas sales	2	1,426,170	1,708,425	1,718,896
Organ Donation Funding	2	2,270,397	2,738,000	1,221,664
Interest revenue		63,496	162,776	59,845
Other revenue	2	1,363,296	8,834	4,439,492
<b>Total revenue</b>		<b>173,857,499</b>	<b>178,187,517</b>	<b>163,257,139</b>
<b>Expenditure</b>				
Cost of consumables and changes in inventory	3	58,098,455	58,340,409	54,748,265
Employee benefit expense	4	71,710,012	70,024,839	62,737,488
Depreciation and amortisation and impairment of fixed assets	13 & 14	5,292,049	5,304,114	5,344,498
Other expenses	5	41,782,335	40,512,232	36,457,775
Finance costs	6	860,408	988,438	662,672
Revaluation of derivative financial instruments	7	(1,520,969)	135,685	567,923
<b>Total expenses</b>		<b>176,222,290</b>	<b>175,305,717</b>	<b>160,518,621</b>
<b>Surplus / (deficit) for the period</b>		<b>(2,364,791)</b>	<b>2,881,800</b>	<b>2,738,518</b>
Other comprehensive revenue and expense		-	-	-
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense for the period</b>		<b>(2,364,791)</b>	<b>2,881,800</b>	<b>2,738,518</b>

Explanations of significant variances against budget are detailed in Note 35.

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	Actual 2022	Budget 2022	Actual 2021
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	8	2,568,740	3,060,280	4,667,789
Trade and other receivables	9	19,842,849	18,482,370	18,885,321
Investments	10	2,000,000	5,000,000	4,000,000
Inventories	11	61,797,532	59,178,939	48,803,070
Derivative financial instruments	12	1,314,686	66,479	198,986
<b>Total current assets</b>		<b>87,523,807</b>	<b>85,788,067</b>	<b>76,555,166</b>
<b>Non-current assets</b>				
Derivative financial instruments	12	576,574	-	214,443
Property, plant and equipment	13	33,584,931	40,522,985	25,082,222
Intangible assets	14	5,070,783	6,315,264	5,630,742
<b>Total non-current assets</b>		<b>39,232,288</b>	<b>46,838,249</b>	<b>30,927,407</b>
<b>Total assets</b>		<b>126,756,095</b>	<b>132,626,316</b>	<b>107,482,573</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	15	33,653,044	29,683,615	23,337,498
Premises reinstatement provision	16	339,660	400,000	7,735
Employee benefit entitlements	17	14,981,270	14,623,697	12,152,446
Derivative financial instruments	12	-	-	40,004
Lease incentive liability	19	25,955	58,410	25,955
Borrowings	20	1,607,627	5,592,769	1,158,389
<b>Total current liabilities</b>		<b>50,607,556</b>	<b>50,358,493</b>	<b>36,722,027</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	12	-	-	3,133
Premises reinstatement provision	16	1,226,985	3,368,360	2,572,453
Employee benefit entitlements	17	1,569,813	2,423,543	1,714,200
Rent accrued	18	5,761,393	5,706,862	5,032,212
Lease incentive liability	19	151,407	118,951	177,363
Borrowings	20	26,673,818	26,066,911	18,131,270
<b>Total non-current liabilities</b>		<b>35,383,416</b>	<b>37,684,627</b>	<b>27,630,632</b>
<b>Total liabilities</b>		<b>85,990,972</b>	<b>88,043,119</b>	<b>64,352,660</b>
<b>Net assets</b>		<b>40,765,123</b>	<b>44,583,197</b>	<b>43,129,914</b>
<b>Equity</b>				
Crown equity	21	22,716,696	22,716,696	22,716,696
Accumulated comprehensive revenue and expense		16,048,427	17,866,501	16,413,218
Adverse event reserve		2,000,000	4,000,000	4,000,000
<b>Total equity</b>		<b>40,765,123</b>	<b>44,583,197</b>	<b>43,129,914</b>

Explanations of significant variances against budget are detailed in Note 35.

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



Fiona Pimm  
Board Chair  
10 March 2023



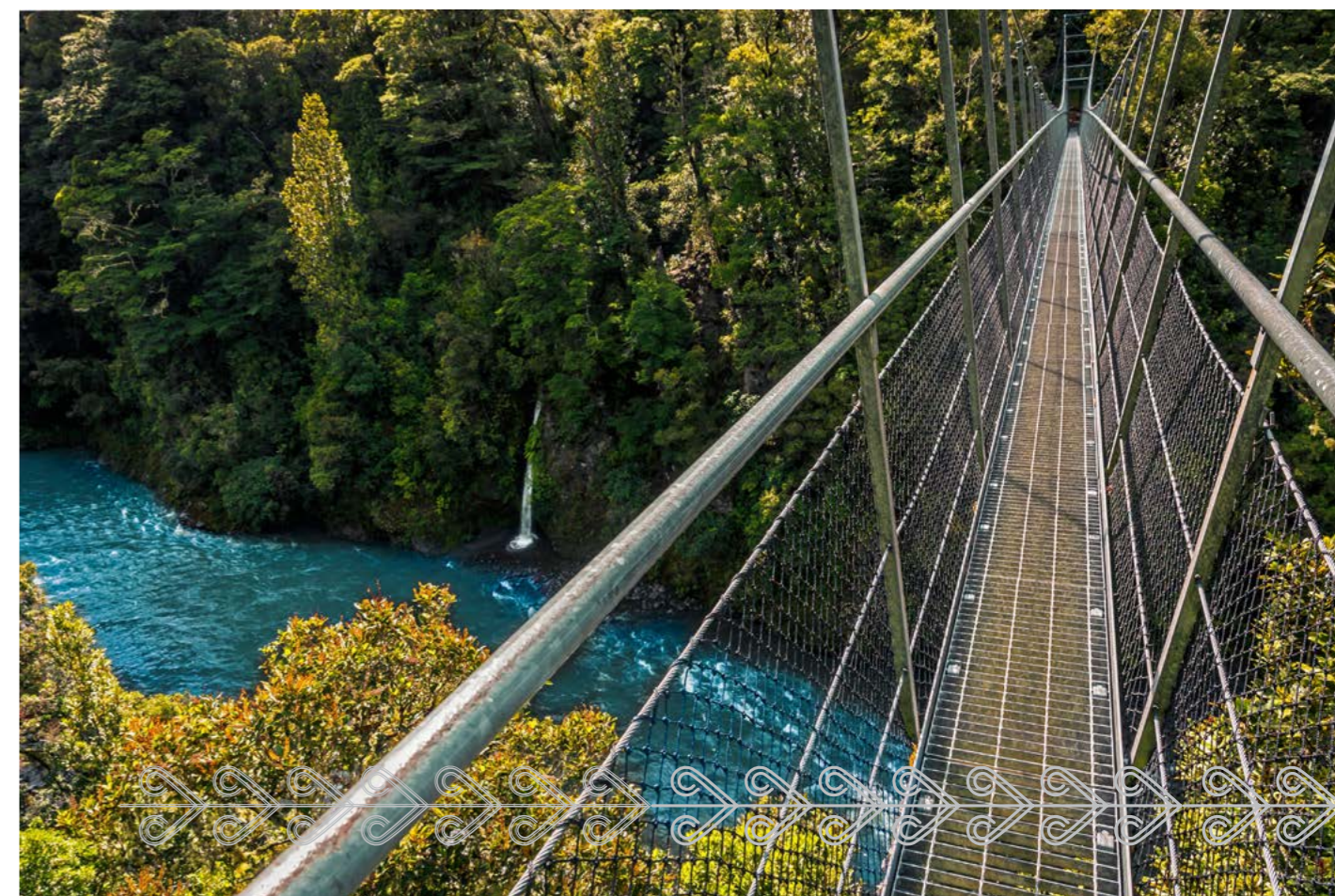
Mr Ray Lind  
Deputy Board Chair  
10 March 2023

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Actual 2022	Budget 2022	Actual 2021
<b>Opening balance</b>		<b>43,129,914</b>	<b>41,701,397</b>	<b>33,391,397</b>
Transfer from accumulated comprehensive reserve and expense to adverse event reserve		-	-	-
Comprehensive income for the year		(2,364,791)	2,881,800	2,738,518
Adverse event reserve		-	-	-
Contribution from owners		-	-	7,000,000
<b>Closing balance</b>	<b>21</b>	<b>40,765,123</b>	<b>44,583,197</b>	<b>43,129,914</b>

Explanations of significant variances against budget are detailed in Note 35.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022	Budget 2022	Actual 2021
<b>Cash flows from operating activities</b>				
Receipts from blood products and services revenue		167,369,223	171,790,957	153,675,782
Interest received		25,368	81,319	2,761
Receipts from other revenue		2,708,871	2,426,965	6,744,756
Receipts from Crown		1,988,000	2,738,000	-
Payments to employees		(68,867,188)	(68,735,126)	(61,231,040)
Payments to suppliers		(100,263,687)	(96,247,336)	(98,696,126)
Distribution of price rebate to District Health Boards		-	-	-
Interest paid		(859,691)	(951,349)	(665,292)
Capital charge payments		(2,349,925)	(2,157,124)	(1,938,575)
Net GST received from / (paid to) IRD		363,333	370,881	427,387
<b>Net cash from operating activities</b>	<b>22</b>	<b>114,304</b>	<b>9,317,186</b>	<b>(1,680,347)</b>
<b>Cash flows from investing activities</b>				
Interest received		32,859	75,978	96,266
Acquisition of adverse event reserve - term deposits		-	-	-
Acquisition of investments - term deposits		(6,000,000)	(13,000,000)	(12,000,000)
Receipts from maturity of investments - term deposits		8,000,000	12,000,000	12,000,000
Proceeds from sale of property, plant and equipment		1,058	-	17,544
Receipts from Landlord for contribution to fitout of premises		-	-	-
Purchase of intangible assets		(1,103,542)	(1,805,000)	(453,322)
Purchase of property, plant and equipment		(11,537,516)	(19,543,895)	(6,137,469)
<b>Net cash from investing activities</b>		<b>(10,607,141)</b>	<b>(22,272,918)</b>	<b>(6,476,981)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings - term credit facility		3,400,000	10,000,000	7,900,000
Proceeds from borrowings - finance lease and term financing		6,830,310	9,882,667	4,113,516
Repayment of borrowings - term credit facility		-	(4,573,550)	(7,120,449)
Repayment of borrowings - finance lease and term financing		(1,836,522)	(2,740,173)	(1,760,446)
Equity Injection from the Crown		-	-	7,000,000
<b>Net cash from financing activities</b>		<b>8,393,788</b>	<b>12,568,944</b>	<b>10,132,621</b>
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>		<b>(2,099,049)</b>	<b>(386,788)</b>	<b>1,975,293</b>
Cash, cash equivalents and bank overdraft at the beginning of the year		4,667,789	3,447,068	2,692,496
<b>Cash, cash equivalents and bank overdraft at the end of the year</b>	<b>8</b>	<b>2,568,740</b>	<b>3,060,280</b>	<b>4,667,789</b>

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.

Explanations of significant variances against budget are detailed in Note 35.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2022

### 1 Statement of accounting policies

#### (1) Reporting entity

New Zealand Blood and Organ Service (NZBS) is primarily responsible for performing functions that enable the donation, collection, processing and supply of blood and controlled human substances, and for facilitating organ donation-related activities in New Zealand (under the New Zealand Public Health and Disability Act 2000 and the Human Tissue Act 2008).

NZBS is a Crown entity under the New Zealand Public Health and Disability Act 2000 and, more specifically, a Statutory Entity and Crown agent under the Crown Entities Act 2004. NZBS' ultimate parent is the New Zealand Crown.

NZBS is a public benefit entity and its primary objective is to support the New Zealand healthcare community through managing the collection, processing and supply of blood and controlled human substances, providing related services, and maintaining and enhancing organ donation activities. 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 2022 and were approved by the Board on 10 March 2023.

#### (2) Basis of preparation

Except as disclosed in note 36 to the financial statements, NZBS' financial statements have been prepared in accordance with:

- The requirements of the Crown Entities Act 2004 and the New Zealand Public Health and Disability Act 2000
- New Zealand generally-accepted accounting practice (NZ GAAP), in accordance with Tier 1 PBE standards.

They comply with PBE standards, as appropriate for PBEs. There were no changes to the accounting policies for the 2022 financial year.

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

A number of new standards are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. NZBS has not yet adopted these new or amended standards in preparing the financial statements. Those that may be relevant to NZBS are set out below. NZBS does not plan to adopt these standards early.

##### A) PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. When applied, PBE IPSAS 41 supersedes most of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 also supersedes PBE IFRS 9 Financial Instruments, which was adopted early by NZBS and applied for the first time in the 2019 annual report.

This standard is effective for reporting periods beginning on or after 1 January 2022.

PBE IFRS 9 is an interim standard, which introduced a number of changes to the recognition and measurement of financial instruments, including new classification and measurement requirements for financial assets, new hedging requirements and a new impairment model for financial assets. The New Zealand Accounting Standards Board (NZASB) decided to develop PBE IPSAS 41 and withdraw PBE IFRS 9 to align the requirements in PBE standards with the most recent IPSAS, and equivalent NZ IFRS. PBE IPSAS 41 is substantially converged with PBE IFRS 9 except for specific modifications made by NZASB.

##### B) PBE FRS 48 Service Performance Reporting

This standard establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information that is useful for accountability and decision-making purposes in the general-purpose financial report. Presentation of service performance information together with financial statements enables users to make effective assessments of the entity's performance.

This standard is effective for annual periods beginning on or after 1 January 2022. As a Tier 1 not-for-profit entity, NZBS does include service performance reporting as part of the annual report but will be required to present service performance information for the first time in its financial statements for the year ending 30 June 2023.

#### (4) Significant Accounting Policies

##### Revenue

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### 1 Statement of accounting policies (continued)

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

##### **Sale of products**

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is measured net of returns, trade discounts and volume or price rebates. NZBS 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.

##### **Provision of services**

Revenue from rendering services is recognised as the services are provided. NZBS does not recognise revenue on a percentage of completion basis and only recognises revenue from the provision of services once the service has been delivered.

##### **Interest income**

Interest income is recognised using the effective interest method. Interest is earned on surplus cash held in the bank and term deposits. Interest income is recognised in the Statement of Comprehensive Revenue and Expense as it is earned. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest revenue each period.

##### **Funding from the crown**

NZBS receives approved Crown funding for specific service delivery e.g. organ donation services. In some instances, funding could be approved by the Crown if there is reason to believe that NZBS suffered significant financial loss due to unforeseen adverse events. In all instances Crown funding gets recognised as Other Income and is recognised as Other Income when it becomes receivable from the Crown.

##### **Capital charge**

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

##### **Leases**

###### **Finance leases**

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

At the start 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 finance charge is charged to the Statement of Comprehensive Revenue or Expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Some leases provide for periodic fixed rent increases. Where the rent increase is based on a fixed dollar amount or percentage increase, the contractual increase is reflected in the determination of the lease income and recognised on a straight-line basis over the lease term. Where the contractual increase is based on movements in the consumer price index this is accounted for as contingent rent and recognised as income in the period the increase occurs.

###### **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. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense 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. Cash and cash equivalents are classified and measured at amortised cost in the statement of financial position. These financial instruments are short term in nature and the carrying amount is considered to be a reasonable approximation of fair value.

#### 1 Statement of accounting policies (continued)

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Bank overdrafts are classified and measured at amortised cost. As these are short term in nature the carrying amount is considered to be a reasonable approximation of fair value.

##### **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 loss allowance. Trade and other receivables are short term in nature and the carrying amounts are considered to be a reasonable approximation of fair values.

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. NZBS has applied the simplified approach to measure the loss allowance for trade and other receivables. Under this approach the loss allowance is the lifetime expected credit loss. Trade receivables which are significant on an individual basis are evaluated on a line-by-line basis. For those that are not determined to be significant individually, the loss allowance is assessed on a portfolio basis, taking into account days past due and historical loss experience in portfolios with shared characteristics. Historical loss rates are adjusted for forward-looking indicators and relevant macro-economic factors.

##### **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 fair value for accounting purposes of blood from donors is considered to be nil. Therefore, the cost of inventories comprises 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. Since the 2019 financial year, fractionated derived products have been predominantly manufactured from plasma pools ranging in size from a minimum 10.4 tonnes through to a maximum 13.0 tonnes. The NZBS rolling manufacturing programme generally allows for a minimum six production pools in a financial year. The driver product group within the manufacturing process is the immunoglobulin product represented by Intragam P and Evogam.

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, as 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 immunoglobulin product group.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### 1 Statement of accounting policies (continued)

##### Financial assets

NZBS classifies its financial assets within the scope of PBE IFRS 9 Financial Instruments into the following three categories: (1) Financial assets at fair value through surplus or deficit, (2) Financial assets at amortised cost, and (3) Financial assets at fair value through other comprehensive revenue or expense.

Financial assets 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. Financial assets are not reclassified subsequent to their initial recognition unless NZBS changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 de-recognised 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. NZBS classifies financial assets into three categories depending on their contractual cash flow characteristics and NZBS' business model for managing financial assets. The 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 to eliminate or significantly reduce an accounting mismatch.

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 including any interest or dividend income are recognised in the surplus or deficit.

##### Category (2) Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Interest income, foreign exchange gains and losses, and impairment are recognised in surplus or deficit.

##### Category (3) Financial assets at fair value through other comprehensive revenue or expense

A financial asset is measured at fair value through other comprehensive revenue or expense if both the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### 1 Statement of accounting policies (continued)

##### 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. The loss allowance is measured based on expected credit losses, taking into account external factors and forward looking indicators.

##### Financial liabilities

NZBS classifies its financial liabilities within the scope of PBE IFRS 9 Financial Instruments: as either financial liabilities at fair value through surplus or deficit, or financial liabilities at amortised cost. The classification of financial liabilities is determined on initial recognition. NZBS may choose at initial recognition to designate a financial liability as at fair value through surplus or deficit if doing so eliminates or significantly reduces an accounting mismatch.

All financial liabilities of NZBS are measured at amortised cost except derivative financial instruments which are measured at fair value. Gains or losses on re-measurement are recognised in the surplus or deficit.

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

NZBS' financial liabilities include trade and other payables, loans and borrowings. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

##### Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 re-measured 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### 1 Statement of accounting policies (continued)

##### 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 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	8 to 12 years
Plant and equipment	3 to 20 years
Leasehold improvements	Shorter of term of lease or useful life

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

##### Intangible assets

Acquired computer software 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 to 5 years
Computer software - blood management system (eProgesa)	10 years
Computer software - blood bank system (eTraceline)	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 classified as financial liabilities measured at amortised cost. As these are short term in nature the carrying amount is considered to be a reasonable approximation of fair value.

#### 1 Statement of accounting policies (continued)

##### 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. Any sick leave taken during the current year related to COVID-19, has been treated as paid special leave and did not affect any sick leave balance.

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 to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. The discount rate is based on the weighted average of government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

###### Superannuation schemes

###### Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit.

###### Defined benefit schemes

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

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 24 - 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 expected expenditures 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.

###### Contingencies

NZBS does not recognise contingent liabilities, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

NZBS does not recognise contingent assets, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### 1 Statement of accounting policies (continued)

##### 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 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, into 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 by establishing the Adverse Event Policy that mandates including an adverse event reserve within the equity section of the statement of financial position. This 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. This is the net asset and liability position at the time NZBS was established, plus any subsequent equity injections.
- Accumulated comprehensive revenue and expense. This is the accumulated surplus/deficit since NZBS' establishment.
- Adverse event reserve. This 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 and any other adverse events.

##### 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 (pursuant to the New Zealand Public Health & Disability Act 2000 and schedule 1 of the Crown Entities Act 2004) 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 NZBS Board 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 is detailed in the relevant accounting policy.

#### 1 Statement of accounting policies (continued)

Main accounting estimates and assumptions:

- Impairment test and fair values of assets. Further detail to estimates and assumptions mentioned in Notes 13 and 14.
- Recognition and measurement of provisions. Further detail to the estimates and assumptions mentioned in Note 16.
- Year-end valuation of Inventory and the provision raised for obsolescent Inventory items. Further detail to the estimates and assumptions mentioned in Note 11.
- Liabilities recognised in relation to remediation of non-compliance of the Holidays Act 2003. Further detail to the estimates and assumptions mentioned in Note 17.

##### Critical judgements in applying New Zealand Blood and Organ Services 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.

Main judgements:

- Leases classification and assessing whether an arrangement contains a lease. Further detail of the judgements in Note 23.
- Discount rate used in calculating the liability relating to the employee benefit scheme. Further detail on the employee benefits in Notes 4 and 17.

2 Revenue from overseas sales and other revenue	30 June 2022	30 June 2021
Revenue from overseas sales - exchange revenue	1,425,084	1,702,087
Revenue from overseas sales - non-exchange revenue	1,086	16,810
<b>Total revenue from overseas sales</b>	<b>1,426,170</b>	<b>1,718,897</b>
The non-exchange revenue from overseas sales relates to sponsorship of conferences by overseas domiciled suppliers.		
Other revenue - exchange revenue	858,873	411,733
Other revenue - non-exchange revenue	504,423	4,027,759
<b>Total other revenue</b>	<b>1,363,296</b>	<b>4,439,492</b>

'The non-exchange 'Other revenue' relates mainly to the donated heart valves from ADHB \$260,000 with NZBS taking over the management of the Heart Valve Inventory during the 2022 financial year and donated masks from the MOH valued at \$220,000. For the 2021 year this mainly represented Covid recovery money from the Ministry of Health of \$3,970,000 and revenue recognised from donated products and services covering groceries, venue hire for whole blood donations, advertising and conference / course fees.

##### Organ Donation Funding

Organ Donation appropriation funding received from the Ministry of Health	1,988,000	1,738,833
Amount treated as Income in Advance	282,397	(517,169)
<b>Total Organ Donation Funding</b>	<b>2,270,397</b>	<b>1,221,664</b>

'On 30 November 2020 NZBS assumed responsibility for Organ Donation New Zealand (ODNZ). As a consequence NZBS received \$1,988,000 (2021:\$1,738,833) in appropriation funding from the Ministry of Health for the financial year. In the 2021 financial year \$517,169 of the funding received was treated as Income in Advance, \$282,397 of this Income in advance was released in the 2022 Financial Year to meet the costs incurred related to Organ Donation.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

3 Cost of consumables and changes in inventory	30 June 2022	30 June 2021
Consumables	27,068,961	26,531,149
Changes in inventory	28,131,393	25,007,982
Expired product	2,898,101	3,209,135
<b>Total cost of consumables and changes in inventory</b>	<b>58,098,455</b>	<b>54,748,265</b>

Consumables - the cost of consumables for the period ending 30 June 2022 at \$27,068,961 was \$537,812 higher than the June 2021 cost of \$26,531,149. This was mainly due to higher source plasma collection costs driven by higher collection volumes needed to meet increased fractionated product demand, higher Tissue Typing costs due to higher testing demand, and strong demand for Therapeutic procedures continuing also, driving higher consumable consumption.

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 2022 at \$28,131,394 was \$3,123,412 higher than the June 2021 cost of \$25,007,982 and was primarily due to an additional pool being undertaken in F22 to accommodate higher fractionated product demand. Immunoglobulin (IVIg) product sales (gram equivalent) increased again in F22 by 5.43%.

Expired product - to guarantee the supply of product for any situation NZBS must maintain levels of stocks in excess of normal usage. NZBS carefully manages its inventory of products to minimise expiry, due to the short life of the fresh products in particular, there will be a certain amount of product that will expire before it can be utilised. The lower cost of expiry in the 2022 year was mainly due to lower expiry of fresh products, in particular platelets.

4 Employee benefit expenses	30 June 2022	30 June 2021
Salaries and wages	68,005,388	58,566,659
Defined contribution plan employer contributions	1,787,346	1,584,608
Increase/(Decrease) in employee benefit liabilities	1,917,278	2,586,221
<b>Total employee benefit expenses</b>	<b>71,710,012</b>	<b>62,737,488</b>

Employee benefit expenses at 30 June 2022 totalled \$71,710,012 and was \$8,972,524 higher compared to the June 2021 year of \$62,737,488. The main reasons for the increase in employee benefits are as follows;

(1) Salary and Wages \$9,438,729 higher due to a combination of the following; (a) FTE increases, year on year salary increases driven by a combination of automatic increment increases per collective agreements, staff mix changes, holidays act liability adjustment and settlement of individual Employment agreements and (b) higher spend on Call Centre costs relating to booking appointments for Donors to donate at collection sites.

(2) Decrease in employee benefit liabilities movement of \$668,943 due to the following; (a) higher accrued salary and wages at 30 June 2022 (timing on the fortnightly payment cycles at year-end), (b) a decrease in Long Service Leave and Gratuity Leave liabilities mainly due to movement in discount rates and inflation factor used by the external actuary to calculate the estimated liability at balance date and (c) decrease in sick and annual leave entitlements.

5 Other expenses	30 June 2022	30 June 2021
Fees to principal auditor:		
Audit fees for financial statement audit 2022	128,852	-
Audit fees for financial statement audit 2021	-	119,347
Audit fees for financial statement audit 2020	-	7,500
Audit fees for other services	-	660
Capital charge *	2,349,925	1,938,575
Board members' fees	121,333	130,531
Net foreign exchange losses / (gains) **	410,448	(658,158)
Impairment of Property Plant and Equipment	-	412,821
ODNZ retrieval costs	851,376	-
(Gains) / losses on disposal of property, plant and equipment	3,197	450
Changes in premises reinstatement provision (note 16)	(1,075,447)	(684,092)
Minimum lease payments under operating leases	7,607,809	6,916,535
Other operating expenses :		
Distribution	3,975,170	3,229,080
General administration including insurance costs	1,588,500	1,834,140
IT systems and telecommunication	8,165,751	7,807,554
Marketing	3,506,615	3,493,944
Repairs and maintenance	2,778,212	2,255,738
All other operating expenses	11,370,594	9,653,151
<b>Total other operating expenses</b>	<b>31,384,842</b>	<b>28,273,606</b>
<b>Total other expenses</b>	<b>41,782,333</b>	<b>36,457,775</b>

\* New Zealand Blood and Organ 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 2022 was 5.0% (30 June 2021: 5.0%).

\*\* Net foreign exchange losses / (gains) reflect foreign exchange losses / (gains) excluding the impact of the revaluation of derivative financial instruments (refer note 7).

6 Finance costs	30 June 2022	30 June 2021
Interest on bank borrowings	150,971	80,144
Interest on Dilworth Trust finance leases	15,347	24,440
Interest on Ngāi Tahu Property Limited finance lease	221,405	224,501
Interest on Dilworth House redevelopment finance lease	311,297	185,513
Interest on other property, plant and equipment finance leases	87,286	98,529
Discount unwind (note 16)	61,904	48,155
Interest other	12,198	1,390
<b>Total finance costs</b>	<b>860,408</b>	<b>662,672</b>

No borrowing costs were capitalised during the period (2021: nil).

7 Revaluation of derivative financial instruments	30 June 2022	30 June 2021
Foreign exchange forward selling contracts - (gain) / loss	(1,520,969)	567,923
<b>Total revaluation of derivative financial instruments - (gain) / loss</b>	<b>(1,520,969)</b>	<b>567,923</b>

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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

8 Cash and cash equivalents	30 June 2022	30 June 2021
Cash on hand	3,590	3,440
Cash at bank	2,565,150	4,664,349
<b>Total cash and cash equivalents for the purpose of the statement of cash flows</b>	<b>2,568,740</b>	<b>4,667,789</b>

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.

9 Trade and other receivables	30 June 2022	30 June 2021
Trade receivables	18,254,914	16,434,225
Sundry receivables	520,527	900,386
	18,775,441	17,334,610
Less: provision for impairment of receivables	-	-
<b>Net receivables</b>	<b>18,775,441</b>	<b>17,334,610</b>

Prepayments	1,053,952	1,542,525
Interest receivable accrued - term deposits	13,456	8,185
<b>Total trade and other receivables</b>	<b>19,842,849</b>	<b>18,885,321</b>

There were no trade and other receivables from non-exchange transactions in 2022 and 2021. The carrying value of receivables approximates their fair value.

As at 30 June 2022 and 2021 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

Receivables aging	2022			2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	18,058,752	-	18,058,752	17,030,913	-	17,030,913
Past due :						
31 - 60 days	716,498	-	716,498	281,670	-	281,670
61 - 90 days	190	-	190	9,421	-	9,421
> 90 days	-	-	-	12,606	-	12,606
<b>Total receivables</b>	<b>18,775,441</b>	<b>-</b>	<b>18,775,441</b>	<b>17,334,610</b>	<b>-</b>	<b>17,334,610</b>

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

Provision for impairment is calculated based on expected non-payment of long outstanding or disputed invoices. Expected losses are determined based on an analysis of NZBS's losses in previous periods, and review of specific debtor

10 Investments	30 June 2022	30 June 2021
<b>Current portion</b>		
Adverse event reserve term deposits	2,000,000	4,000,000
<b>Total current portion</b>	<b>2,000,000</b>	<b>4,000,000</b>
<b>Non-current portion</b>		
Adverse event reserve term deposits	-	-
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>2,000,000</b>	<b>4,000,000</b>

The adverse 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 21).

The adverse event term deposits at 30 June 2022 have maturities ranging between two and three months from the date of acquisition. The adverse event term deposits at 30 June 2021 had maturities ranging between four and six months from acquisition date. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

11 Inventories	30 June 2022	30 June 2021
Raw materials - fresh frozen plasma	7,983,793	6,378,519
Work in process - fractionated components	16,199,965	14,232,371
Fractionated components	30,632,381	23,049,199
Fresh components	3,193,911	2,299,713
Consumables	4,607,246	4,261,552
	<b>62,617,296</b>	<b>50,221,354</b>
Provision for expired inventory	(819,764)	(1,418,284)
	<b>(819,764)</b>	<b>(1,418,284)</b>

**Total Inventories** **61,797,532** **48,803,070**

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses. No NZBS inventory is carried at fair value less cost to sell.

12 Derivative financial instruments	30 June 2022	30 June 2021
<b>Forward foreign exchange contracts</b>		
Current liabilities portion	-	40,004
Term liabilities portion	-	3,133
<b>Total liability portion</b>	<b>-</b>	<b>43,138</b>

Forward foreign exchange contracts	30 June 2022	30 June 2021
Current assets portion	1,314,686	198,986
Term assets portion	576,574	214,443
<b>Total assets portion</b>	<b>1,891,260</b>	<b>413,429</b>

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 2020 Cost or valuation	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	23,427,549	25,629,985	5,797,267	2,303,118	246,172	149,539	57,553,630
Additions	3,567,234	2,630,712	354,359	253,580	-	2,113	6,807,998
Disposals	-	(1,205,936)	(892,453)	(15,445)	(66,226)	-	2,180,060
<b>30 June 2021</b>	<b>26,994,783</b>	<b>27,054,761</b>	<b>5,259,173</b>	<b>2,541,253</b>	<b>179,946</b>	<b>151,652</b>	<b>62,181,568</b>

1 July 2021 Cost or valuation	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	26,994,783	27,054,761	5,259,173	2,541,253	179,946	151,652	62,181,568
Additions	8,076,000	2,407,935	1,517,518	134,060	-	-	12,135,513
Disposals	-	(1,596,341)	(27,643)	(19,253)	-	(1,520)	(1,644,757)
<b>30 June 2022</b>	<b>35,070,783</b>	<b>27,866,355</b>	<b>6,749,048</b>	<b>2,656,060</b>	<b>179,946</b>	<b>150,132</b>	<b>72,672,324</b>

The leasehold improvements addition of \$8,076,000 at 30 June 2022 includes \$7,908,238 relating to the redevelopment of a number of facilities, including, 71 Great South Road Auckland, Highbrook Auckland, Tauranga Donor centre, Waikato hub site, Christchurch and Waikato Blood Banks (2021: \$3,062,602).

1 July 2020 Accumulated depreciation and impairment losses	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	10,101,742	19,233,116	4,258,319	1,631,580	179,616	143,779	35,548,152
Depreciation	912,565	1,584,696	653,703	104,963	16,771	1,605	3,274,303
Impairment losses	438,957	-	-	-	-	-	438,957
Disposals	-	(1,201,445)	(887,320)	(15,445)	(57,856)	-	(2,162,066)
<b>30 June 2021</b>	<b>11,453,264</b>	<b>19,616,367</b>	<b>4,024,702</b>	<b>1,721,098</b>	<b>138,531</b>	<b>145,384</b>	<b>37,099,346</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

13 Property, plant and equipment (continued)							
1 July 2021 Accumulated depreciation and impairment losses	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
Opening balance	11,453,264	19,616,367	4,024,702	1,721,098	138,531	145,384	37,099,346
Depreciation	1,176,100	1,633,310	676,210	125,774	15,178	1,978	3,628,550
Impairment losses	-	-	-	-	-	-	-
Disposals	-	(1,592,087)	(27,643)	(19,253)	-	(1,520)	(1,640,503)
<b>30 June 2022</b>	<b>12,629,364</b>	<b>19,657,590</b>	<b>4,673,269</b>	<b>1,827,619</b>	<b>153,709</b>	<b>145,842</b>	<b>39,087,393</b>

	Leasehold improvements	Plant and equipment	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Total
<b>Carrying amounts</b>							
At 30 June and 1 July 2021	15,541,519	7,438,394	1,234,471	820,155	41,415	6,268	25,082,222
At 30 June 2022	22,441,419	8,208,765	2,075,779	828,441	26,237	4,290	33,584,931
<b>Capital work in progress included in property, plant and equipment additions</b>							
At 30 June and 1 July 2021	2,632,438	1,313,537	203,359	451,166	-	-	4,600,500
At 30 June 2022	7,810,174	2,715,889	1,432,280	465,789	-	-	12,424,132

There are no restrictions or pledges over property, plant and equipment.

The net carrying amount of assets held under finance leases is \$16,398,505 for leasehold improvements (2021: \$11,435,080) and \$1,822,603 for plant and equipment (2021: \$1,246,422).

The Leasehold improvements capital work in progress amount of \$7,810,174 at 30 June 2022 includes \$7,234,646 relating to the redevelopment of a number of our facilities, including, 71 Great South Road Auckland, Highbrook Auckland, Tauranga Donor centre, Waikato hub site, Christchurch and Waikato Blood Banks (June 2021: \$1,819,073).

14 Intangible assets			30 June 2022	30 June 2021
<b>Computer software cost</b>				
Balance at beginning of year			18,734,687	18,281,365
Additions			1,103,540	453,322
Disposals			-	-
<b>Balance at end of year</b>			<b>19,838,227</b>	<b>18,734,687</b>

#### Accumulated amortisation expense and impairment losses

Balance at beginning of year			13,103,945	11,472,761
Amortisation expense			1,663,499	1,631,184
Disposals			-	-
<b>Balance at end of year</b>			<b>14,767,444</b>	<b>13,103,945</b>

#### Carrying amounts

<b>At beginning of year</b>			<b>5,630,742</b>	<b>6,808,604</b>
<b>At year end</b>			<b>5,070,783</b>	<b>5,630,742</b>

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 one year to four years with the exception of the eTraceline blood bank software which is seven years.

Intangible assets include \$1,103,540 of capital work in progress projects at 30 June 2022 (2021: \$152,607).

15 Trade and other payables			30 June 2022	30 June 2021
Trade payables			22,385,041	17,000,896
Accrued expenses			8,588,599	4,526,901
Board members' fees payable			14,667	2,667
Taxes payable - PAYE and FBT			795,025	704,401
Taxes payable - GST			1,410,996	1,047,663
Other			458,716	54,969
<b>Total trade and other payables</b>			<b>33,653,044</b>	<b>23,337,498</b>

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 2022	30 June 2021
Balance as at 1 July			2,580,188	3,216,125
Changes in provisions made during the year (note 5)			(1,075,447)	(684,092)
Discount unwind (note 6)			61,904	48,155
<b>Total premises reinstatement provision</b>			<b>1,566,645</b>	<b>2,580,188</b>

#### Comprising:

Current			339,660	7,735
Non-current			1,226,985	2,572,453
<b>Total premises reinstatement provision</b>			<b>1,566,645</b>	<b>2,580,188</b>

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

The unexpired term of the leases concerned ranges from one year to fifty years. NZBS 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 one 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 30 June 2022**

<b>17 Employee benefit entitlements</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Accrued salaries and wages	3,847,958	2,629,326
Annual leave	10,575,800	8,791,552
Long service leave	1,094,844	1,172,990
Retirement gratuities	892,781	1,109,877
Sick leave	139,700	162,900
<b>Total employee benefit entitlements</b>	<b>16,551,083</b>	<b>13,866,646</b>

**Comprising:**

Current	14,981,270	12,152,446
Non-current	1,569,813	1,714,200
<b>Total employee benefit entitlements</b>	<b>16,551,083</b>	<b>13,866,646</b>

Liabilities for retirement gratuities and long service leave at 30 June 2022 have been calculated by an external actuary resulting in an overall decrease in the estimated liabilities existing at balance date, compared to the position reported at 30 June 2021.

The discount rates used by the external actuary to calculate the estimated liabilities existing at balance date are as follows: long service leave 3.81% (2021: 2.1%), retirement leave 3.94% (2021: 2.1%), and an inflation factor of 1.75% (2021: 1.75%).

**Compliance with Holidays Act 2003**

A number of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("the Act"). Work has been ongoing since 2016 on behalf of 20 District Health Boards (DHBs) and the New Zealand Blood and Organ Service (NZBS), with the Council of Trade Unions (CTU), health sector unions and Ministry of Business Innovation and Employment (MBIE) Labour Inspectorate, for an agreed and national approach to identify, rectify and remediate any Holidays Act non-compliance by NZBS and DHBs.

NZBS and DHBs have agreed to a Memorandum of Understanding (MOU), which contains a method for determination of individual employee earnings, for calculation of liability for any historical non-compliance. For employers such as the DHBs and NZBS that have workforces that include differential occupational groups with complex entitlements, non-standard hours, allowances and/or overtime, the process of assessing non-compliance with the Act and determining any additional payment is time consuming and complicated.

The remediation project associated with the MOU is a significant undertaking and work to assess all non-compliance will continue through the 2021/22 financial year. The final outcome of the remediation project and timeline addressing any non-compliance will not be determined until this work is completed.

However, during the 2021/22 financial year the review process agreed as part of the MOU has continued and has reached the stage where NZBS is almost at the point to finalise remediation calculations and have started investigations to implement rectification improvements within the payroll system to avoid further non-compliance with the Holidays Act 2003.

NZBS has made estimates and assumptions to determine a potential liability based on its review of payroll processes for instances of non-compliance with the Act and against the requirements of the MOU. The liability has been estimated by:

- ◆ Selecting a sample of current and former employees;
- ◆ Calculating the underpayment for these employees over the full period of liability; and
- ◆ Extrapolating the result across all current and former employees.

This liability amount is NZBS' best estimate at this stage of the review process. However, until the project has progressed further, there remain uncertainties as to the actual amount NZBS will be required to pay to current and former employees.

The estimates and assumptions may differ to the subsequent actual results as further work is completed. This may result in further adjustment to the carrying amount of the provision within the next financial year or payments to employees that differ significantly from the estimation of liability.

<b>18 Rent accrued</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Rent accrued	5,761,393	5,032,212
<b>Total rent accrued</b>	<b>5,761,393</b>	<b>5,032,212</b>

**Christchurch**

In December 2012, NZBS entered into an agreement to construct and lease from Ngāi Tahu Property Limited 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 20). 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 per cent at compound rate. At the end of 15 years from the commencement of the lease, there is a market rent review undertaken.

The minimum annual increase of 2.5 per cent 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 \$427,813 in the 2022 financial year. 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 per cent increase will be charged to the surplus or deficit as contingent rent expense in the period incurred.

**Auckland**

In November 2019 NZBS entered into an agreement with Dilworth Trust Board to lease a facility situated at 71 Great South Road, Auckland, to be occupied by NZBS to accommodate all of the National office and Auckland Central Donor Centre. The effective date of the agreement was 1 November 2018 and 1 March 2019 was the operational date of the new facility.

NZBS has determined this lease of the new facility at 71 Great South Road, Auckland to be predominately an operating lease. Under the leasing agreement the initial fixed term of the lease is 20 years, with three further rights of renewal on 28 October 2038, 28 October 2041 and 28 October 2044. The final date of expiry is 27 October 2047 if all renewals are exercised. The agreed lease payment per annum is adjusted every year by 2 per cent of the then annual rent payable immediately preceding the relevant review date. At the end of 10 years from the commencement of the lease, there is a market review undertaken.

The agreed annual increase of two per cent 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 \$246,836 for the 2022 financial year. In the first 10 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 10 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 10 year period of the initial lease term.

Any additional increases following the market review which exceeds the minimum amount of 2 per cent increase will be charged to the surplus or deficit as contingent rent expense in the period incurred.

<b>19 Lease incentive liability</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Current	25,955	25,955
Non-current	151,407	177,363
<b>Total lease incentive liability</b>	<b>177,362</b>	<b>203,318</b>

In May 2017, NZBS opened its new donor centre at 170 Crawford Street, Dunedin. As part of the leasing arrangements the landlord contributed \$311,465 towards the fitout of the premises and this receipt has been recognised as a lease incentive liability which is being released to the minimum operating lease payment expense on a straight-line basis over the initial 12 year term of the lease.

<b>20 Borrowings</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Current borrowings are represented by:</b>		
Finance lease	585,962	507,716
Term financing	1,021,665	650,674
Term credit facility	-	-
<b>Total current portion</b>	<b>1,607,627</b>	<b>1,158,390</b>
<b>Non-current borrowings are represented by:</b>		
Finance lease	3,742,590	3,799,746
Term financing	13,930,690	8,730,987
Term credit facility	9,000,538	5,600,536
<b>Total non-current portion</b>	<b>26,673,818</b>	<b>18,131,269</b>
<b>Total borrowings</b>	<b>28,281,445</b>	<b>19,289,659</b>

	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
<b>Total borrowings</b>	<b>28,281,445</b>	<b>19,289,659</b>	<b>30,323,072</b>	<b>23,263,159</b>

**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 2022 has been determined using contractual cash flows discounted using a rate based on the NZBS market borrowing rate at balance date of 3.71% (2021: 1.20%).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

Maturity analysis	30 June 2022	30 June 2021
<b>The following is a maturity analysis of the NZBS finance lease component of borrowings:</b>		
Total minimum lease payments payable		
Less than one year	2,552,170	1,767,142
Later than one year but not more than five years	8,951,043	6,046,948
Later than five years	15,232,063	11,399,506
Total minimum lease payments	26,735,276	19,213,596
Future finance charges	(7,454,369)	(5,524,473)
<b>Present value of minimum lease payments</b>	<b>19,280,907</b>	<b>13,689,123</b>
Present value of minimum lease payments payable		
Less than one year	1,607,626	1,158,392
Later than one year but not more than five years	5,901,409	4,090,654
Later than five years	11,771,862	8,440,077
<b>Total present value of minimum lease payments</b>	<b>19,280,897</b>	<b>13,689,123</b>
<b>The following is a maturity analysis of the NZBS term credit facility:</b>		
Less than one year	-	-
Later than one year but not more than five years	-	5,600,536
Later than five years	9,000,538	-
<b>Total term credit facility</b>	<b>9,000,538</b>	<b>5,600,536</b>
<b>Total borrowings</b>	<b>28,281,445</b>	<b>19,289,659</b>

Weighted average effective interest rate for the Westpac term credit facility is 2.325 per cent (2021: 1.16 per cent), the Dilworth Trust Board loan negotiated in the 2012/2013 financial year 7.5 per cent, the Ngai Tahu Property Limited loan relating to the specialist fit-out component recognised in 2020 financial year 8.375 per cent and the finance leases relating to plant and equipment range from 1.24 per cent to 9.40 per cent (2021: range from 1.24 per cent to 9.40 per cent) and ranging between 2.77 per cent and 6.12 per cent on the Westpac Master Lease Agreement.

Finance leases are classified as current for the balance repayable within 12 months and non-current for the remaining balance for both the 2021 and 2020 years. In 2021 and 2020 the Westpac borrowing is classified as non-current liabilities as the facility maturity date is greater than 12 months.

The Westpac New Zealand Limited borrowing is unsecured and operates via a negative pledge undertaking. The maximum amount available under the Multi Option Credit Line facility (MOCL) is \$16,000,000 all of which is a committed funding line, all on a term facility (2021: \$16,000,000).

The MOCL borrowing facility provides construction phase funding to the multi-year redevelopment of the Auckland site at 71 Great South Road Auckland. On completion of each redevelopment construction stage the cost will transfer from the MOCL to the long term Westpac Master Lease Agreement (MLA) that provides a 10 year funding and repayment facility with interest rates struck off the 10 year swap rate ruling at each stage's MLA execution.

The specific requirements of the negative pledge and ratio's are stated below:

(a) NZBS must not grant a security interest over more than 5per cent of it's adjusted tangible assets (defined as total assets less intangible assets) to any third party without the prior consent of Westpac New Zealand Limited.

(b) NZBS will ensure that it maintains shareholder funds of not less than 30 per cent of adjusted tangible assets (defined as total assets less intangible assets).

(c) NZBS adjusted surplus (defined as the net surplus adjusted for external debt interest cost, depreciation, accrued rental charge and the mark to market unrealised movement) 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 and ratio's undertaking. New Zealand Blood Service has complied with all negative pledge undertakings and borrowing obligations during the financial year. Current facility arrangements operate to 30 September 2023 with a renewal offer through to 30 September 2024. The increase in the borrowing limit and the extension of the facility arrangements was approved by the Ministry of Health on 5 July 2021.

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

21 Equity	30 June 2022	30 June 2021
<b>Crown equity</b>		
<b>Total crown equity</b>	<b>22,716,696</b>	<b>22,716,696</b>
<b>Accumulated comprehensive revenue and expense</b>		
As at 1 July	16,413,218	13,674,700
Surplus for the year	(2,364,791)	2,738,518
Transfer from adverse event reserve	2,000,000	-
<b>Total accumulated comprehensive revenue and expense</b>	<b>16,048,427</b>	<b>16,413,218</b>
<b>Adverse event reserve</b>		
As at 1 July	4,000,000	4,000,000
Additional funds received	-	-
Funds utilised - net of recoveries	(2,000,000)	-
<b>Total adverse event reserve</b>	<b>2,000,000</b>	<b>4,000,000</b>
<b>Total equity as at 30 June</b>	<b>40,765,123</b>	<b>43,129,914</b>

The adverse event reserve was established in the financial year ending 30 June 2015 to mitigate those NZBS attributed financial risks deriving from the service's fractionated product manufacturing programme. The level of the reserve is required to be reviewed annually with any further additions to the reserve balance of \$4.0 million funded through accumulated comprehensive revenue and expense. In the 2022 financial year the board elected to reduce the adverse event reserve to \$2m to make \$2m available for operational requirements (refer to note 13 and note 14).

22 Reconciliation of net surplus / (deficit) to net cash from operating activities	30 June 2022	30 June 2021
<b>Net surplus / (deficit) from the statement of comprehensive income</b>	<b>(2,364,791)</b>	<b>2,738,518</b>
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation (note 13 and 14)	5,292,050	4,905,538
Changes in premises reinstatement provision (note 16)	(1,013,543)	(635,937)
Changes in lease incentive liability (note 19)	(25,955)	(25,955)
<b>Add / (less) items classified as investing or financing activities:</b>		
(Gains) / losses on disposal of property, plant and equipment	3,196	450
Impairment losses (note 13)	-	438,958
Interest received on investments - term deposits	(32,859)	(96,266)
<b>Add / (less) movements in working capital items:</b>		
Trade and other receivables	(957,526)	(3,305,557)
Inventories	(12,994,463)	(9,546,749)
Trade and other payables	10,886,341	1,772,283
Employee benefit liabilities	2,842,824	1,506,449
Revaluation of derivative financial instruments (note 7)	(1,520,969)	567,923
<b>Net cash from operating activities</b>	<b>114,305</b>	<b>(1,680,347)</b>

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

23 Capital commitments and non-cancellable operating leases	30 June 2022	30 June 2021
<b>Capital commitments</b>		
Leasehold improvements	3,294,813	298,426
Plant and equipment	2,073,713	1,276,204
Computer equipment	767,295	482,970
Furniture and fittings	425,237	8,328
Intangible assets	1,706,172	632,103
<b>Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment plus intangibles</b>	<b>8,267,230</b>	<b>2,698,030</b>

Leasehold improvements in 2022 include \$2,976,532 (2021: \$199,328) relating to the redevelopment of 71 Great South Road Auckland. In November 2018 NZBS commenced a redevelopment of its facility and site at 71 Great South Road Auckland. The commencement of redevelopment activity followed NZBS assuming 100% occupancy of the site from 28 October 2018. The redevelopment has a multi-year timeline and is expected to conclude in mid-2023. The NZBS capital budget for the redevelopment totals \$19,896,000 excluding any associated capital works funded by the landlord.

#### 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 2022	30 June 2021
Not later than one year	5,995,164	5,459,408
Later than one year and not later than five years	19,554,817	19,892,991
Later than five years	75,705,664	80,258,150
<b>Total non-cancellable operating leases</b>	<b>101,255,645</b>	<b>105,610,549</b>

The 30 June 2022 and 2021 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 2022 and 2021 non-cancellable operating leases include the commitment to lease both level 1 and 2 of the Auckland facility at 71 Great South Road. At 30 June 2022 the estimated cost of this lease commitment is \$32,285,226 which covers the remaining fixed term period of the lease being 16 years. The estimated cost of this lease at 30 June 2021 was a commitment of \$34,000,000.

NZBS has not entered into any sublease arrangements as at 30 June 2022.

#### 24 Contingencies

##### Contingent liabilities

There are no contingent liabilities as at 30 June 2022, during 2021 NZBS ceased to be a participating employer in the Defined Benefit Plan Contributors Scheme.

##### Contingent assets

There are no contingent assets as at 30 June 2022 (2021: Nil).

#### 25 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 director finance and corporate services 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 8 members (2021: 8) of the Executive team.

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

	30 June 2022	30 June 2021
<b>Board members</b>		
Remuneration	\$121,333	\$130,531
Full-time equivalent members	0.43	0.32
<b>Leadership team</b>		
Remuneration	\$2,740,588	\$2,552,102
Full-time equivalent members	10.00	9.00
<b>Total Board and Leadership</b>		
<b>Total key management personnel remuneration</b>	<b>\$2,861,921</b>	<b>\$2,682,633</b>
<b>Total full time equivalent personnel</b>	<b>10.43</b>	<b>9.32</b>

##### (c) Related party transactions

###### Capital charge

During the period New Zealand Blood and Organ Service paid the Ministry of Health a capital charge of \$2,349,925 (2021: \$1,938,575). The amount outstanding at the end of the period was nil (2021: Nil).

###### Equity injection

During the period New Zealand Blood and Organ Service received no equity injection from the Ministry of Health (2021: \$7,000,000).

###### Other income

During the period New Zealand Blood and Organ Service received \$1,988,000 (2021: \$1,738,833) from the Ministry of Health related to Organ Donation New Zealand and no Covid recovery funding (2021: \$3,968,806).

##### (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.

26 Board members' remuneration	30 June 2022	30 June 2021
<b>David Chamberlain</b> Board Chairman up to 31 August 2021	5,511	32,000
<b>Dr Jackie Blue</b> Appointed 19 October 2018, appointed Deputy Chairman 19 October 2018	20,000	20,000
<b>Fiona Pimm</b> Appointed 15 June 2016. Appointed Board Chair 1 September 2021	29,244	16,000
<b>Dr Bart Baker</b> Appointed 15 June 2016	16,000	15,200
<b>Mr Raymond Lind</b> Appointed 19 October 2018	16,000	15,331
<b>Dr Paula Martin</b> Appointed 19 October 2018, resigned 31 October 2021	5,333	16,000
<b>Edie Moke</b> Appointed 28 April 2020	16,000	16,000
<b>Nicole Anderson</b> Appointed 27 August 2021	13,245	-
<b>Total Board members' remuneration</b>	<b>121,333</b>	<b>130,531</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

27 Employee remuneration range	30 June 2022	30 June 2021
	No. Employees	No. Employees
\$100,000 - 109,999	67	66
\$110,000 - 119,999	40	39
\$120,000 - 129,999	18	14
\$130,000 - 139,999	8	7
\$140,000 - 149,999	7	5
\$150,000 - 159,999	7	4
\$160,000 - 169,999	3	3
\$170,000 - 179,999	2	5
\$180,000 - 189,999	2	1
\$190,000 - 199,999	1	1
\$200,000 - 209,999	5	2
\$210,000 - 219,999	1	2
\$220,000 - 229,999	2	1
\$230,000 - 239,999	1	1
\$240,000 - 249,999	1	2
\$260,000 - 269,999	1	1
\$280,000 - 289,999	3	-
\$290,000 - 299,999	2	3
\$300,000 - 309,999	-	1
\$320,000 - \$329,999	1	-
\$330,000 - 339,999	-	2
\$380,000 - 389,999	1	-
\$390,000 - 399,999	1	-
\$400,000 - 409,999 *	-	2
\$410,000 - \$419,999 *	1	-
	<b>175</b>	<b>162</b>

\* 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.

## 28 Termination payments

During the 2021/2022 financial year 3 employees (2020/2021: 11 employees) were made redundant and received a total amount of \$160,979 (2020/2021: \$301,915) in the redundancy payments.

## 29 Events after the balance date

Subsequent to 30 June 2022 NZBS received confirmation from the Ministry of Health that two separate equity injections had been approved. The first was an amount of \$20,000,000 received in September 2022 and the second was for \$60,000,000, of which \$45,000,000 was received in December 2022 with the balance of \$15,000,000 to be received in the 2023/24 financial year. These injections are to enable NZBS to fund a major infrastructure investment programme.

Both of these are non-adjusting events which have not been reflected in any way in the 2021/22 financial statements.

## 30 Segmental reporting

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

New Zealand Blood and Organ 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.

## 31 Financial instrument categories

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

FINANCIAL ASSETS	30 June 2022	30 June 2021
<b>Loans and receivables</b>		
Cash and cash equivalents (note 8)	2,568,740	4,667,789
Trade and other receivables (note 9)	19,842,848	18,885,321
Investment - term deposits (note 10)	2,000,000	4,000,000
<b>Total loans and receivables</b>	<b>24,411,588</b>	<b>27,553,110</b>
<b>Fair value through surplus or deficit</b>		
Derivative financial instruments (note 12)	1,891,260	413,429
<b>Total fair value through surplus or deficit</b>	<b>1,891,260</b>	<b>413,429</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables (note 15) - excluding GST payable to the Inland Revenue	32,242,048	22,289,835
Borrowings (note 20)	28,281,445	19,289,659
<b>Total financial liabilities measured at amortised cost</b>	<b>60,523,493</b>	<b>41,579,495</b>
<b>Fair value through surplus or deficit</b>		
Derivative financial instruments (note 12)	-	43,138
<b>Total fair value through surplus or deficit</b>	<b>-</b>	<b>43,138</b>

## 32 Fair value hierarchy disclosures

30 June 2022	Total	Quoted market price	Observable inputs	Significant non-observable inputs
<b>Financial assets</b>				
Derivatives - forward foreign exchange contracts	1,891,260	-	1,891,260	-
<b>Financial liabilities</b>				
Derivatives - forward foreign exchange contracts	-	-	-	-
<b>30 June 2021</b>				
<b>Financial assets</b>				
Derivatives - forward foreign exchange contracts	413,429	-	413,429	-
<b>Financial liabilities</b>				
Derivatives - forward foreign exchange contracts	43,138	-	43,138	-

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

## 33 Financial instruments risks

New Zealand Blood and Organ 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 permit any transactions which are speculative in nature.

### 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### Cash flow interest rate risk

It is estimated that a general increase or decrease in interest rates on borrowings of 1 per cent would increase or decrease the NZBS surplus / deficit by approximately \$282,810 at 30 June 2022 (2021: \$192,897).

There are no interest rate options or interest rate swap agreements in place as at 30 June 2022 (2021: Nil).

Cash and cash equivalents include deposits at call which are at floating rates and short term deposits at fixed rates totalling \$2,565,149 (2021: \$4,664,349). A movement in interest rates of plus or minus 1% has an effect on interest income of \$25,652 (2021: \$46,644).

#### Currency risk

Trade payables include AUD\$19,152,271 of Australian dollar denominated payables (2021: AUD\$12,760,064) 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 \$19,452 (2021: \$203,266). The NZD equivalent of unhedged amounts owing to NZBS in foreign currency at balance date is \$560 (2021: \$611,070).

Forward foreign exchange contracts	30 June 2022	30 June 2021
<b>Total forward foreign exchange contracts (stated in NZD)</b>	<b>48,679,149</b>	<b>31,888,247</b>

The foreign currency principal amounts were AUD\$45,522,576 (2021: AUD \$29,895,573).

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

#### Financial assets

At 30 June 2022 derivative financial assets consisted of forward foreign exchange contracts with a fair value totalling \$1,891,260. At 30 June 2022, a movement in foreign exchange rates of plus ten per cent has an adverse impact of \$4,597,310, and minus 10% has a favourable impact of \$5,618,934, based on a derivative valuation model using hypothetical forward rates. At 30 June 2021 derivative financial assets consisted of forward foreign exchange contracts with a fair value totalling \$413,429. At 30 June 2021, a movement in foreign exchange rates of plus ten per cent has an adverse impact of \$2,932,594, and minus ten per cent has a favourable impact of \$3,584,282, based on a derivative valuation model using hypothetical forward rates.

#### Financial liabilities

At 30 June 2022 there were no derivative financial liabilities. At 30 June 2021 derivative financial liabilities consisted of forward foreign exchange contracts with a fair value totalling \$43,148.

#### Credit Risk

Maximum exposure to credit risk at balance date are:	30 June 2022	30 June 2021
Cash on hand	3,590	3,440
Call deposits and short term deposits	2,565,150	4,664,349
Receivables	18,775,441	17,334,610
Investments - term deposits	2,000,000	4,000,000
Derivative financial instruments	1,891,260	370,291
<b>Total credit risk</b>	<b>25,235,441</b>	<b>26,372,691</b>

Credit quality of financial assets	30 June 2022	30 June 2021
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#### COUNTERPARTIES WITH CREDIT RATINGS

<b>Total cash at bank and term deposits</b>		
AA-	4,565,150	8,664,349
<b>Derivative financial instrument assets</b>		
AA-	1,891,260	370,291

#### COUNTERPARTIES WITHOUT CREDIT RATINGS

##### Debtors and other receivables

Existing counterparty with no defaults in the past	18,775,441	17,334,610
Existing counterparty with defaults in the past	-	-
<b>Total debtors and other receivables</b>	<b>18,775,441</b>	<b>17,334,610</b>

#### 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 99.1 per cent (2021:94.2%) 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.

## 33 Financial instruments risks (continued)

### Liquidity risk

The maximum amount available to New Zealand Blood and Organ Service under existing banking arrangements is \$16,000,000 (2021: \$14,000,000) on term facilities of which \$9,000,538 was drawn down at balance date (2021: \$5,600,536). A negative pledge obligation exists with this facility – refer note 20.

### Contractual maturity analysis of financial liabilities

30 June 2022	Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables (note 15) - excluding GST	32,242,043	32,242,043	32,242,043	-	-	-
Borrowings - finance lease (note 20)	4,328,552	7,694,216	885,128	730,689	1,552,190	4,526,209
Borrowings - Term financing (note 20)	14,952,355	19,041,050	1,667,041	1,667,041	5,001,124	10,705,844
Borrowings - term credit facility (note 20)	900,538	10,674,585	329,040	329,941	987,120	9,028,484

30 June 2021	Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables (note 15) - excluding GST	22,289,835	22,289,835	22,289,835	-	-	-
Borrowings - finance lease (note 20)	4,307,462	7,924,363	816,688	754,541	1,490,604	4,862,530
Borrowings - Term financing (note 20)	9,381,661	11,289,218	950,449	950,449	2,851,348	6,536,972
Borrowings - term credit facility (note 20)	5,600,538	5,751,888	67,206	67,206	5,617,476	-

### Contractual maturity analysis of derivative financial instruments

30 June 2022	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
<b>Forward foreign exchange contracts</b>							
outflow	-	1,891,260	48,679,149	13,315,526	20,383,710	14,979,912	-
inflow	-	-	50,570,409	13,893,698	21,120,225	15,556,486	-

30 June 2021	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
<b>Forward foreign exchange contracts</b>							
outflow	-	413,429	31,888,247	5,115,426	11,849,026	14,923,795	-
inflow	43,138	-	32,258,538	5,267,904	11,855,530	15,135,105	-

## 34 Capital management

New Zealand Blood and Organ Service's capital is its equity comprising crown equity, accumulated funds and the adverse event reserve. Equity is represented by net assets.

New Zealand Blood and Organ 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.

New Zealand Blood and Organ 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2022

#### 35 Major variances against budget

The reported deficit result of \$2.37 million was \$5.25 million adverse to the budgeted surplus of \$2.88 million. The reported deficit result took place in a financial year that saw ongoing Covid pandemic impacts both in product and service demand trends and operationally. Unlike the 2020/21 financial year no additional funding was received to assist in offsetting any of the identified adverse impacts of Covid. Specific points of note are:

- Gross revenues of \$173,857,499 were -\$4,330,019 (-2.43 per cent) unfavourable to budget, mainly due to a mixed demand pattern that saw +5.43 per cent growth in immunoglobulin (Ig) demand (last year +7.95 per cent) requiring plasmapheresis collection volumes to continue to increase to 106,890 collections up 4.97 per cent over prior year. This collection growth was necessary to maintain source plasma volumes at levels required to meet Ig production requirements. Other growth metrics saw fresh product demand fall -0.24 per cent overall, total blood products usage grew +4.14 per cent, driven by Ig growth. Overall, services saw a decline of -6.29 per cent, a decline attributable to health sector activity where some elective surgery disruption was seen at various times over the financial year.
- The cost of consumables and changes in inventory at \$58,098,455 were in line with budget of \$58,340,409. Points to note were:
  - A lower cost of goods sold of \$2,697,979 due to fresh and fractionated product revenue being lower compared to budget.
  - Consumables cost overall was in line with budget, while plasma collections were less than budget this was offset by inflationary pressures generally in cost of consumable items, and
  - Fractionated blood product production variances totalling \$452,401 unfavourable to budget, production recoveries unfavourable to budget by \$2,637,185 and actual production costs combined with commercial product bought in costs exceeding budget by \$1,369,147.
- The mark to market revaluation surplus of \$1,520,969 exceeded the budgeted adverse revaluation movement of \$135,685 on the derivative financial instruments by \$1,656,654. At balance date NZBS was holding AUD\$45,522,576 in forward exchange cover at a weighted holding rate of 0.9351. The mark to market variance was due to the strong exchange rate secured on the foreign exchange contracts during the year compared to the weakening AUD / NZD exchange rate at balance date.
- Employee benefit expense exceeded budget by \$918,000 overall. This was due to the rate of pay increasing by greater amount when compared to what has been budgeted. The rate increase primarily related to staff members on collective employment agreements where wage negotiation outcomes exceeded budgeted expectations.
- The balance of other variances was unfavourable to budget by \$1,270,101 and was represented by a combination of:
  - Higher IT systems and telecommunications spend, exceeding budget by \$549,522 mainly due to higher computer facilities & maintenance expenditures and computer software costs.
  - Higher Distribution costs exceeding budget by \$760,935 mainly due to increased freight costs and Waikato collections all distributed to Auckland for the first time in the 2022 financial year.
  - Higher cleaning costs \$364,132 due to additional cleaning maintained in the 2022 financial year across the country to combat the spread of Covid 19.
  - Lower repair and maintenance costs \$668,783 due to lower spending on repairs and servicing for medical equipment
  - Lower occupancy expense \$562,176 favourable to budget mainly due to year end property reinstatement revaluation amounting to \$1.3million.
  - Lower finance costs compared to budget by \$128,029 was mainly due to the fact that some finance leases did not materialize in the financial year as expected in the budget.
  - Product expiry cost was unfavourable to budget by -\$278,655 a reflection of the ongoing difficulty of endeavouring to align collections to usage which is tensioned by the need to ensure supply needs can be met 24/7 anywhere in New Zealand.
  - Property related development expenses particularly the major redevelopment of the Auckland facility at 71 Great South Road; the development work associated with a new Highbrook satellite site; the new Waikato donor centre and hub facility; the new Tauranga donor centre combined with other various smaller initiatives totalled \$1,630,000 which was unfavourable to budget by -\$134,000.

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 2021/22 was a decrease in cash position of \$2,099,049 resulting in a closing cash position at 30 June 2022 of \$2,568,740 compared with the opening position of \$4,667,789. The cash flow categories are commented upon as detailed below:

- Cash inflow from Operating Activities at \$114,426 was \$9,202,760 unfavourable to budget. Key factors influencing this outcome were:
  - Lower receipts from revenue of blood products and services as well as other revenue of \$4,421,734.
  - Higher supplier payments of \$4,016,229.
  - Higher payments to employees of \$132,062 mainly due to higher staffing levels and FTE rate increases overall compared to budget as already commented upon above.
  - Other payments in total being unfavourable to budget by -\$108,691 overall.
- Cash flows from Investing Activities at \$10,607,263 were \$11,665,655 favourable to budget mainly due to timing on capital expenditure particularly the various property redevelopment programmes, and a favourable variance to budget of +\$1,000,000 due to the term deposits being maintained at \$2,000,000 as opposed to being decreased to \$1,000,000 as reflected in the budget.
- Cash flows from Financing Activities at +\$8,393,788 were lower than anticipated in the budget by \$4,175,156, this was mainly due to changes in funding requirement compared to what had been anticipated in the budget.

The equity position at 30 June 2022 totalled \$41,532,283 (budget \$44,583,197) representing an equity ratio of 59.48% (budget 58.34%) and a debt ratio of 40.51% (budget 41.66%). Tangible assets totalled \$121,685,310 (budget \$126,311,052) compared to last year's \$101,851,831.

#### 36 Breach of Statutory Reporting Timeframes

The New Zealand Blood and Organ Service was required under section 156 of the Crown Entities Act 2004 (as amended by the Annual Reporting and Audit Time Frames Extensions Legislation Act 2021, which extended the reporting timeframes in the Crown Entities Act 2004 by two months) to complete its audited financial statements and performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

## STATEMENT OF INTENT (SOI) 2020-2024

### 2021/22 strategic goal delivery - an assessment

#### Strategic Goal 1 – Building foundations for growth

The contributing elements to building strong foundations are people and capability and infrastructure.

##### People and capability

- Staff turnover for the 2021/22 financial year was elevated at 16.7 per cent.
- The Workforce Coach training programme was developed and is being progressively implemented.
- Performance Essentials, a tool kit for effective performance management, was developed and is being progressively implemented.
- The planned staff engagement survey was deferred to the 2022/23 financial year. This was mainly due to the workforce disruption caused by COVID-19.
- The delivery of a leadership programme began.

##### Infrastructure

- The project to redevelop the Auckland facility at 71 Great South Road (71GSR) maintained momentum, with Stage 3, Phase 1 works starting in November 2021. The multi-year project began in November 2018 and is due for completion in the 2025/26 financial year. By then, the project will have delivered a modern, fit-for-future-purpose hub facility comprising a donor centre, manufacturing facilities, specialist laboratories, and logistics and general administration functions.
- NZBS continued its planning and development work for the new Highbrook satellite site. This will house specialist laboratory and clean room activities across cellular therapies, tissue and bone services. The facility will also accommodate logistics and processing functions associated with handling increasing volumes of plasma; in particular, the new facility will be capable of handling refrigerated containerisation for the efficient shipping of source plasma to Australia for the manufacture of fractionated products. NZBS is committed to ensuring New Zealand's fractionated product demand continues to be met via a high level of domestic self-reliance. The move to containerisation will also remove around 77 tonnes of dry ice from the NZBS supply chain.
- With two landlord lease termination notices received last financial year, NZBS has progressed the development of new sites:
  - A new, purpose-built Waikato hub facility which is currently at the base build stage of development. This will replace the existing facility on the Waikato Hospital campus.
  - A new Tauranga donor centre to be located within a new, purpose-built building. This is currently awaiting building consent approvals before the base build can start.
 During this development activity NZBS is working to ensure its collection network capacity is maintained, so that existing supply demands continue being met on an uninterrupted basis.
- NZBS has worked with Waikato and Canterbury DHBs to plan the relocation of NZBS-managed blood banks at Waikato and Christchurch hospitals. This has resulted in:
  - The Christchurch Hospital blood bank fit-out being near completion at 30 June 2022, and
  - The Waikato Hospital blood bank being about to begin its fit-out in July 2022.

#### Strategic Goal 2 – Delivering operational effectiveness

The four contributing elements delivering operational effectiveness comprise clinical excellence, products and services' expansion, and process-driven decision-making incorporating environmental sustainability - all underpinned by fiscal responsibility.

##### Clinical excellence

During the financial year NZBS has:

- Met 100 per cent of demand, 24 hours a day, seven days a week, in often challenging circumstances.
- Continued to develop its self-reliance Plasma Strategy. This requires increasing plasma collections to further lift the percentage of immunoglobulin product manufactured from New Zealand-sourced plasma, and therefore safeguard New Zealand's supply of immunoglobulin products.
- Maintained processes to collect, process and store convalescent plasma, a response outcome to the COVID-19 pandemic.
- Continued to roll out IgO, an electronic mobile phone app to monitor the appropriate use of high value immunoglobulin products throughout all New Zealand hospitals.
- Started implementing the ISBT 128 international labelling project. ISBT 128 is an international labelling convention which, once in place, will benefit the whole health sector. It is of particular importance in maintaining accreditation for those hospitals that participate in certain international clinical trials for the benefit of patient health outcomes.
- Maintained accreditation and compliance with all pertinent regulatory bodies across its laboratory, manufacturing and testing operations.
- Maintained 100 percent testing for all donations.
- Continued planning for a comprehensive, multi-disciplinary clinical governance framework.

##### Products and services' expansion

- On 4 October 2021 Auckland DHB transferred the operational responsibility for the national Heart Valve Bank (HVB) to NZBS.



**STATEMENT OF INTENT (SOI) 2020-2024**  
**2021/22 strategic goal delivery - an assessment**

**Strategic Goal 2 - Continued**

**Process-driven**

- NZBS built on its Certified Emissions Measurement and Reductions Scheme (CEMARS) certification, and on measuring and reducing its carbon footprint. NZBS is committed to achieving alignment with the government's environmental sustainability objectives.

**Fiscal responsibility**

Throughout 2020/21 NZBS has:

- Continued to align with the Minister's expectation of financial sustainability being maintained at all times, as required under the Crown Entities Act 2004.
- Continued to meet New Zealand's requirements for a high quality, safe, cost-effective and financially sustainable service, capable of flexing its service delivery to meet the changing demand profile of the New Zealand health sector.
- Consistent with previous years, demonstrated its financial resilience while meeting the key deliverables contained in the annual Statement of Performance Expectations.
- Begun replacing its sunset costing model software with a refreshed model, developed using IBM's Planning Analytics business intelligence software. This project has a deceptive level of complexity but was progressing satisfactorily at 30 June 2022. After comprehensive testing, completion is planned for the end of the first half of 2022/23.

The forward financial outlook is positive, with NZBS planning a significant level of infrastructure investment renewal and expansion, the details of which are contained in the 2022/23 Statement of Performance Expectations.

**Strategic Goal 3 - Providing exceptional service**

**The contributing elements that deliver exceptional service comprise the donor experience, working closely with healthcare partners and improving patient outcomes.**

**Donor experience**

During the financial year:

- More than 90 per cent of donors continued to rate their NZBS donation experience an eight or higher out of 10.
- NZBS experienced mixed results with its collection targets for whole blood and plasma:
  - 117,535 whole blood units collected against a target of 116,110 (noting targets flex as required to meet demand), and
  - 106,890 plasma units collected against a target of 115,000. Plasma collection, certainly in the second half of the year, was impacted by COVID-19. The pandemic, understandably, affected both donor behaviour and availability.
- NZBS grew its overall active donor panel by 2.7 per cent to take the active donor total to 115,428 people - of which 23,925 comprised the plasmapheresis panel. The plasma donor panel experienced +11.7 per cent growth over the prior year - growth that is essential in meeting growing immunoglobulin product demand and maintaining New Zealand's high level of domestic self-reliance for immunoglobulin products.
- NZBS failed to meet its donor recruitment strategy targets for both new and reinstated Māori donors and youth donors. Both donor KPIs were again impacted by COVID-19 restrictions - particularly in Auckland and Northland where collections, especially at schools, were affected.
- NZBS began replacing its sunset Donor Relationship Management (DRM) software with a new cloud-based, custom-built system. Using Microsoft Dynamics software tools, the new system supports Donor Services' operations, enabling NZBS to recruit, retain and convert donors, and to manage all donor interactions. This project is planned for completion in the first half of 2022/23.

**Working closely with healthcare partners**

During the financial year NZBS has:

- Maintained its relationship with DHB chief executive officers via a Lead DHB CEO who represents NZBS matters at CEO level. However, the imminent July 2022 health reforms altered the relationship in the second half of the 2021/22 financial year.
- Maintained close working relationships across the Asia Pacific Blood Network (APBN), with NZBS' Chief Executive the current Chair of APBN.
- Been a member of, and contributed to, the Cost Modelling Working Group of the Alliance of Blood Operators (ABO), an international group of not-for-profit blood services. This group provides NZBS with useful financial metric benchmarking drawn from a broad range of international blood services.
- Since balance date, established a CEO-to-CEO relationship with Te Whatu Ora - Health New Zealand, noting this relationship will be the basis for ongoing dialogue as NZBS is committed to working for the benefit of the health sector in the broadest sense.

**Improving patient outcomes**

- Monthly clinical product utilisation data was delivered in a timely manner throughout the financial year.
- The annual 2020 Haemovigilance Report was made available to DHBs in December 2021.
- The Clinical Oversight Programme for all blood banks not directly managed by NZBS was maintained with one exception, Northland DHB. Unfortunately, COVID-19 restrictions in both the Northland and Auckland regions prevented clinical oversight visits happening at the scheduled times.
- Ongoing and productive relationships were developed and maintained with other central Crown agencies.

**Meeting the strategic goals (1 July 2021 to 30 June 2022): Overall assessment**

Taking into account the challenging environment, NZBS delivered on its Statement of Intent strategic goals for the period 1 July 2021 to 30 June 2022.

This is the second assessment under the Statement of Intent that took effect on 1 July 2020, and which reset the organisation's strategic intent for the financial years to 30 June 2024.

**ANNUAL STATEMENT OF PERFORMANCE**  
**1 July 2021 to 30 June 2022**

**New Zealand Blood Service output class and outcome**

Output	Outcome			
NZBS has one overall Output Class, comprising three interrelated outputs related to: <ul style="list-style-type: none"> <li>Donors (and patients)</li> <li>Products and services</li> <li>Demand management</li> </ul> Each of which collectively contributes to the achievement of the NZBS Outcome.	<b>Health needs of people in New Zealand are supported by the availability of safe and appropriate blood and tissue products and related services.</b>			
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
Provision of a safe and effective blood service for all New Zealanders through supply and delivery of: <ul style="list-style-type: none"> <li>Fresh blood components;</li> <li>Fractionated Blood Products; and</li> <li>Other products and related services.</li> </ul>	Revenue of <b>\$178.19m</b> with no price rebate to DHBs planned.	<b>\$141.57m</b>	Revenue of <b>\$163.26</b> with no price rebate declared to DHBs.	Revenue of <b>\$173.86m</b> with no price rebate declared to DHBs.
	Expenses of <b>\$175.31m</b>	<b>\$146.42m</b>	Expenses of <b>\$160.52m</b>	Expenses of <b>\$176.22m</b>
	<b>Surplus of \$2.88m</b>	<b>Deficit of -\$4.85m</b>	<b>Surplus of \$2.74m</b>	<b>Deficit of -\$2.37m</b>
<p><b>Financial performance commentary</b></p> <p>The 2021/22 financial year reported a <b>deficit of \$2.37m</b> against a budgeted surplus of \$2.88m, a \$4.48m unfavourable outcome as compared to budget. This result was delivered off revenues of \$173.86m which were -2.43 per cent below budget, but 6.49 per cent up on last year's revenue levels.</p> <p>This reported result was achieved in a third, pandemic-affected financial year, with COVID-19 impacting both demand trends and operations. Unlike the 2020/21 financial year, no direct government financial support was received to help offset any of the identified adverse impacts of COVID.</p> <p>The 2021/22 financial year saw a +5.43 per cent growth in immunoglobulin (Ig) demand (last year +7.95%), requiring plasmapheresis collection volumes to continue increasing to 106,890 collections - up 4.97 per cent over the prior year. This collection growth was necessary to maintain source plasma volumes at levels required to meet Ig production requirements. Other growth metrics saw fresh product demand fall -0.24 per cent overall and total blood product usage grow +4.14 per cent, driven by Ig growth. Overall, services saw a decline of -6.29 per cent, a decrease attributable to health sector activity where some elective surgery disruption was evident during the financial year.</p> <p>During 2021/22 fractionation production volumes totalled 102,643 kilograms of source plasma compared with last financial year's 90,463 kilograms. In 2021/22 NZBS ensured 86.2 per cent of demand was met from domestic Ig production, a figure consistent with the prior financial year.</p> <p>Key contributors to the year's reported deficit result, as compared to budget, are further explained below:</p> <ul style="list-style-type: none"> <li>The lower-than-budget revenue result (-2.43%) impacted the gross margin expectation which was 3.48 per cent adverse to budget.</li> <li>The lower-than-budget revenue impacted overall production metrics, which were -2.30 per cent lower than budget.</li> <li>Inventory and manufacturing adjustments over the financial year resulted in an overall favourable outcome of +\$8.2m. This compared with last year's +\$4.70m of inventory adjustments.</li> <li>Operational expenditure - including labour, consumables, distribution, general overheads and depreciation expenses - were, overall, slightly unfavourable to budget by -\$646k. Of this, post-COVID cleaning standards elevated cleaning and related costs, IT infrastructure spend saw additional strengthening of the existing cybersecurity framework, and marketing expenditure focused on maintaining donor panels in the face of COVID disruption within the donor population. These identified areas were the major contributors to the overall adverse budget variance.</li> <li>Expiry cost was unfavourable to budget by -\$279k, a reflection of the ongoing difficulty of aligning collections to usage, tensioned by the need to ensure demand can be met, 24/7, anywhere in New Zealand.</li> <li>Unrealised foreign exchange movements, when marked to market at balance date, were favourable to budget by +\$1.48m - a reflection of NZBS' successful management of its exposure to AUD:NZD currency fluctuations.</li> <li>Property-related development expenses, in particular: the major redevelopment of the Auckland facility at 71 Great South Road, the new Highbrook satellite site, the new Waikato donor centre and hub facility, and the new Tauranga donor centre - combined with other smaller initiatives - totalled \$1.63m, which was unfavourable to budget by -\$134k.</li> </ul> <p>In the current operating environment, and having regard to the forward outlook, the Board elected not to declare a price rebate to DHBs for the 2021/22 financial year.</p>				

**1. External output measures reported in this section of the Statement of Service Performance relate to key products and services which contribute to achievement of NZBS' Enduring Outcome to provide a range of products and services which are appropriate to New Zealanders health needs and priorities.**

Performance Measures stated in Financial Years	Target Set	Historical Trend Line of Actual Outcomes		Result
	2021/22	2019/20	2020/21	2021/22
<p><b>Product and service availability</b></p> <p>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.</p>	<b>TARGET</b> 0	<b>OUTCOME</b> 0	<b>OUTCOME</b> 0	<b>OUTCOME</b> 0

**Note for clarification**  
 For a failure to happen, it must have occurred within the control of the New Zealand Blood and Organ Service (NZBS) and be attributable to NZBS managed systems and processes.

**ANNUAL STATEMENT OF PERFORMANCE**  
1 July 2021 to 30 June 2022

2. External output measures related to Demand Management and the relationship with DHBs which contribute to achieving 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		Outcome
	2021/22	2019/20	2020/21	2021/22
<p><b>2.1 Planning and communication with District Health Boards (DHBs)</b></p> <p>NZBS will demonstrate a productive and supportive relationship with the DHBs consistent with maintaining a strategic partnership, including proactively engaging with them through the Lead DHB CEO to agree pricing matters in a timely manner in order to inform preparation of DHB Annual Plans.</p> <p>NOTE: this measure has changed over recent years.</p>	NZBS to receive favourable feedback from the lead DHB CEO on maintaining a greater strategic partnership and the timely and relevant provision of information, including any issue resolution over the course of the 2021/22 financial year.	<p><b>OUTCOME</b></p> <p>NZBS received the following feedback from the Lead DHB CEO on meeting this target. "It is my pleasure to once again endorse that NZBS has engaged in a positive and proactive relationship with the DHBs through myself as the nominated lead CE for NZBS matters throughout the year. While this has been a challenging year in unexpected ways NZBS, through Sam Cliffe (CE), has remained available and attentive to the challenges faced by both NZBS and the DHBs. The pricing discussion was amicable and both parties have come to a mutually acceptable outcome. I look forward to another year's involvement in this complex environment for NZBS."</p>	<p><b>OUTCOME</b></p> <p>NZBS received the following feedback from the Lead DHB CEO on meeting this target. It is my pleasure to re-affirm the positive and proactive partnership between NZBS and the District Health Boards across Aotearoa. I'd like to acknowledge the leadership of Rosemary Clements over a number of years as the lead CE, a role which has now passed to me. While this has been a challenging year in unexpected ways NZBS, through Sam Cliffe (CE) has remained accessible, available and attentive to the challenges faced by both NZBS and the DHB and is always available to support and guide the sector in a positive and constructive way. The pricing discussion between NZBS and the DHBs was amicable and both parties have come to a mutually acceptable outcome very much driven by the established relationship between us. I look forward to another year's involvement in this complex environment of NZBS. Attributed to Lead DHB CEO Pete Chandler.</p>	<p><b>OUTCOME</b></p> <p>NZBS has maintained contact with the Lead DHB CEO over the 2021/22 financial year. The announcement of the health reforms disrupted the normal Q4 engagement process, making this measure difficult to meet as originally set. However, NZBS has, since balance date, established a CEO-to-CEO relationship with Te Whatu Ora Health New Zealand. This will form the basis for ongoing dialogue as New Zealand Blood and Organ Service is committed to working for the benefit of the health sector in the broadest sense.</p>
<p><b>2.2 NZBS reports for DHBs</b></p> <p>Monthly demand management reports outlining purchase volumes by key product line are provided to DHBs to help them manage local usage and costs.</p>	Reports are provided to each DHB by the 10th working day of the following month.	Monthly reports detailing product use and expiry information were all provided within the set timeframes to all 20 DHBs throughout 2019/20.	Monthly reports detailing product use and expiry information were all provided within the set timeframes to all 20 DHBs throughout 2020/21.	Monthly reports detailing product use and expiry information were all provided within the set timeframes to all 20 DHBs throughout the 2021/22 financial year*.
* The 'average days to distribute' during 2021/22 was four working days.				
<p><b>2.3 Clinical Oversight Programme</b></p> <p>All blood banks located in main DHB hospitals (other than the six DHBs where NZBS is responsible for blood bank provision) will receive at least one NZBS clinical oversight visit (and audit report) per year in order to enable them to meet the requirements of ISO15189 for IANZ Accreditation.</p>	To achieve a minimum one clinical oversight visit and report per year for all non-NZBS-managed blood banks located in main DHB hospitals.	<p><b>COVID-19 impacted outcome</b></p> <p>Seven of 31 planned oversight visits were deferred due to COVID-19 lockdown restrictions.</p>	The 2020/21 financial year was a catch-up year post-COVID, with delayed oversight visits from 2019/20 taking place. All planned oversight visits were undertaken and reported upon during the 2020/21 financial year.	<p><b>COVID-19 impacted outcome</b></p> <p>Northland DHB's 2021/22 oversight visits were impacted by COVID lockdowns and Northland/Auckland border restrictions. All other planned visits were made.</p>
<p><b>2.4 Organ Donation New Zealand (ODNZ) – performance monitoring</b></p> <p>NZBS to provide an ODNZ performance monitoring report to the Ministry of Health on a quarterly basis (once agreed with the Ministry of Health).</p>	Performance monitoring reports, as agreed, to be provided to the Ministry of Health on a quarterly basis.	<p><b>Outcome</b></p> <p>Not applicable to this financial year.</p>	<p><b>Outcome</b></p> <p>Not applicable to this financial year.</p>	<p><b>Outcome</b></p> <p>Performance monitoring reports were provided to the Ministry of Health on a quarterly basis. The ODNZ Annual Report for the 2021 calendar year was published in April 2022 on the ODNZ website.</p>

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.				
Haemovigilance - Patient safety (measured in calendar years)	Target set	CALENDAR YEARS		Outcome
	2020	2018	2019	2020
<p><b>2.5 Haemovigilance reporting</b></p> <p>2.5.1 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.</p>	2020 Annual Haemovigilance Report published and provided to all DHBs within the financial year and posted on NZBS website.	The 2018 Annual Haemovigilance Report was distributed a quarter late to all DHBs in the March quarter 2020 and made available on the NZBS website.	The 2019 Annual Haemovigilance Report was distributed in November 2020 to all DHBs and made available on the NZBS website.	2020 Annual Haemovigilance Report was published and distributed to all DHBs in December 2021. The 2020 report was made available on the NZBS website at the same time.
*Note: The 2018 Haemovigilance report was delivered to the sector later than the then set target timeframe.				
2.5.2 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 <sup>1</sup>	Relates to adverse recipient reactions in calendar year 2018. While zero is always the desired outcome it is not considered appropriate to set a target for this measure.	<b>OUTCOME</b> 0	<b>OUTCOME</b> 0	<b>OUTCOME</b> 0
<sup>1</sup> The wording for this measure was refined in the 2020/21 financial year. The changes made continue to reflect the intent of the original measure.				
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		Outcome
	2021/22	2019/20	2020/21	2021/22
<p><b>3.1 Donation testing</b></p> <p>Each donation will be tested prior to use in accordance with the NZBS Manufacturing Standards (as approved by Medsafe).</p>	Target set To maintain 100% tested donation Testing	OUTCOME 100% of donations tested	OUTCOME 100% of donations tested	OUTCOME 100% of donations tested
No product is released for issue to a patient until it has completed mandatory testing or is released under the exceptional release protocol.				
<p><b>3.2 Regulatory compliance - Medsafe</b></p> <p>NZBS will ensure it maintains Medsafe licences for its six hub sites 100 per cent of the time, to provide an assurance of GMP compliance.</p>	Target set To maintain 100% GMP Licensing Compliance	OUTCOME 2019/20 100% GMP Licensing compliance maintained over the financial year	OUTCOME 2020/21 100% GMP Licensing compliance maintained over the financial year	OUTCOME 2021/22 100% GMP Licensing compliance maintained over the financial year
Note: NZBS is required to maintain a Medsafe licence in order to manufacture medicines. The Medsafe licence imposes on NZBS the requirement to maintain, at all times, a mandatory compliance status with its GMP licencing requirements.				
<p><b>3.3 Regulatory compliance – IANZ (International Accreditation New Zealand)</b></p> <p>NZBS will ensure it maintains IANZ accreditation 100 per cent of the time, at all of its diagnostic laboratories.</p>	Target set To maintain 100% IANZ accreditation	OUTCOME 2019/20 100% IANZ accreditation maintained	OUTCOME 2020/21 100% IANZ accreditation maintained	OUTCOME 2021/22 100% IANZ accreditation maintained
Note: IANZ is the national authority for accreditation of testing and calibration laboratories, inspection bodies and radiology services.				
<p><b>3.4 Regulatory compliance – ASHI (American Society of Histocompatibility and Immunogenetics)</b></p> <p>NZBS will maintain ASHI accreditation 100 per cent of the time at the New Zealand Transplantation and Immunogenetics laboratory (NZTIL).</p> <p>ASHI accreditation is a programme to evaluate laboratory personnel, procedures and facilities to determine compliance with published ASHI standards. Maintaining ASHI accreditation is a mandatory NZBS requirement.</p>	Target outcome 100% ASHI accreditation maintained. Biennial on-site audit to be completed and 100% ASHI accreditation to be maintained	OUTCOME 2019/20 100% ASHI accreditation maintained. Biennial on-site audit was completed and 100% ASHI accreditation has been maintained	OUTCOME 2020/21 Biennial on-site audit was completed and 100% ASHI accreditation has been maintained as per August 2020 confirmation letter from ASHI.	OUTCOME 2021/22 100% ASHI accreditation maintained. <i>A virtual on-site audit was successfully completed in May 2022</i>

**ANNUAL STATEMENT OF PERFORMANCE**  
1 July 2021 to 30 June 2022

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		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>4.1 Donor population</b> NZBS maintains a donor population capable of meeting the ongoing demand for blood and blood products.  Active whole blood and apheresis donor panels	122,955	110,765	112,388	<b>115,428</b>
These reported donor numbers represent the donor population required to meet demand, noting that - within any given year - this flexes constantly to ensure supply and demand align and expiry is minimised.				
Note: NZBS actively manages its population of whole blood and apheresis donors at the levels required to support ongoing demand, meaning panels may be above or below the original target set. The closing donor panel numbers at 30 June 2022 reflected the ongoing plasmapheresis panel growth (+11.7%) to meet the need for source plasma for immunoglobulin product. There was +5.43 per cent growth in demand for Ig product during the 2021/22 year. Also refer to Section 4.4 below.				
Performance measures stated in financial years	Target set	Outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>4.2 Donor satisfaction</b> Measure of overall satisfaction with the quality of service:  Ninety per cent of donors rated their experience/satisfaction with the service as eight or higher out of 10	Greater than 90% satisfaction with the NZBS service	<b>94.7%</b> versus a target of greater than 90%.	<b>94.6%</b> versus a target of greater than 90%.	<b>94.8%</b> versus a target set of greater than 90%.
Note: This satisfaction metric is ascertained by internal NZBS donor surveys conducted six-monthly by the Marketing function during the financial year. The surveys for the 2021/22 financial year were undertaken in November 2021 (94.85%) and May 2022 (94.74%). The reported donor satisfaction figure is the average of the two conducted surveys.				
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>4.3 Targeted donor recruitment strategies</b>  4.3.1 Recruit 2,900 new and reinstated Māori donors to the active donor panel (each year measure).	2,900	<b>COVID-19 impacted</b> 2,706 (93.31% of target set)	<b>COVID-19 impacted</b> 2,691 (92.79% of target set)	<b>COVID-19 impacted</b> 2,710 (93.34% of target set)
Note: The measures targeting new and reinstated donor levels is considered the most appropriate performance monitoring metric for these target donor categories. The COVID-19 pandemic, now in its third year, has impacted NZBS' ability to reach potential Māori donors, particularly in Auckland and Northland where restrictions at various times of the year were more severe than in other regions of Aotearoa New Zealand.				
4.3.2 Recruit 11,000 new and reinstated youth donors between the ages of 16-25 on the active donor panel - attracting youth donors helps to future-proof the service, encouraging new donors to replace those retiring.	11,000	<b>COVID-19 impacted</b> 8,489 (77.17% of target set)	<b>COVID-19 impacted</b> 9,820 (89.27% of target set)	<b>COVID-19 impacted</b> 7,552 (68.65% of target set)
As for 4.3.1, the ability to meet this target was - for the third year running - impacted by the COVID-19 pandemic and its associated lockdowns and traffic light settings. This affected NZBS' ability to undertake school drives - a key setting and target group for growing the number of youth donors.				
Note: For clarity, the definition of a new donor is a someone who has made a valid donation for the very first time in New Zealand. The definition of a reinstated donor is a person who has made at least two donations, of which one blood donation was made within the last 12 months and the interval between that donation and the prior donation is more than 24 months (excluding autologous and therapeutic donations).				
4.4 Raw material (Collections' inputs - based on demand outcomes and forecasts)	Target 2021/22	Outcome 2019/20	Outcome 2020/21	Outcome 2021/22
4.4.1 Total Whole Blood donations	117,375	112,617	115,717	117,535
4.4.2 Total Plateletpheresis donations	2,830	2,794	2,793	2,739
4.4.3 Total Plasmapheresis donations	115,000	77,937	101,826	106,890
<b>4.4.4 Total donations</b>	<b>235,205</b>	<b>193,348</b>	<b>220,336</b>	<b>227,164</b>
Comment: The level of collected donations is not fixed, but flexes to meet the demand profile as monitored over the course of the financial year. In this financial year NZBS increased overall collections by 3.1 per cent, with a lower-than-projected five per cent increase in plasmapheresis collections. Collection performance was adversely impacted in the second half of the financial year due to COVID infection/isolation requirements, the seasonal flu and general sickness; this elevated 'no-show' booking levels, particularly in the June quarter, and triggered the need for 'appeals' for blood donors.				

5. Internal measures related to People which contribute to achievement of Strategic Goal 5 - NZBS has a sustainable, competent and engaged workforce.				
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
5.1 Annual Employee turnover	12.0%	<b>OUTCOME</b> 12.5%	<b>OUTCOME</b> 11.76%	<b>OUTCOME</b> 16.69%
5.2 Employee Engagement Index Score from biennial Staff Engagement Survey	Better than last survey	No Survey	No Survey	<b>COVID-19 Impacted</b> Reset for FY23
6. Internal measure related to Development which contributes to achieving Strategic Goal 6 - NZBS uses international 'best practices' and internal research and development capabilities to improve and develop services for the New Zealand health and disability sector.				
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>6.1 Auckland Facility Redevelopment Project - 71 Great South Road Site</b>  Successful completion of key project milestones in accordance with the Project's rolling work programme as set at the commencement of a given financial year.  Delivery focus, financial year to financial year is on those stages targeted for completion within the financial year under review, accepting the 71 Great South Road redevelopment is a complex multi-year undertaking.	Key milestones achieved by 30 June 2022 in accordance with the project's work programme as set at the start of the financial year.	During the 2019/20 financial year good progress was made, noting the delivery of certain stages was later than stated in the original business case. As can be expected with such a major redevelopment, the works programme has seen slippage, not unexpected for a multi-year project.  The enforced COVID-19 lockdown period also took six weeks out of the planned work programme. Stages successfully completed in the financial year were:  - Stage 1A (atrium roof and stairs - landlord improvement)  - Stage 1A (cafeteria)  - Stage 2 (donor centre and support services)  - Stage 2A (civil works and external ancillary services).  - Stages begun and in progress at 30 June 2020:  - Stage 2B basement amenities and ambient storage facility  - Stage 2C service yard strengthening works  - Stage 2D training facility.	During the 2020/21 financial year good progress continued to be made, with all pre-Stage 3 works completed in accordance with the work programme prior to 30 June.  Successfully completed were:  - Stage 1B (atrium courtyard)  - Stage 2B (ambient store facilities and staff amenities)  - Stage 2C (service yard strengthening for heavy vehicle traffic)  - Stage 2D (training facilities)  - Stage 2E (generator facilities with a new higher specification generator)  - Stage 2A (civil works, including southern driveway realignment for improved safety of on-site traffic management).  Despite some COVID response disruption, the work programme had sufficient flexibility to ensure all stage 3 works were completed before 30 June 2021.	<b>COVID-19 impacted</b>  - Stage 3, Phase 1 (sub-stages 3A-3C): construction activity began 15 November 2021.  - Stage 3, Phase 1 (sub-stage 3A) has been impacted by COVID and construction industry issues and will be finished some eight weeks later than planned, in mid-July 2022
7. Internal measures related to Financial Sustainability contributing to achievement of Strategic Goal 7 - NZBS is a financially sustainable organisation operating effectively and efficiently.				
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>7.1 Financial management</b> Assure cost efficiency and value for money by maintaining financial sustainability in a demand-driven environment (i.e. changes in product demand - mix and volume - required by DHBs impacts NZBS' financial result).	Achievement of budget or better.  Budget set as a surplus of \$2.88m on revenue of \$178.19m..  No rebate planned to DHBs	<b>OUTCOME</b>  <b>COVID-19 impacted</b> A worse-than-budget reported deficit of \$4.85m on revenues of \$141.57m.  No rebate paid to DHBs	<b>OUTCOME</b>  A better than budget reported surplus of \$2.74m on revenues of \$163.26m..  No rebate paid to DHBs	<b>OUTCOME</b>  A worse than Budget reported deficit of \$2.37m on revenues of \$173.9m.  No rebate paid to DHBs

**ANNUAL STATEMENT OF PERFORMANCE**  
1 July 2021 to 30 June 2022

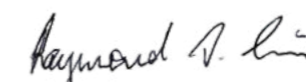
8. Meeting government expectations - commitment to government's sustainability targets				
Performance measures stated in financial years	Target set	Historical trend line of actual outcomes		Outcome
	2021/22	2019/20	2020/21	2021/22
<b>8.1 Sustainability – Carbon reduction initiative</b> NZBS is committed to reducing its greenhouse gas (CHC) emissions and has set a target of reducing its carbon footprint intensity by 15 per cent within five years of the baseline measurement being established (in accordance with rule 59b of the government's reduction programme).	In the 2021/22 financial year NZBS will begin initiatives towards a 15% reduction from baseline by the 2025/26 financial year.	<b>OUTCOME</b>  This KPI was not established for this financial year.	<b>OUTCOME</b>  In the 2020/21 financial year NZBS established its baseline carbon footprint measurement for future monitoring.	<b>OUTCOME</b>  In the 2021/22 financial year NZBS captured its second year of measurement in accordance with the Toitū Carbonreduce certification programme.  Some initiatives to reduce our emissions include: <ul style="list-style-type: none"> <li>• Replacing vehicles with electric / hybrid vehicles</li> <li>• Reducing travel</li> <li>• Reducing waste to landfill</li> <li>• Partnering with landlords to increase the energy efficiencies of buildings</li> <li>• Reduce emissions on freight</li> </ul>
		<b>2021/22 Financial Year - Overall performance assessment</b> As noted earlier, New Zealand Blood and Organ Service (NZBS) had another pandemic-influenced year. COVID's impact was felt at various times - via lockdowns and traffic light restrictions, operationally (particularly on staffing levels), on donor behaviour (with elevated 'no show' levels - mainly in the second half of the financial year), and in altered hospital demand patterns as elective surgeries were rescheduled to relieve pressure on hospitals. Despite these multiple challenges, and as expected of an essential service provider, NZBS' core deliverable of <b>maintaining the supply of critical services, blood and blood products to the people of New Zealand</b> was achieved throughout the year. During the year NZBS assumed responsibility for the country's National Heart Valve Bank, which successfully transferred from Auckland District Health Board on 4 October 2021. NZBS also continued its infrastructure investment planning and development, with a focus on four major development projects. The delivery of these, over the next two-to-three financial years, will ensure NZBS has facilities of a standard and capability that are fit for future purpose over the medium term. As this 2021/22 Annual Statement of Performance details, NZBS met all key core deliverable requirements throughout the 2021/22 financial year, though COVID-19 impacted its ability to meet five set targets across its other KPIs. While disappointing, this did not detract from the overall assessment of NZBS as having had a solid 2021/22 financial year performance.		

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**  
**STATEMENT OF RESPONSIBILITY**

- 1/ The Board and Management of New Zealand Blood and Organ Service accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
- 2/ The Board and Management of New Zealand Blood and Organ 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 New Zealand Blood and Organ Service, the annual Financial Statements For the year ended 30 June 2022 fairly reflect the financial position and operations of NZBS.



Fiona Pimm  
Board Chair  
10 March 2023



Mr Ray Lind  
Deputy Board Chair  
10 March 2023

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

### *To the readers of New Zealand Blood and Organ Service's financial statements and performance information for the year ended 30 June 2022*

The Auditor-General is the auditor of New Zealand Blood and Organ Service. The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of New Zealand Blood and Organ Service on his behalf.

#### OPINION

##### We have audited:

- the financial statements of New Zealand Blood and Organ Service on pages 46 to 76, that comprise the statement of financial position as at 30 June 2022, 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 including a summary of significant accounting policies and other explanatory information; and
- the performance information of New Zealand Blood and Organ Service on pages 77 to 84.

##### In our opinion:

- the financial statements of New Zealand Blood and Organ Service on pages 46 to 76:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 77 to 84:
  - presents fairly, in all material respects, New Zealand Blood and Organ Service's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - 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 late.

Our audit was completed on 10 March 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Crown Entities Act 2004. This

was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

##### Basis for our opinion

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

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

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

##### Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of New Zealand Blood and Organ Service for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

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

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

##### Responsibilities of the auditor for the audit of the financial statements and the performance information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to New Zealand Blood and Organ Service's statement of performance expectations.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

##### Other information

The Board is responsible for the other information. The other information comprises the information included on pages 2 to 45, page 85, and pages 88 to 89 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Independence

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

Other than in our capacity as auditor, we have no other relationship with, or interests in, New Zealand Blood and Organ Service.



Rene van Zyl

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

## WĀHANGA TOHUTOHU DIRECTORY

### NZBS BOARD MEMBERS

**Fiona Pimm**  
(Board Chair)  
DipAppSci, DPH, MBA

**Dr Jackie Blue**  
(Deputy Board Chair)  
BSc, MBChB, FASBP, MNZM

**Dr Bartrum Baker**  
MBChB, FRACP, FRCPA

**Ray Lind**  
NZOM

**Dr Paula Martin**  
BA(Hons), MA(Applied), PhD, Ngati Kuia  
(Retired from the Board 30 October 2021)

**Eddie Moke**  
DBS, BBS, DBA, MBS, CMinD

**Nicole Anderson**  
DipAcc, DipBus, DipMgt, PDGPH

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### AUDITOR

Audit New Zealand  
(on behalf of the Auditor-General)  
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88 Shortland Street, CBD, Auckland 1010

### PRINCIPAL BANKERS

Westpac New Zealand Limited  
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Auckland

### SOLICITORS

Buddle Findlay  
Auckland and Wellington

### NZBS EXECUTIVE MANAGEMENT

**Chief Executive Officer**  
Sam Cliffe  
BSc (Hons)

**Director Human Resources and  
Organisational Development**  
Karen Didovich  
BA; MA (Political Studies); MA (Information  
Management and Finance)

**Director Donor Services**  
Doug Gallagher  
OSTJ, GradDipICP, BHSc, DipN

**Director Finance and Corporate Services**  
John Harrison  
BCom, CA

**Chief Medical Officer**  
Dr Sarah Morley  
MBBS, FRCPCH, FFICM, PhD

**Director Planning and Supply Chain**  
Justin Scott  
B.Com, MInstD, Ngāi Tahu

**Director, Quality and Regulatory Affairs**  
Fidelma Murphy  
MSc Distinction – Medical Ethics; BSc (Hons) –  
Health Studies and Health Care Management;  
Diploma in Professional Studies in Nursing

**Director Technical Services**  
Dr Mandy Suddes  
PhD, PMP

**Director, Digital Technology and Information  
Management**  
Joshua Bankers  
Bachelor of Technology, Manufacturing and  
Industrial Technology



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**DUNEDIN  
DONOR CENTRE**  
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Dunedin 9016  
03 477 9920



### ON THE MOVE

Ring our Contact Centre  
or visit [nzblood.co.nz/booking/](https://nzblood.co.nz/booking/)  
to find out when one of our mobile  
drives will next be in your area.

### NZ BLOOD SERVICE APP

Book your next whole blood or plasma appointment, search for a place to donate,  
look up your donation history and much more!  
Download the app from Google Play (for Android) or the App Store (for Apple).

