

2013-14 to 2015-16 STATEMENT OF EXPECTATIONS

Standing Council on Health (SCoH) Expectations of the Australian Red Cross Blood Service (the Blood Service) under the National Blood Arrangements

I. Introduction

The provision of fresh blood products is an essential service for all Australians and all governments are committed to ensuring a secure supply of fresh blood components to meet the clinical needs of Australian patients. All governments strongly support the Australian Red Cross Blood Service (Blood Service) in its ongoing role of achieving this goal within the terms of the National Blood Agreement.

Ministers acknowledge the expertise and knowledge of the Blood Service with regard to blood and blood services. Ministers commend the Blood Service on achievements through 2010-11 – 2012-13, in particular:

- Delivery of operational surpluses;
- Completion and commission of the Sydney Processing Centre and Melbourne Processing Centre on time and within budget;
- Improvements in red cell yield, with a result significantly above the target for improvement.

Ministers also note that best value for money for governments is directly related to the Blood Service organisational performance. This includes transparency in the costs of collection and production of blood and blood products that will support a well-considered approach to the appropriate clinical use of blood. This will, in turn, ensure the sustainability of the Blood Service as Australia's national blood service provider into the future.

The National Blood Authority (NBA) is authorised by governments to manage the relationship between all governments and the Blood Service through a Deed of Agreement. Development of a performance agreement between Governments and the Blood Service arose as a response from Ministers to the recommendations in the Blood Service Business Study, which was conducted in 2007. The first Statement of Expectations covered the period from 2010-13. This Statement from Ministers builds on Deed provisions and will provide guidance for implementation of the new Deed, including the Funding and Services Agreement.

II. Purpose of the Statement

This Statement describes at a high level the commitments of Australian governments under the National Blood Agreement for the financial years 2013-14 to 2015-16. It also describes what governments expect from their continuing partnership with the Blood Service. This is in the context of government legislation, policies and priorities that are relevant to the Australian blood sector and the broader health system.

The Statement of Expectations:

- Sets out the Governments' overarching principles, goals and policies which impact on the Australian blood sector and therefore the Blood Service
- Identifies a number of important strategic priorities and key performance indicators
- Identifies key stakeholder relationships
- Outlines the obligations that the Blood Service will be expected to fulfil in the delivery of its services
- Indicates the resources to be made available to the Blood Service over this period
- Outlines the obligations of governments in supporting the Blood Service to deliver its services

III. Governance framework

As part of an overall governance framework, the Statement of Expectations will inform the Deed of Agreement between the NBA (on behalf of all governments) and the Australian Red Cross Society (Red Cross (acting through the Blood Service)). It will be supported by:

- the Funding and Services Agreement, which includes the Output Based Funding Model (OBFM); the National Service Requirements and Standards (NSR&S); the Blood Service Research and Development Framework; and the Transfusion Medicine Services Framework;
- the National Supply Plan and Budget (NSP&B); and
- the Blood Service Capital Plan.

IV. Duration of Statement, update and review mechanisms

The Statement of Expectations has been agreed by all governments through the Standing Council on Health (SCoH) and covers a three year period from 2013-14 to 2015-16.

A report will be provided annually to SCoH, through the NBA, of the Blood Service's performance for the previous financial year against the Statement.

SCoH does not expect to update the Statement during the three years unless there is a change in government policy or strategic priorities.

V. Government Policy Objectives

The Statement of Expectations supports the objectives of the National Blood Agreement as follows:

"The primary policy objectives for the Australian blood sector are:

- (a) to provide an adequate, safe, secure and affordable supply of blood products, blood related products and blood related services in Australia
- (b) to promote safe, high quality management and use of blood products, blood related products and blood related services in Australia.

In pursuing the primary policy objectives, the Parties will have regard to the following secondary policy aims:

- (a) to meet international obligations and standards;
- (b) to maintain reliance on voluntary, non-remunerated donations of whole blood and plasma;
- (c) to promote national self-sufficiency;
- (d) to provide products to patients free of charge and based on clinical need and appropriate clinical practice;
- (e) to promote optimal safety and quality in the supply, management and use of products, including through uniform national standards;
- (f) to make best use of available resources, and to give financial and performance accountability for the use of resources by all entities involved in the Australian blood sector;
- (g) to undertake national information gathering, monitoring of new developments, reporting and research in relation to the Australian blood sector;
- (h) to maintain flexibility and capacity to respond in a timely manner to changing circumstances and needs;

- (i) to ensure public support and confidence in the Australian blood sector; and
- (j) to work towards optimal access to blood products and blood related products across the nation, ensuring that patients continue to access the blood products and blood related products their clinicians determine will best meet their needs so far as practicable in accordance with national best practice based on clinical guidelines. This clause does not preclude States and Territories from altering the range of blood products and blood related products that are prescribed and received in their jurisdiction.”

VI. Government Principles

Governments expect that an adequate, safe and secure supply of fresh blood products will be maintained, in accordance with the following principles:

Value for money, interpreted as the provision of products and services through the collection, production and distribution of fresh blood components and services that meet regulatory requirements, while, to the maximum extent possible, making cost benefit decisions within a finite health budget to achieve:

- a. The lowest possible cost of collection, processing and distribution
- b. Security of supply to meet the needs of the sector
- c. The maximum use of donated blood
- d. The most appropriate use of blood and blood products for patient outcomes
- e. Delivery of products in accordance with the requests of jurisdictions with a priority being responsiveness to clinical demand
- f. Effective mitigation of the risks of not meeting governments’ supply plan.
- g. Coordinated approach to the delivery of information to health professionals and patients

Government commitment to **meet the fair and reasonable costs** of the management and operations of the blood service provided by the Blood Service, including the necessary investments in capital infrastructure, in accordance with arrangements and policies established under the National Blood Agreement.

Reciprocal open communication: Government commitment to provide timely advice to the Blood Service on government priorities and to consult the Blood Service on blood policy development. The Blood Service commitment to timely information sharing on matters important to planning and management of the Australian blood sector.

Predictability for governments: any changes in provision of products to be built into planning process and underpinned by robust analysis of cost and evidence-based clinical benefits of all options.

Support for relationships between the Blood Service, governments and the NBA that are characterised by the principles of **respect, accountability, trust, empathy, clarity, quality and responsiveness.**

VII. Strategic priorities and deliverables

The Blood Service in their 2009 Strategic Plan has three central strategic objectives:

- **Deliver service excellence for their customers and donors** by enhancing their service and championing innovative improvement opportunities;
- **Providing value for their stakeholders** by delivering their products and services efficiently, and in a way that balances stakeholder priorities; and
- **Improve their organisational capability** by attracting and retaining engaged and productive employees and enhancing systems and facilities to support future organisational sustainability.

The Blood Service Strategic Plan is currently being revised, and this section will be updated to reflect any amendments to these central objectives.

As the funder and major stakeholder for the Blood Service, Australian Governments are accountable to Parliament and the Australian community for the performance of the blood sector, including the Blood Service. Governments expect adequate accountability and transparency in the application of funding provided to the Blood Service and that the Blood Service appropriately manages its affairs and the associated financial risks within the resources provided by governments. Governments also expect that the development of the Blood Service's Business and Strategic Plans will be informed and influenced by the government priorities and include value for money considerations in all aspects of the Blood Service business.

Throughout 2013-16, Australian governments expect the Blood Service to continue to deliver and improve against the expectations outlined in the following table, as well as the key performance indicators at Attachment A.

Expectation	Outcome	Result
Ensure appropriate governance arrangements	Undertake all activities in accordance with appropriate governance arrangements within Australian Standards and Blood Service delegations	
Ensure appropriate contingency arrangements for all operations and sub-contracting	Contingency and business continuity plans maintained and implemented	
Effectively engage with the NBA in planning activities to implement stated government expectations and priorities for the Blood Service	Strategic and business plans reflect government priorities for the Blood Service	
Ensure ethical business practices	Undertake all activities in accordance with the Blood Service ethical framework	
Ensure donor sustainability	Donors managed in accordance with an effective donor management strategy, and donor adverse events reported to the national haemovigilance program	
Undertake activities in accordance with	Continue to meet all regulatory	

Expectation	Outcome	Result
regulatory requirements	requirements	
<p>Improve efficiency and national consistency in service provision, including through the development and implementation of:</p> <ul style="list-style-type: none"> • The second cycle of the Output Based Funding Model • National Service Requirements and Standards • National Inventory Management Framework • Transfusion Medicine Services Framework 	<p>The second cycle of the Output Based Funding Model, the National Service Requirements and Standards, the National Inventory Management Framework and the Transfusion Medicine Framework are developed and implemented</p> <p>TMS Framework to include information , educational and professional development materials available to health professionals and patients</p>	

Result Key: Green = Outcome fully achieved, Amber = Achievement of outcome in progress
Red = Outcome not achieved

VIII. Stakeholder relationships

Effective stakeholder relationships will support the objectives of the National Blood Agreement and the delivery of the Deed of Agreement requirements. They will also support governments' principles of value for money, and allow for blood sector impacts to be addressed in broader health reform.

Governments and the Blood Service expect that in addressing the priorities as indicated above, existing stakeholder relationships will be enhanced, based on open communication, early identification of emerging issues and information sharing, including through the following mechanisms:

- Maintaining and enhancing a responsive donor management program.
- Complying with National Service Requirements and Standards, when they have been finalised.
- Early notification to the NBA of any issues that have the potential to impact on the delivery of, and community confidence in, the blood supply.
- Consultation between governments, the NBA and the Blood Service on policy development and emerging strategic initiatives in the blood sector.

IX. Compliance activities

Governments expect that the Blood Service will comply with all relevant legislative requirements, including:

- Fulfilling all obligations under the Deed of Agreement with the NBA
- Complying with all government legislative requirements and policies, including privacy and ethical standards.
- Complying with obligations applying under the *Therapeutic Goods Act 1989*.

X. Resources

Under the National Supply Plan and Budget (NSP&B), Governments commit funding to resource the Blood Service in accordance with the figures contained in the table below. Governments expect the Blood Service to supply products in accordance with the clinical demand. Figures for the out-years 2013-14, 2014-15 and 2015-16 are indicative only.

Mechanism	FY20013-14	FY2014-15	FY2015-16
National Supply Plan and Budget*	\$x	\$x	\$x

* to be populated following approval of the National Supply Plan and Budget

XI. Accountability and Reporting

The Blood Service will report to Health Ministers annually against expectations outlined in Section VII, as well the key performance indicators at Attachment A.

In addition, the Blood Service will report to the NBA on a regular basis on a range of additional key performance indicators and targets which will be defined in the Deed, and the Funding and Services Agreement.

Attachment A: Key performance indicators

Key performance indicator	Target	Result
Priority One – Planning and Governance		
Undertake effective risk management - Risk mitigation strategies (ISO31000) implemented according to risk management plan	100% of risk mitigation strategies to address high priority recommendations and 80% of other strategies implemented according to timelines identified in the management action plan	
Undertake Research & Development in accordance with an agreed Framework	An appropriate Research and Development Framework is implemented in line with Commonwealth Grant Guidelines and the National Blood Research and Development Strategy	
Priority Two – Business Efficiency Improvement		
Implement an overall efficiency program to improve value for money for governments, including:		
<ul style="list-style-type: none"> Sydney and Melbourne Processing Centre benefits realisation reports completed and provided to governments 	<ul style="list-style-type: none"> Benefits realisation reports provided to the NBA 	
<ul style="list-style-type: none"> South Australia relocation efficiencies generated 	<ul style="list-style-type: none"> Return of savings to governments 	
Priority Three – Operational Performance - Finance		
Annual financial result breakeven or better	>\$0	
Deliver financial efficiencies	Ongoing operational efficiencies of ≥1% of total funding are achieved	
Priority Four – Operational Performance - Safety and Quality		
Demonstrate continuous improvements in safety and quality	Incidents reported to the appropriate body, and actioned according to Blood Service policies	
Priority Five – Operational Performance - Production		
Maintain production efficiencies - Red cell yield to be improved or maintained at or above agreed range	≥86%	

Key performance indicator	Target	Result
Improve units produced/tested per total FTE	Annual increase of units produced per FTE	
Priority Six – Operational Performance – Service and Supply		
Collection and production plans are developed and implemented to ensure supply is sufficient, including:		
<ul style="list-style-type: none"> Red cell, platelet and clinical FFP inventory levels sufficient to meet clinical demand 	<ul style="list-style-type: none"> No activation of the National Supply Contingency Plan due to supply problems at the Blood Service ≥90% of order fulfilment on red cells and platelets ≥80% of order fulfilment on clinical FFP 	
<ul style="list-style-type: none"> Plasma for fractionation supplied in accordance with plan 	<ul style="list-style-type: none"> Plasma for fractionation target met 	
<ul style="list-style-type: none"> Develop, agree and implement a three year plasma strategy 	<ul style="list-style-type: none"> Three year plasma strategy developed and implemented 	
Effective management of Blood Service inventory, including:		
<ul style="list-style-type: none"> Minimise wastage of all products distributed by the Blood Service (note red cell wastage is measured through red cell yield) 	<ul style="list-style-type: none"> Improvement from previous year 	
Ensure customer satisfaction – Health Providers are satisfied with the provision of products and services	Mean overall satisfaction level ≥8	

Result Key: Green = Target achieved, Red = Target not achieved