

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Assistant Minister for Health and Aged Care

I have audited the accompanying annual financial statements of the National Blood Authority for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments
- Overview Note; and
- Notes to and forming part of the Financial Statements including a Summary of Significant Accounting Policies.

Opinion

In my opinion, the financial statements of the National Blood Authority:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Blood Authority as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Accountable Authority of the National Blood Authority is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Accountable Authority is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

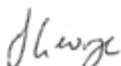
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Jodi George
Audit Principal

Delegate of the Auditor-General

Canberra
16 August 2016

NATIONAL BLOOD AUTHORITY
FINANCIAL STATEMENTS
for the year ended 30 June 2016

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Blood Authority will be able to pay its debts as and when they fall due.



Michael Stone
Accountable Authority

16 August 2016



Ashley Jackson
Chief Financial Officer

16 August 2016

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NATIONAL BLOOD AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	6 469	6 695
Suppliers	1.1B	3 002	3 753
Depreciation and amortisation	2.2A	374	427
Finance costs - Unwinding of discount		(1)	5
Losses from asset sales	1.1C	7	7
Total expenses		9 851	10 887
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	1.2A	290	587
Other revenue - Funding from State and Territory governments		3 493	3 909
Total own-source revenue		3 783	4 496
Gains			
Resources received free of charge - Remuneration of auditors		94	94
Total gains		94	94
Total own-source income		3 877	4 590
Net cost of services		5 974	6 297
Revenue from Government - Departmental annual appropriations		5 719	6 266
Surplus/(Deficit) attributable to the Australian Government		(255)	(31)
Total comprehensive income/(loss) attributable to the Australian Government		(255)	(31)

The above statement should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents		54	21
Trade and other receivables	2.1A	9 135	9 642
Total financial assets		9 189	9 663
Non-Financial Assets			
Leasehold improvements	2.2A	794	918
Property, plant and equipment	2.2A	554	652
Intangibles	2.2A	169	190
Prepayments		149	173
Total non-financial assets		1 666	1 933
Total assets		10 855	11 596
LIABILITIES			
Payables			
Suppliers	2.3A	397	718
Other payables	2.3B	605	572
Total payables		1 002	1 290
Provisions			
Employee provisions	6.1	1 714	1 674
Other provisions	2.4	141	142
Total provisions		1 855	1 816
Total liabilities		2 857	3 106
Net assets		7 998	8 490
EQUITY			
Contributed equity		3 313	3 250
Reserves		359	359
Retained surplus		4 326	4 881
Total equity		7 998	8 490

The above statement should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	4 881	4 912	359	359	3 250	2 578	8 490	7 849
Adjusted opening balance	4 881	4 912	359	359	3 250	2 578	8 490	7 849
Comprehensive Income								
Surplus / (Deficit) for the period	(255)	(31)	-	-	-	-	(255)	(31)
Total comprehensive income attributable to Australian Government	(255)	(31)	-	-	-	-	(255)	(31)
Transactions with owners								
<i>Distributions to owners</i>								
Returns of capital - Restructuring	(300)	-	-	-	-	-	(300)	-
<i>Contributions by owners</i>								
Departmental capital budget	-	-	-	-	63	672	63	672
Total transactions with owners	(300)	-	-	-	63	672	(237)	672
Closing balance as at 30 June attributable to Australian Government	4 326	4 881	359	359	3 313	3 250	7 998	8 490

The above statement should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
CASH FLOW STATEMENT

for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		5 718	5 965
Sales of goods and rendering of services		3 742	4 488
Net GST received		308	374
Total cash received		9 768	10 827
Cash used			
Employees		6 373	6 839
Suppliers		3 548	3 818
Cash transferred to the Official Public Account		(179)	296
Total cash used		9 742	10 953
Net cash from/(used by) operating activities	5.3A	26	(126)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		1	4
Total cash received		1	4
Cash used			
Purchase of property, plant and equipment		106	289
Purchase of intangibles		33	100
Total cash used		139	389
Net cash (used by) investing activities		(138)	(385)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget		145	503
Total cash received		145	503
Net cash from financing activities		145	503
Net increase / (decrease) in cash held		33	(8)
Cash and cash equivalents at the beginning of the reporting period		21	29
Cash and cash equivalents at the end of the reporting period ¹		54	21

¹ As shown in the Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
SCHEDULE OF COMMITMENTS
as at 30 June 2016

	2016	2015
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	359	478
Total commitments receivable	<u>359</u>	<u>478</u>
Commitments payable		
Capital commitments		
Property, plant and equipment	-	(81)
Total capital commitments	<u>-</u>	<u>(81)</u>
Other commitments		
Operating leases	(3 471)	(4 114)
Other	(478)	(1 065)
Total other commitments¹	<u>(3 949)</u>	<u>(5 179)</u>
Total commitments payable	<u>(3 949)</u>	<u>(5 260)</u>
Net commitments by type	<u>(3 590)</u>	<u>(4 782)</u>
BY MATURITY		
Commitments receivable		
Other commitments receivable		
Within 1 year	83	104
Between 1 to 5 years	272	248
More than 5 years	4	126
Total other commitments receivable	<u>359</u>	<u>478</u>
Commitments payable		
Capital commitments		
Within 1 year	-	(60)
Between 1 to 5 years	-	(21)
Total capital commitments	<u>-</u>	<u>(81)</u>
Operating lease commitments		
Within 1 year	(530)	(485)
Between 1 to 5 years	(2 899)	(2 244)
More than 5 years	(42)	(1 385)
Total operating lease commitments¹	<u>(3 471)</u>	<u>(4 114)</u>
Other commitments		
Within 1 year	(385)	(604)
Between 1 to 5 years	(93)	(461)
Total other commitments	<u>(478)</u>	<u>(1 065)</u>
Total commitments payable	<u>(3 949)</u>	<u>(5 260)</u>
Net commitments by maturity	<u>(3 590)</u>	<u>(4 782)</u>

Note: Commitments are GST inclusive where relevant.

¹ Operating leases included are effectively non cancellable and comprise:

The lease for office accommodation at 243 Northbourne Ave, Lyneham expires on 22 November 2022.

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
NET COST OF SERVICES			
Expenses			
Employee Benefits	3.1A	269	196
Suppliers	3.1B	1 056 815	960 818
Grants - Non-profit organisations (Australian Red Cross Blood Service)		8 830	8 577
Depreciation and amortisation	4.2B	447	607
Total expenses		1 066 361	970 198
Income			
Revenue			
Non-taxation revenue			
Funding from governments	3.2A	1 040 865	922 718
Interest - Deposits		4 411	4 737
Other revenue		3	67
Total non-taxation revenue		1 045 279	927 522
Total revenue		1 045 279	927 522
Net (cost of) / contribution by services		(21 082)	(42 676)
Surplus/(Deficit)		(21 082)	(42 676)
Total comprehensive income/(loss)		(21 082)	(42 676)

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		489	334
Trade and other receivables	4.1A	195 151	211 814
Other investments	4.1B	119 600	114 262
Total financial assets		315 240	326 410
Non-financial assets			
Inventories	4.2A	104 776	110 315
Property, plant and equipment	4.2B	188	332
Intangibles	4.2B	2 282	800
Prepayments		76 055	76 071
Total non-financial assets		183 301	187 518
Total assets administered on behalf of Government		498 541	513 928
LIABILITIES			
Payables			
Suppliers	4.3	51 489	52 864
Total payables		51 489	52 864
Total liabilities administered on behalf of Government		51 489	52 864
Net assets		447 052	461 064

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2016

	2016	2015
	\$'000	\$'000
Opening administered assets less administered liabilities as at 1 July	461 064	496 562
Net (cost of)/contribution by services		
Income	1 045 279	927 522
Expenses		
Payments to entities other than corporate Commonwealth entities	(1 066 361)	(970 198)
Transfers (to)/from the Australian Government:		
Appropriation transfers from Official Public Account:		
Annual appropriations	7 070	7 178
Closing assets less liabilities as at 30 June	447 052	461 064

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
OPERATING ACTIVITIES			
Cash received			
Commonwealth contributions		648 651	535 745
State and territory contributions		385 772	386 973
Interest		4 247	5 164
Net GST received		107 820	115 749
Other		43	44
Total cash received		1 146 533	1 043 675
Cash used			
Employees		270	196
Grants		8 830	8 577
Suppliers		1 169 324	1 108 437
Total cash used		1 178 424	1 117 210
Net cash from/(used by) operating activities	5.3B	(31 891)	(73 535)
INVESTING ACTIVITIES			
Cash received			
Investments		57 062	41 356
Total cash received		57 062	41 356
Cash used			
Purchase of property, plant & equipment and intangibles		1 785	392
Investments		62 400	45 250
Total cash used		64 185	45 642
Net cash(used by) investing activities		(7 123)	(4 286)
Net increase/(decrease) in cash held		(39 014)	(77 821)
Cash and cash equivalents at the beginning of the reporting period		334	335
Cash from Official Public Account for:			
- Appropriations		7 070	7 178
- Special accounts		1 238 276	1 182 960
Total cash from OPA		1 245 346	1 190 138
Cash to Official Public Account for:			
- Special accounts		(1 206 177)	(1 112 318)
Total cash to OPA		(1 206 177)	(1 112 318)
Cash and cash equivalents at the end of the reporting period¹		489	334

¹ As shown in the administered schedule of assets and liabilities

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY
SCHEDULE OF ADMINISTERED COMMITMENTS

as at 30 June 2016

	2016	2015
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	982 585	255 351
Total commitments receivable	982 585	255 351
Commitments payable		
Other commitments		
Other	(10 808 431)	(2 808 866)
Total other commitments¹	(10 808 431)	(2 808 866)
Net commitments by type	(9 825 846)	(2 553 515)
BY MATURITY		
Commitments receivable		
Other commitments receivable		
Within 1 year	147 926	130 214
Between 1 to 5 years	519 111	125 137
More than 5 years	315 548	-
Total other commitments receivable	982 585	255 351
Commitments payable		
Other commitments		
Within 1 year	(1 627 183)	(1 432 359)
Between 1 to 5 years	(5 710 217)	(1 376 507)
More than 5 years	(3 471 031)	-
Total other commitments¹	(10 808 431)	(2 808 866)
Net commitments by maturity	(9 825 846)	(2 553 515)

Note: All commitments are GST inclusive where relevant.

¹ Other commitments relate to amounts payable under agreements or contracts in respect of which the grantee or supplier has yet to provide goods or services for blood or blood related products required under the agreement or contract to meet demand under the National Supply Plan and Budget.

The above schedule should be read in conjunction with the accompanying notes

NATIONAL BLOOD AUTHORITY

Overview Note

for the year ended 30 June 2016

Overview

Objectives of the National Blood Authority

The National Blood Authority (NBA) is a not-for-profit Australian Government controlled entity which was established on 1 July 2003 with the principal role of managing national blood arrangements, ensuring sufficient supply, and providing a new focus on the quality and appropriateness of blood products. The NBA manages the supply of blood and blood products on behalf of the Commonwealth and all state and territory governments, with the Commonwealth contributing 63 per cent of funding, and State and Territory governments providing 37 per cent.

The NBA is structured to meet the following outcome:

Outcome 1: Access to a secure supply of safe and affordable blood products, including through national supply arrangements and coordination of best practice standards within agreed funding policies under the national blood arrangements.

The continued existence of the NBA in its present form, and with its present programs, is dependent on Government policy, the enabling legislation *National Blood Authority Act 2003*, and on continuing funding by Parliament and contributions from States and Territories for the NBA's administration and programs.

In 2015, the Government decided not to proceed with the merger of the National Blood Authority and the Organ and Tissue Authority, as previously announced in the 2014-15 Budget. Some savings and efficiencies will be achieved by continuing to merge the corporate services of these entities, with changes to come into full effect from 30 June 2016.

NBA activities contributing to Outcome 1 are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the NBA in its own right. Administered activities involve the management or oversight by the NBA, on behalf of the governments, of items controlled or incurred by the governments.

The NBA conducts the following administered activities on behalf of the governments: management and coordination of Australia's blood supply in accordance with the National Blood Agreement agreed by the Australian Government and the governments of the States and Territories.

The NBA operates under a special account - the National Blood Account. Revenues and expenses associated with the funding and supply of blood and blood products, as well as the operations of the NBA, are recorded in this special account.

The NBA also manages another special account - the National Managed Fund (Blood and Blood Products) Special Account which is intended to meet potential blood and blood product liability claims against the Australian Red Cross Blood Service.

Details of planned activities for the year can be found in the Agency Portfolio Budget Statements for 2015-16 which have been tabled in Parliament.

Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the NBA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the NBA has made no judgements that have a significant impact on the amounts recorded in the financial statements.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

No new accounting standards applicable to the current reporting period had a material effect, and are not expected to have a material effect, on the NBA's financial statements.

Future Australian Accounting Standard Requirements

No new or revised pronouncements were issued by the Australian Accounting Standards Board prior to the finalisation of the financial statements which are expected to have a material financial impact on the NBA in future reporting periods.

AASB 9 Financial Instruments (applicable from the year ending 30 June 2018) represents the first phase of a three-phase process to replace AASB 139 Financial Instruments: Recognition and Measurement. The standard reduces the four categories of financial asset to two: amortised cost and fair value. Given the make-up of the NBA's financial assets (amortised cost items such as loans, receivables, term deposits), the new standard is not expected to impact its treatment or valuation of these assets.

As a not-for-profit public sector entity, the NBA is currently exempt from the requirements of AASB 124 Related Party Disclosures. For reporting periods commencing on or after 1 July 2016, AASB 124 will be extended to apply to all not-for-profit public sector entities and the NBA will be required to disclose any related party transactions in accordance with the revised standard. Disclosure of comparative information is not required in the first year of application.

Other new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the NBA's financial statements.

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Summary of Significant Accounting Policies

Revenue

Revenue from rendering of services and funding from State and Territory governments is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the NBA.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the NBA gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case, revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

Sale of Assets

Gains from the disposal of assets are recognised when control of the asset has passed to the buyer.

Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Employee Benefits

Liabilities for 'short term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Leave

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NBA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NBA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to FRR 24.1(b) the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

NBA staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap), the Australian Government Employee Superannuation Trust (AGEST) or other non-government superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap, AGEST and the non-government superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The NBA makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The NBA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions as at 30 June 2016.

Leases

An operating lease is a lease where the lessor effectively retains substantially all the risks and benefits of ownership. Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight line basis.

Fair Value Measurement

The NBA's policy is to recognise transfers out of fair value hierarchy levels as at the end of the reporting period.

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand;
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- c) cash held by outsiders; and
- d) cash in special accounts.

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Financial Assets

The NBA classifies its financial assets in the following categories:

- a) held-to-maturity investments; and
- b) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Held-to-Maturity Investments

Non derivative financial assets with fixed or determinable payments and fixed maturity dates that the NBA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the NBA becomes party to a contract and has a legal right to receive cash.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial Liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent liabilities are disclosed when settlement is greater than remote.

Acquisition of Assets

Assets are recorded at cost on acquisition. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than the thresholds listed below for each class of asset, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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Overview Note
for the year ended 30 June 2016

<i>Asset class</i>	<i>Recognition Threshold</i>
Infrastructure, Plant and Equipment	\$2,000
Purchased Software	\$5,000
Leasehold improvements	\$10,000
Internally Developed Software	\$50,000

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the NBA where there exists an obligation to restore the property to its original condition. These costs are included in the value of the NBA's leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below.

<i>Asset class</i>	<i>Fair value measured at</i>
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant & equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The most recent independent valuation was conducted by Australian Valuation Solutions on 30 June 2014.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that is previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NBA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2016	2015
Infrastructure, Plant and Equipment	3 to 7 years	3 to 7 years
Leasehold improvements	Lease term	Lease term

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Impairment

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the NBA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Intangibles

The NBA's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the NBA's software are:

Type	2016	2015
Purchased software	3 years	3 years
Internally developed software	5 years	5 years

All software assets were assessed for indications of impairment at 30 June 2016.

Taxation

The NBA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, liabilities and assets are recognised net of GST except:

- a) where the amount of the GST incurred is not recoverable from the Australian Taxation Office; and
- b) for receivables and payables.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the NBA for use by the Government rather than the NBA, is administered revenue. Collections are transferred to the Official Public Account (OPA), maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the NBA on behalf of the Government, and reported as such in the administered cash flow statement and in the administered reconciliation schedule.

NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Revenue

All administered revenues are revenues relating to ordinary activities performed by the NBA on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Revenue from rendering of services and funding from State and Territory governments is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion, and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction will flow to the NBA.

The stage of completion of contracts at the reporting date is determined by reference to services performed to date as a percentage of total services to be performed. The reconciliation between the actual usage and the National Supply Budget Plan is performed in September of the following financial year, and is approved by the Jurisdictional Blood Committee before the NBA return the surplus / charge for extra funding to the States and Territories and the Commonwealth.

Loans and Receivables

Where loans and receivables are not subject to concessional treatments, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition, and amortisation are recognised through profit and loss.

Inventories

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores - purchase cost on a first-in-first-out basis; and
- b) finished goods and work-in-progress - cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in Note 7.1B. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Grants


The NBA administers a number of grant schemes on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed, or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

National Managed Fund

The National Managed Fund was established to manage the liability risks of the Australian Red Cross Blood Service in relation to the provision of blood and blood products. The NBA manages this fund on behalf of the Australian Government and States and Territories. To facilitate the transfer of the fund to the NBA, a special account under Section 78 of the *Public Governance, Performance and Accountability Act 2013* was established, and this fund was transferred to the NBA for reporting.

The Fund came into effect on 1 July 2000 and to date no claims have been made against it. The balance of the fund as at 30 June 2016 is \$120,227,705 (30 June 2015: \$116,017,662), and is made up of from a combination of cash, investments and the balance of the special account.



NATIONAL BLOOD AUTHORITY
Overview Note
for the year ended 30 June 2016

Events After the Reporting Period

Departmental

There were no events occurring after 30 June 2016 with the potential to significantly affect the ongoing structure and financial activities of the NBA.

Administered

There were no events occurring after 30 June 2016 with the potential to significantly affect the ongoing structure and financial activities of the NBA.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

1. DEPARTMENTAL FINANCIAL PERFORMANCE

	2016	2015
NOTE 1.1: Expenses	\$'000	\$'000
Note 1.1A: Employee Benefits		
Wages and salaries	4 406	4 561
Superannuation:		
Defined contribution plans	469	463
Defined benefit plans	368	358
Leave and other entitlements	1 214	1 052
Separation and redundancies	(230)	-
Other employee benefits	242	261
Total employee benefits	6 469	6 695
Note 1.1B: Suppliers		
Goods and services supplied and rendered		
Consultants	173	744
Contractors	58	47
Travel	321	232
Legal	294	123
IT services	871	1 054
Other	732	969
Total goods and services supplied or rendered	2 449	3 169
Goods supplied	245	415
Services rendered	2 204	2 754
Total goods and services supplied or rendered	2 449	3 169
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	494	493
Workers compensation expenses	59	91
Total other suppliers	553	584
Total suppliers	3 002	3 753

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000

NOTE 1.1: Expenses

Note 1.1C: Losses from Asset Sales

Property, plant and equipment:

Proceeds from sale	1	4
Carrying value of assets sold	8	11
Total losses from asset sales	7	7

NOTE 1.2: Own-Source Income

OWN-SOURCE REVENUE

Note 1.2A: Sale of Goods and Rendering of Services

Rendering of services	290	587
Total sale of goods and rendering of services	290	587

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

2. DEPARTMENTAL FINANCIAL POSITION

Employee related information is disclosed in the People and Relationships section

	2016	2015
	\$'000	\$'000
NOTE 2.1: Financial Assets		
Note 2.1A: Trade and Other Receivables		
Goods and Services receivables		
Goods and services	82	19
Total goods and services receivables	<u>82</u>	<u>19</u>
Appropriations receivable:		
For existing programs	574	955
Total appropriations receivable	<u>574</u>	<u>955</u>
Other receivables:		
GST receivable from the Australian Taxation Office	39	50
Special Account - cash held in the OPA	8 440	8 618
Total other receivables	<u>8 479</u>	<u>8 668</u>
Total trade and other receivables (gross)	<u>9 135</u>	<u>9 642</u>
Receivables are expected to be recovered in:		
No more than 12 months	9 135	9 642
Total trade and other receivables (net)	<u>9 135</u>	<u>9 642</u>
Receivables (gross) are aged as follows:		
Not overdue	9 048	9 627
Overdue by:		
Less than 30 days	-	2
30 to 60 days	86	13
61 to 90 days	1	-
Total receivables (gross)	<u>9 135</u>	<u>9 642</u>

Credit terms for goods and services were within 30 days (2015: 30 days)

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 2.2: Non-Financial Assets

NOTE 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2015-16)

	Leasehold improvements	Other property, plant and equipment	Intangibles		Total
			Computer software internally developed	Computer software purchased	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015					
Gross book value	1 042	805	2 928	723	5 498
Accumulated depreciation, amortisation and impairment	(124)	(153)	(2 747)	(714)	(3 738)
Net book value 1 July 2015	918	652	181	9	1 760
Additions:					
By purchase	-	106	-	33	139
Depreciation and amortisation	(124)	(197)	(46)	(7)	(374)
Disposals:					
Other	-	(7)	-	(1)	(8)
Net book value 30 June 2016	794	554	135	34	1 517
Net book value as of 30 June 2016 represented by:					
Gross book value	1 042	894	2 928	665	5 529
Accumulated depreciation, amortisation and impairment	(248)	(340)	(2 793)	(631)	(4 012)
	794	554	135	34	1 517

No indicators of impairment were found for leasehold improvements, property, plant and equipment, or other intangibles.

No leasehold improvements, property, plant and equipment, or other intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

Any revaluations were conducted in accordance with the revaluation policy stated at Overview Note. On 30/06/14, an independent valuer conducted revaluations of leasehold improvements and property, plant and equipment.

The NBA did not undertake a revaluation of leasehold improvements or property, plant and equipment during 2015-16 (In 2014, revaluation increment for leasehold improvements of \$133,853 and an increment for property, plant and equipment of \$19,350 were credited to the asset revaluation surplus by asset class and included in the equity section of the statement of financial position. Revaluation increments for leasehold improvements of \$111,774 and for property, plant and equipment of \$7,607 reversed previous asset write-downs and were recognised as a gain in the Statement of Comprehensive Income).

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 2.2: Non-Financial Assets

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2014-15)

	Leasehold improvements	Other property, plant and equipment	Intangibles		Total
			Computer software internally developed	Computer software purchased	
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014					
Gross book value	1 034	529	2 828	723	5 114
Accumulated depreciation, amortisation and impairment	-	-	(2 676)	(642)	(3 318)
Net book value 1 July 2014	1 034	529	152	81	1 796
Additions:					
By purchase	8	294	-	-	302
Internally developed	-	-	100	-	100
Depreciation and amortisation	(124)	(160)	(71)	(72)	(427)
Disposals:					
Other disposals	-	(11)	-	-	(11)
Net book value 30 June 2015	918	652	181	9	1 760
Net book value as of 30 June 2015 represented by:					
Gross book value	1 042	805	2 928	723	5 498
Accumulated depreciation, amortisation and impairment	(124)	(153)	(2 747)	(714)	(3 738)
	918	652	181	9	1 760

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000

NOTE 2.3: Payables

Note 2.3A: Suppliers

Trade creditors and accruals	397	718
Total suppliers	397	718

Suppliers expected to be settled

No more than 12 months	397	718
Total suppliers	397	718

Settlement was usually made within 30 days.

Note 2.3B: Other Payables

Wages and salaries	17	(68)
Superannuation	3	32
Lease incentive	585	608
Total other payables	605	572

Other payables expected to be settled

No more than 12 months	67	(5)
More than 12 months	538	577
Total other payables	605	572

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

NOTE 2.4: Other Provisions

	Provision for restoration	Total
	\$'000	\$'000
Carrying amount 1 July 2015	142	142
Unwinding of discount or change in discount rate	(1)	(1)
Closing balance 2016	141	141
	2016	2015
Other provisions are expected to be settled in:	\$'000	\$'000
More than 12 months	141	142
Total other provisions	141	142

The NBA currently has 1 agreement (2015: 1) for the leasing of premises which have provisions requiring the NBA to restore the premises to their original condition at the conclusion of the lease. The NBA has made a provision to reflect the present value of this obligation.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

3. INCOME AND EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT		
	2016	2015
NOTE 3.1: Administered - Expenses	\$'000	\$'000
Note 3.1A: Employee Benefits		
Wages and salaries	215	156
Superannuation:		
Defined contribution plans	15	11
Defined benefit plans	24	17
Leave and other entitlements	12	12
Other employee benefits	3	-
Total employee benefits ¹	269	196
Note 3.1B: Suppliers		
Goods and services supplied or rendered		
Purchases of blood and blood products	1 052 651	955 538
Consultants	1 800	1 325
Contractors	1 654	3 214
Travel	126	117
IT services	290	433
Other	294	191
Total goods and services supplied or rendered	1 056 815	960 818
Goods supplied	1 052 847	955 705
Services rendered	3 968	5 113
Total goods and services supplied or rendered	1 056 815	960 818
	2016	2015
NOTE 3.2: Administered - Income	\$'000	\$'000
Non-Taxation Revenue		
Note 3.2A: Funding from Governments		
Commonwealth contributions ²	648 651	535 745
State & Territory contributions	392 214	386 973
Total funding from governments	1 040 865	922 718
¹ These salaries relate to a taskforce established to implement a program of work to improve governance and management of immunoglobulin products funded and supplied under the National Blood Agreement.		
² Funding for 2014-15 departs from the 63:37 ratio as a result of prior year acquittals return to the Commonwealth in 2014-15		

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

4. ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT		
	2016	2015
NOTE 4.1: Administered - Financial Assets	\$'000	\$'000
Note 4.1A: Trade and Other Receivables		
Goods and services receivables		
Goods and services	13 061	3 077
Total goods and services receivables	13 061	3 077
Other receivables:		
Special Account - cash held in the OPA	173 516	205 613
Interest	2 050	1 886
GST receivable from the Australian Taxation Office	6 524	4 275
Total other receivables	182 090	211 774
Total trade and other receivables (gross)	195 151	214 851
Less impairment allowance:		
Goods and services	-	(3 037)
Total trade and other receivables (net)	195 151	211 814
Trade and other receivables are expected to be recovered in:		
No more than 12 months	195 151	211 814
Total trade and other receivables (net)	195 151	211 814
Trade and other receivables (gross) were aged as follows:		
Not overdue	195 151	211 814
Overdue by:		
More than 90 days	-	3 037
Total trade and other receivables (gross)	195 151	214 851
The impairment allowance is aged as follows:		
Overdue by:		
More than 90 days	-	(3 037)
Total impairment allowance account	-	(3 037)
Credit terms are within 30 days from date of invoice (2015: 30 days).		
Reconciliation of the Impairment Allowance Account		
Other Receivables		
Opening balance	(3 037)	(3 037)
(Increase)/decrease recognised in net surplus	3 037	-
Closing balance	-	(3 037)

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
NOTE 4.1: Administered - Financial Assets		
Note 4.1B: Other Investments		
Deposits ¹	119 600	114 262
Total other investments	119 600	114 262
Other investments are expected to be recovered in:		
No more than 12 months	53 200	57 062
More than 12 months	66 400	57 200
Total other investments	119 600	114 262

¹ Monies invested in term deposits with various approved institutions under Section 58 of the *Public Governance, Performance and Accountability Act 2013*, for the purposes of receiving passive investment income.

NOTE 4.2: Administered - Non-Financial Assets

Note 4.2A: Inventories

National Reserve inventory held for distribution	53 934	53 499
Other inventory held for distribution	50 842	56 816
Total inventories	104 776	110 315

During 2015-16, \$482,490 of inventory held for distribution related to a net write-off of damaged and expired stock and was recognised as an expense (2015: \$251,179). No items of inventory were recognised at fair value less cost to sell. All inventory is expected to be distributed in the next 12 months.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

NOTE 4.2: Administered - Non-Financial Assets

Note 4.2B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2015-16)

	Property, plant and equipment	Intangibles		Total
		Computer software internally developed	Computer software purchased	
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015				
Gross book value	430	2 019	147	2 596
Accumulated depreciation, amortisation and impairment	(98)	(1 219)	(147)	(1 464)
Net book value 1 July 2015	332	800	-	1 132
Additions:				
Internally developed	-	1 785	-	1 785
Depreciation and amortisation	(144)	(303)	-	(447)
Net book value 30 June 2016	188	2 282	-	2 470
Net book value as of 30 June 2016 represented by:				
Gross book value	430	3 804	147	4 381
Accumulated depreciation, amortisation and impairment	(242)	(1 522)	(147)	(1 911)
	188	2 282	-	2 470

No indicators of impairment were found for property, plant and equipment and intangibles.
 No property, plant or equipment or intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

Any revaluations are conducted in accordance with the revaluation policy stated at Overview Note. On 30/06/14, an independent valuer conducted revaluations of property, plant and equipment.

The NBA did not undertake a revaluation of property, plant and equipment during 2015-16 (In 2014 \$27,499 was credited to the asset revaluation surplus by asset class and included in the other comprehensive income section of the Administered Schedule of Comprehensive Income; no decrement was expensed).

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles (2014-15)

	Property, plant and equipment	Intangibles		Total
		Computer software internally developed	Computer software purchased	
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014				
Gross book value	482	1 909	147	2 538
Accumulated depreciation, amortisation and impairment	(333)	(738)	(119)	(1 190)
Net book value 1 July 2014	149	1 171	28	1 348
Additions:				
By purchase	281	-	-	281
Internally developed	-	110	-	110
Depreciation and amortisation	(98)	(481)	(28)	(607)
Net book value 30 June 2015	332	800	-	1 132
Net book value as of 30 June 2015 represented by:				
Gross book value	430	2 019	147	2 596
Accumulated depreciation, amortisation and impairment	(98)	(1 219)	(147)	(1 464)
	332	800	-	1 132

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
NOTE 4.3: Administered - Payables		
Suppliers		
Trade creditors and accruals	51 489	52 864
Total suppliers	<u>51 489</u>	<u>52 864</u>
Suppliers expected to be settled		
No more than 12 months	51 489	52 864
Total suppliers	<u>51 489</u>	<u>52 864</u>
Settlement was usually made within 30 days.		

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

5. FUNDING

NOTE 5.1: Appropriations

5.1A: Annual Appropriations (Recoverable GST exclusive)

Annual Appropriations for 2016

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2016 (current and prior years) \$'000	Variance \$'000
	Annual Appropriation (a) \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
DEPARTMENTAL							
Ordinary annual services	5 849	-	90	-	5 939	5 718	221
Capital Budget (b)	63	-	-	-	63	145	(82)
Total departmental	5 912	-	90	-	6 002	5 863	139
ADMINISTERED							
Ordinary annual services	-	-	-	-	-	-	-
Administered items	7 070	-	n/a	-	7 070	7 070	-
Total administered	7 070	-	n/a	-	7 070	7 070	-

(a) Appropriation Act (No.3) 2014-15 50.300M was returned to the Consolidated Revenue Fund (CRF) as the Government decided not to proceed with the merger of the National Blood Authority and the Australian Organ and Tissue Donation and Transplantation Authority. In addition, savings of \$0.130M was returned to the CRF, from Appropriation Act (No.1) 2015-16.

(b) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for 2015

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance \$'000
	Annual Appropriation (a) \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
DEPARTMENTAL							
Ordinary annual services	6 266	-	42	-	6 308	6 223	85
Capital Budget (b)	672	-	-	-	672	245	427
Total departmental	6 938	-	42	-	6 980	6 468	512
ADMINISTERED							
Ordinary annual services	-	-	-	-	-	-	-
Administered items	7 178	-	n/a	-	7 178	7 178	-
Total administered	7 178	-	n/a	-	7 178	7 178	-

(a) Appropriation Act (No.3) 2014-15 50.300M was quarantined for the purpose of the merging with Australian Organ and Tissue Donation and Transplantation Authority.

(b) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

NOTE 5.1: Appropriations

5.1B: Unspent Annual Appropriations (Recoverable GST exclusive)

	2016	2015
	\$'000	\$'000
DEPARTMENTAL		
Cash	54	21
Appropriation Act (No.1) 2014-15	508	655
Appropriation Act (No.3) 2014-15	-	300
Appropriation Act (No.1) 2015-16	66	-
Total	628	976

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 5.2: Special Accounts

	The National Blood Account ¹		National Managed Fund (Blood and Blood Products) ²	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance brought forward from previous period	217 923	299 928	1 421	331
Increases	1 051 120	940 900	61 306	46 514
Appropriation credited to special account	12 933	13 646	-	-
Costs recovered	-	-	-	-
Realised investments	-	-	57 059	41 351
Other receipts - Commonwealth contributions	648 651	535 745	-	-
Other receipts - State and territory contributions	389 265	390 882	-	-
Other receipts - External parties	271	627	4 247	5 163
Total increases	1 051 120	940 900	61 306	46 514
Decreases:				
Departmental	9 740	10 674	-	-
Payments made to employees	6 373	6 839	-	-
Payments made to suppliers	3 367	3 835	-	-
Total departmental decreases	9 740	10 674	-	-
Administered	1 070 103	1 012 231	62 437	45 424
Payments made to employees	270	196	-	-
Payments made to suppliers	1 069 833	1 012 035	37	174
Investments made from the special account (PGPA Act section 58)	-	-	62 400	45 250
Total administered decreases	1 070 103	1 012 231	62 437	45 424
Total decreases	1 079 843	1 022 905	62 437	45 424
Total balance carried forward to the next period	189 200	217 923	290	1 421

¹ *Appropriation: Public Governance, Performance and Accountability Act 2013 section 80*

Establishing Instrument: National Blood Authority Act 2003

Purpose: The National Blood Authority was established on 1 July 2003 with the principal role of managing the national blood arrangements, ensuring sufficient supply and to provide a new focus on the safety and quality of blood and blood products. The funding for blood and blood products is funded from a special account established under the *National Blood Authority Act 2003*, section 40. The NBA's activities contributing to its outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled by the agency in its own right. Administered activities involve the management or oversight by the NBA on behalf of the Government of items controlled or incurred by the Government.

² *Appropriation: Public Governance, Performance and Accountability Act 2013 section 78*

Establishing Instrument: Public Governance, Performance and Accountability Act 2013 section 78

Purpose: For the receipt of monies and payment of all expenditure related to the management of blood and blood products liability claims against the Australian Red Cross Society (ARCS) in relation to the activities undertaken by the operating division of the ARCS known as the Australian Red Cross Blood Service.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 5.3: Cash Flow Reconciliation

	2016	2015
Note 5.3A: Cash Flow Reconciliation	\$'000	\$'000
Reconciliation of net cost of services to net cash from operating activities:		
Net (cost of)/contribution by services	(5 974)	(6 297)
Revenue from Government	5 719	6 266
Adjustments for non-cash items:		
Depreciation / amortisation	374	427
Adjustment for retained earnings	(300)	-
Loss on disposal of assets	6	12
Changes in assets and liabilities:		
(Increase) Decrease in net receivables	509	(738)
(Increase) in non-financial assets	24	(73)
Increase (Decrease) in employee provisions	39	(144)
Increase (Decrease) in supplier payables	(372)	426
Increase (Decrease) in other provisions	1	(5)
Net cash from/(used by) operating activities	26	(126)

Note 5.3B: Administered - Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement

Reconciliation of net cost of services to net cash from operating activities:

Net (cost of)/contribution by services	(21 082)	(42 676)
Adjustments for non-cash items		
Depreciation / amortisation	447	607
Movements in assets and liabilities:		
(Increase)/decrease in net receivables	(15 435)	17 997
(Increase)/decrease in inventories	5 538	(24 259)
(Increase)/decrease in prepayments	16	(38)
Increase/(decrease) in supplier payables	(1 375)	(25 166)
Net cash from/(used by) operating activities	(31 891)	(73 535)

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

6. PEOPLE AND RELATIONSHIPS

	2016	2015
NOTE 6.1: Employee Provisions	\$'000	\$'000
Leave	1 714	1 444
Separations and redundancies	-	230
Total employee provisions	1 714	1 674
Employee provisions are expected to be settled in:		
No more than 12 months	338	484
More than 12 months	1 376	1 190
Total employee provisions	1 714	1 674

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 6.2: Senior Management Personnel Remuneration

	2016	2015
	\$	\$
Short-term employee benefits:		
Salary	682 058	711 017
Vehicle allowances	15 163	22 921
Performance bonuses	20 000	20 000
Retention bonuses	2 000	12 000
Total short-term employee benefits	719 221	765 938
Post-employment benefits:		
Superannuation	108 233	114 612
Total post-employment benefits	108 233	114 612
Other long-term benefits:		
Annual leave accrued	49 219	57 223
Long-service leave accrued	22 148	27 879
Total other long-term benefits	71 367	85 102
Total senior executive remuneration expenses	898 821	965 652

The total number of senior management personnel that are included in the above table are 4 (2015: 4).

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

7. MANAGING UNCERTAINTIES

NOTE 7.1: Contingent Assets and Liabilities

Note 7.1A: Contingent Assets and Liabilities

Quantifiable Contingencies

There were no quantifiable contingent assets or liabilities in this reporting period.

Unquantifiable Contingencies

There were no unquantifiable contingent assets or liabilities in this reporting period.

Note 7.1B: Administered - Contingent Assets and Liabilities

	2016	2015
	\$'000	\$'000
Contingent liabilities		
Indemnities	210 793	230 290
Total contingent liabilities	<u>210 793</u>	<u>230 290</u>
Net administered contingent liabilities	<u>210 793</u>	<u>230 290</u>

Quantifiable Administered Contingencies

The Deed of Indemnity between the Red Cross and the NBA indemnifies the Red Cross in relation to the Sydney Processing Centre (SPC) and the Melbourne Processing Centre (MPC) funding arrangements. If the SPC or MPC funding arrangements cease in respect of an SPC or MPC contract for any reason, the NBA indemnifies the Red Cross in respect of the liability of the Red Cross to make payments of a Funded Obligation, to the extent that the payments become due and payable under the terms of the SPC or MPC contract after the date when the Red Cross no longer has sufficient SPC or MPC funding to meet the funded obligations as a result of the cessation of the SPC or MPC funding.

Unquantifiable Administered Contingencies

Under certain conditions the Australian Government and the States/Territories jointly provide indemnity for the Australian Red Cross Blood Service (the Blood Service) through a cost sharing arrangement for claims, both current and potential, regarding personal injury and damage suffered by a recipient of certain blood products. The Australian Government's share of any liability is limited to sixty three per cent of any agreed net cost.

The Deed of Agreement between the Australian Red Cross Society (the Red Cross) and the NBA in relation to the operation of the Blood Service includes certain indemnities and a limit of liability in favour of the Red Cross. These cover a defined set of potential business, product and employee risks and liabilities arising from the operations of the Blood Service. Certain indemnities for specific risk events operate within the term of the Deed of Agreement, are capped and must meet specified pre-conditions. Other indemnities and the limitation of liability only operate in the event of the expiry and non renewal, or the earlier termination of the Deed of Agreement relating to the operation of the Red Cross or the cessation of funding for the principal sites, and only within a certain scope. All indemnities are also subject to appropriate limitations and conditions including in relation to mitigation, contributory fault, and the process of handling relevant claims.

In the event of the occurrence of the contingent liability disclosed in the Quantifiable Administered Contingencies, the Commonwealth, or its nominee, would be assigned ownership of the Blood Service Melbourne Processing Centre building.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000

NOTE 7.2: Financial Instruments

NOTE 7.2A: Categories of Financial Instruments

Financial Assets

Loans and receivables:

Cash and cash equivalents	54	21
Trade and other receivables	82	19
Carrying amount of financial assets	136	40

Financial Liabilities

At amortised cost:

Trade and other creditors	397	718
Carrying amount of financial liabilities	397	718

The net fair values of the financial assets and liabilities are at their carrying amounts. The NBA derived no interest income from financial assets in either the current and prior year.

Note 7.2B: Credit Risk

The NBA is exposed to minimal credit risk with the maximum exposure arising from the recognition of carrying amount of each financial assets.

Note 7.2C: Liquidity Risk

The NBA has sufficient available financial assets to meet all financial liabilities at 30 June 2016.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

	2016	2015
NOTE 7.3: Administered - Financial Instruments	\$'000	\$'000
NOTE 7.3A: Categories of Financial Instruments		
Financial assets		
Held-to-maturity investments:		
Deposits	119 600	114 262
Total held to maturity investments:	119 600	114 262
Loans and receivables:		
Cash and cash equivalents	489	334
Trade and other receivables	15 111	1 926
Total loans and receivables:	15 600	2 260
Total financial assets	135 200	116 522
Financial Liabilities		
Financial liabilities measured at amortised cost:		
Trade and other creditors	51 489	52 864
Total financial liabilities	51 489	52 864
Note 7.3B: Net Gains or Losses on Financial Assets		
Held-to-maturity investments		
Interest Revenue	4 408	4 732
Net gain on held-to-maturity investments	4 408	4 732
Loans and receivables		
Interest Revenue	3	5
Net gain on loans and receivables	3	5
Net gain on financial assets	4 411	4 737

NATIONAL BLOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 7.3: Administered - Financial Instruments

Note 7.3C: Fair Value of Financial Instruments

Financial assets

The fair values of all monetary financial assets approximate their carrying amounts.

Financial liabilities

The fair values of all monetary financial liabilities approximate their carrying amounts.

Note 7.3D: Credit Risk

The NBA is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets in the statement of financial position. The NBA has no significant exposures to any concentrations of credit risk.

Note 7.3E: Liquidity Risk

The NBA's financial liabilities are trade and other creditors. The exposure to liquidity risk is based on the notion that the NBA will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to special account funding and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Maturities for non-derivative financial liabilities in 2016

	Within 1 year \$'000	Total \$'000
Trade and other creditors	51 489	51 489
Total	51 489	51 489

Maturities for non-derivative financial liabilities in 2015

	Within 1 year \$'000	Total \$'000
Trade and other creditors	52 864	52 864
Total	52 864	52 864

Note 7.3F: Market Risk

The NBA holds basic financial instruments that do not expose it to certain market risks.

The NBA is not exposed to 'interest rate risk', 'currency risk', or 'other price risk'.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 7.4 Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 7.4k: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	Valuation technique(s) ¹	Inputs used	Range (weighted average) ²
Non-financial assets:						
Leasehold improvements	794	918	3	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per square metre)	
Property, plant and equipment	506	588	2	Market Approach	Consumed economic benefit / Obsolescence of asset Adjusted market transactions	25.0% - 25.0% (25.0%) per annum
					Replacement Cost New	
Property, plant and equipment	48	64	3	Depreciated Replacement Cost (DRC)	Consumed economic benefit / Obsolescence of asset	12.5% - 16.7% (15.2%) per annum
Total non-financial assets	1,348	1,570				
Total fair value measurements of assets in the statement of financial position	1,348	1,570				
1. There has been no changes to valuation techniques.						
2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.						

Assets not measured at fair value in the statement of financial position:
The NBA did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2016.

Fair value measurements - highest & best use differs from current use for non-financial assets (NFAs)

The NBA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The NBA procured the service of the Australian Valuation Solutions (AVS) to undertake a comprehensive valuation of all non-financial assets at 30 June 2014. The entity tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

There is no change in the valuation technique since the prior year.

Significant Level 3 inputs utilised by the NBA are derived and evaluated as follows:

Leasehold Improvements - Consumed economic benefit / Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value measurement for the class against the total useful life of each asset.

Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

Recurring Level 3 fair value measurements - sensitivity of inputs

The significant unobservable inputs used in the fair value measurement of the NBA's leasehold improvements and property, plant and equipment asset classes relate to the consumed economic benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

NOTE 7.4: Fair Value Measurement

Note 7.4B: Level 1 and Level 2 transfers for recurring fair value measurements

Recurring fair value measurements transferred between Level 1 and Level 2 for assets and liabilities:

There have been no transfers between levels of the hierarchy during the year.

The NBA's policy for determining when transfers between levels are deemed to have occurred can be found in the Overview Note.

Note 7.4C: Reconciliation for recurring Level 3 fair value measurements

	Non-financial assets					
	Leasehold improvements			Property, plant & equipment		
	2016	2015	2015	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance ¹	918	1 034	80	64	1 114	1 114
Purchases	-	8	0	-	0	8
Total gains/(losses) in accumulated depreciation	(124)	(124)	(16)	(16)	(140)	(140)
Closing balance	794	918	64	48	982	982

1. Opening balance as determined in accordance with AASB 13

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in the Overview Note.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 7.5: Administered - Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 7.5A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements		
	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	Valuation techniques ¹⁾	Inputs used	Range (weighted average) ²⁾
Non-financial assets						
Property, plant and equipment	174	302	2	Market Approach	Consumed economic benefit / Obsolescence of asset	25.0% - 25.0% (25%) per annum
Property, plant and equipment	14	30	3	Depreciated Replacement Cost (DRC)	Adjusted market transactions Replacement Cost New	12.5% - 16.7% (15.2%) per annum
Total non-financial assets	<u>188</u>	<u>332</u>				
Total fair value measurements of assets in the statement of financial position	<u>188</u>	<u>332</u>				

1. There has been no changes to valuation techniques.
2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

Assets not measured at fair value in the statement of financial position:
The NBA did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2016.

Fair value measurements - highest & best use differs from current use for non-financial assets (NFAs)

The NBA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The NBA procured the service of the Australian Valuation Solution (AVS) to undertake a comprehensive valuation of all non-financial assets at 30 June 2014. The entity tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. There is no change in the valuation technique since the prior year.

Significant Level 3 inputs utilised by the NBA are derived and evaluated as follows:

Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

Recurring Level 3 fair value measurements - sensitivity of inputs

Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the NBA's property, plant and equipment asset classes relate to the consumed economic benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

NOTE 7.5: Administered - Fair Value Measurement

Note 7.5B: Level 1 and Level 2 transfers for recurring fair value measurements
Recurring fair value measurements transferred between Level 1 and Level 2 for assets and liabilities:
There have been no transfers between levels of the hierarchy during the year.

The NBA's policy for determining when transfers between levels are deemed to have occurred can be found in the Overview Note.

Note 7.5C: Reconciliation for recurring Level 3 fair value measurements

	Non-financial assets			
	Property, plant & equipment		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Opening balance ¹	30	46	30	46
Total gains/ (losses) in accumulated depreciation	(16)	(16)	(16)	(16)
Closing balance	14	30	14	30

1. Opening balance as determined in accordance with AASB 13

The entity's policy for determining when transfers between levels are deemed to have occurred can be found in the Overview Note.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

8. OTHER INFORMATION

NOTE 8.1: Reporting of Outcomes

Note 8.1A: Net Cost of Outcome Delivery

	Outcome 1	
	2016	2015
	\$'000	\$'000
Departmental		
Expenses	9 851	10 887
Own-source income	3 877	4 590
Administered		
Expenses	1 066 361	970 198
Income	396 628	391 777
Net cost of outcome delivery¹	675 707	584 718

¹The net cost of outcome delivery reflects the cost of the Australian Government only.

Note 8.1B: Major Classes of Expenses, Income, Assets and Liabilities by Outcomes

The NBA has only one Outcome. Refer to the Statement of Comprehensive Income, the Statement of Financial Position, the Administered Schedule of Comprehensive Income and the Administered Schedule of Assets and Liabilities.

Outcome 1 is described in the Overview Note. Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome.

Refer to Resource for outcomes table in this Annual Report.

NATIONAL BLOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 8.2: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for the NBA. The Budget is not audited.

Note 8.2A: Departmental Budgetary Reports

Statement of Comprehensive Income for the NBA

for the year ended 30 June 2016

	Actual	Budget estimate	
	2016	Original ¹	Variance ²
	2016	2016	2016
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	6 469	6 405	64
Suppliers	3 002	2 930	72
Depreciation and amortisation	374	389	(15)
Finance costs - Unwinding of discount	(1)	7	(8)
Losses from asset sales	7	-	7
Total expenses	9 851	9 731	120
Own-Source Income			
Own-source revenue			
Sale of goods and rendering of services	290	-	290
Other revenue - Funding from State and Territory governments	3 493	3 420	73
Total own-source revenue	3 783	3 420	363
Gains			
Resources received free of charge - Remuneration of auditors	94	94	-
Total gains	94	94	-
Total own-source income	3 877	3 514	363
Net cost of services	5 974	6 217	(243)
Revenue from Government - Departmental annual appropriations	5 719	5 849	(130)
Surplus (Deficit) attributable to the Australian Government	(255)	(368)	113
Total comprehensive income/(loss) attributable to the Australian Government	(255)	(368)	113

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Statement of Financial Position for the NBA
as at 30 June 2016

	Actual	Budget estimate	
		Original ¹	Variance ²
	2016	2016	2016
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	54	29	25
Trade and other receivables	9 135	8 558	577
Total financial assets	9 189	8 587	602
Non-Financial Assets			
Leasehold improvements	794	936	(142)
Property, plant and equipment	554	804	(250)
Intangibles	169	440	(271)
Prepayments	149	100	49
Total non-financial assets	1 666	2 280	(614)
Total assets	10 855	10 867	(12)
LIABILITIES			
Payables			
Suppliers	397	397	-
Other payables	605	564	41
Total payables	1 002	961	41
Provisions			
Employee provisions	1 714	1 589	125
Other provisions	141	412	(271)
Total provisions	1 855	2 001	(146)
Total liabilities	2 857	2 962	(105)
Net assets	7 998	7 905	93
EQUITY			
Contributed equity	3 313	3 313	-
Reserves	359	359	-
Retained surplus	4 326	4 233	93
Total equity	7 998	7 905	93

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Statement of Changes in Equity for the NBA
for the year ended 30 June 2016

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Opening balance												
Balance carried forward from previous period	4 881	4 601	280	359	359	-	3 250	3 250	-	8 490	8 210	280
Adjusted opening balance	4 881	4 601	280	359	359	-	3 250	3 250	-	8 490	8 210	280
Comprehensive Income												
Surplus / (Deficit) for the period	(255)	(368)	113	-	-	-	-	-	-	(255)	(368)	113
Total comprehensive income	(255)	(368)	113	-	-	-	-	-	-	(255)	(368)	113
Transactions with owners												
<i>Distributions to owners</i>												
Returns of capital - Restructuring	(300)	-	(300)	-	-	-	-	-	-	(300)	-	(300)
<i>Contributions by owners</i>												
Departmental capital budget	-	-	-	-	-	-	63	63	-	63	63	-
Total transactions with owners	(300)	-	(300)	-	-	-	63	63	-	(237)	63	(300)
Closing balance as at 30 June	4 326	4 233	93	359	359	-	3 313	3 313	-	7 998	7 905	93

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Cash Flow Statement for the NBA
for the year ended 30 June 2016

	Actual	Budget estimate	
		Original ¹	Variance ²
	2016	2016	2016
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	5 718	5 849	(131)
Sales of goods and rendering of services	3 742	3 420	322
Net GST received	308	224	84
Total cash received	9 768	9 493	275
Cash used			
Employees	6 373	6 405	(32)
Suppliers	3 548	2 937	611
Cash transferred to the Official Public Account	(179)	114	(293)
Total cash used	9 742	9 456	286
Net cash from/(used by) operating activities	26	37	(11)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	1	-	1
Total cash received	1	-	1
Cash used			
Purchase of property, plant and equipment	106	100	6
Purchase of intangibles	33	-	33
Total cash used	139	100	39
Net cash (used by) investing activities	(138)	(100)	(38)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - Departmental capital budget	145	63	82
Total cash received	145	63	82
Net cash from financing activities	145	63	82
Net increase / (decrease) in cash held	33	-	33
Cash and cash equivalents at the beginning of the reporting period	21	29	(8)
Cash and cash equivalents at the end of the reporting period	54	29	25

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

Note 8.2B: Departmental Major Budget Variances for 2016

Explanations of major variances	Affected line items (and statement)
Statement of Comprehensive Income	
<u>Rendering of Services</u>	
This variance resulted from additional funds from the Department of Health - Queensland \$0.200m.	<i>Sale of goods and rendering of services (Statement of Comprehensive Income)</i>
Statement of Financial Position	
<u>Trade and other receivables</u>	
This variance is primarily as a result of residual undrawn Departmental Capital Budget Appropriation of \$0.508m.	<i>Trade and other receivables, Property, plant and equipment, Intangibles (Statement of Financial Position)</i>
<u>Other provisions</u>	
This variance has resulted from the reversal of a redundancy provision originally created for the merging between the NBA and the OTA.	<i>Other provisions (Statement of Financial Position), Employee expenses (Statement of Comprehensive Income)</i>
Statement of Changes in Equity for the NBA	
<u>Distributions to owners</u>	
Return of funding to the Commonwealth as result of the merger with Australian Organ and Tissue Donation and Transplantation Authority not proceeding.	<i>Transactions with owners (Statement of Changes in Equity for the NBA)</i>

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

Note 8.2C: Administered Budgetary Reports

Administered Schedule of Comprehensive Income for the NBA
 for the year ended 30 June 2016

	Actual 2016 \$'000	Budget estimate	
		Original ¹ 2016 \$'000	Variance ² 2016 \$'000
NET COST OF SERVICES			
Expenses			
Employee Benefits	269	57	212
Suppliers	1 056 815	1 205 116	(148 301)
Grants - Non-profit organisations (Australian Red Cross Blood Service)	8 830	8 577	253
Depreciation and amortisation	447	487	(40)
Total expenses	1 066 361	1 214 237	(147 876)
Income			
Revenue			
Non-taxation revenue			
Funding from governments	1 040 865	1 159 164	(118 299)
Interest - Deposits	4 411	-	4 411
Other revenue	3	-	3
Total non-taxation revenue	1 045 279	1 159 164	(113 885)
Total revenue	1 045 279	1 159 164	(113 885)
Net (cost of) / contribution by services	(21 082)	(55 073)	33 991
Surplus/(Deficit)	(21 082)	(55 073)	33 991
Total comprehensive income	(21 082)	(55 073)	33 991

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

Administered Schedule of Assets and Liabilities for the NBA

as at 30 June 2016

	Actual	Budget estimate	
		Original ¹	Variance ²
	2016	2016	2016
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	489	363	126
Trade and other receivables	195 151	27 020	168 131
Other investments	119 600	121 026	(1 426)
Total financial assets	315 240	148 409	166 831
Non-financial assets			
Inventories	104 776	87 559	17 217
Property, plant and equipment	188	47	141
Intangibles	2 282	321	1 961
Prepayments	76 055	76 032	23
Total non-financial assets	183 301	163 959	19 342
Total assets administered on behalf of Government	498 541	312 368	186 173
LIABILITIES			
Payables			
Suppliers	51 489	80 888	(29 399)
Total payables	51 489	80 888	(29 399)
Total liabilities administered on behalf of Government	51 489	80 888	(29 399)
Net assets	447 052	231 480	215 572

1. The NBA's original budgeted financial statement that was first presented to parliament in respect of the reporting period (i.e. from the NBA's 2015-16 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amount for 2016. Explanations of major variances are provided further below.

NATIONAL BLOOD AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 for the year ended 30 June 2016

Note 8.2D: Administered Major Budget Variances for 2016

Explanations of major variances	Affected line items (and statement)
Administered Schedule of Comprehensive Income	
<u>Suppliers</u>	
This variance is as a result of a range of factors including:	<i>Suppliers (Administered Schedule of Comprehensive Income), Deficit/Surplus (Administered Schedule of Comprehensive Income)</i>
- the return by the Blood Service of \$28.500m as a result of efficiencies associated with the 2014-15 Output Based Funding Model;	
- the full year impact of reduced contract prices as a result of new tenders in 2013-14 (and the partial year impact for new tenders in 2015-16) for imported blood products;	
- a continuation of a reduction in the demand for fresh blood products as a result of improved appropriate use and reduced wastage;	
- and an over estimation of budgeted supplier costs.	
<u>Funding from governments</u>	
The variance predominantly relates to two factors:	<i>Funding from governments (Administered Schedule of Comprehensive Income), Deficit/Surplus (Administered Schedule of Comprehensive Income)</i>
- the return of \$113m to the Commonwealth, and State and Territory Governments for the 2014-15 end of year reconciliation as part of the National Blood Agreement; and	
- balance being the mid year review reduction for the 2015-16 National Supply Plan and Budget.	
Administered Schedule of Assets and Liabilities	
<u>Trade and other receivables</u>	
The 2015-16 Portfolio Budget Statements does not classify Special Account - cash held in the OPA as Trade and other receivables.	<i>Trade and other receivables (Administered Schedule of Assets and Liabilities)</i>
<u>Intangibles</u>	
This variance relates to the capitalisation of "BloodSTAR" (Blood System for Tracking Authorisations and Reviews), a new ICT system.	<i>Intangibles (Administered Schedule of Assets and Liabilities)</i>
<u>Suppliers</u>	
This variance is as a result of a decrease in Suppliers and timing of payments at year end.	<i>Suppliers (Administered Schedule of Assets and Liabilities)</i>

END OF FINANCIAL STATEMENTS