Annual Report
2003–04

Saving and improving Australian lives through a world-class blood supply
Letter of transmittal

The Hon Tony Abbott MP
Minister for Health and Ageing
Parliament House
CANBERRA ACT 2600

Dear Minister

We are pleased to present you with the first Annual Report of the National Blood Authority, incorporating the report of the advisory Board, for the financial year ending 30 June 2004.


The document has been prepared in accordance with subsections 44(1) and 44(2) of the National Blood Authority Act 2003, and the guidelines approved by the Joint Committee of Public Accounts and Audit referred to in subsections 63(2) and 70(2) of the Public Service Act 1999. These guidelines are applied as a matter of policy to prescribed agencies, including the National Blood Authority, under the Financial Management and Accountability Act 1997.

Subsection 44(3) of the National Blood Authority Act 2003 requires you to present this report to each House of the Parliament within 1.5 sitting days of that House after the day you are given the report.

Yours sincerely

Dr Alison Turner
General Manager
National Blood Authority
26 October 2004

Professor Richard Smallwood
Chair
National Blood Authority Board
26 October 2004
Glossary and abbreviations list

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td>FOI Act</td>
<td>Freedom of Information Act 1982</td>
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<tr>
<td>IVlg</td>
<td>intravenous immunoglobulin</td>
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<td>Jurisdictions</td>
<td>The Australian Government and all state and territory governments</td>
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<td>McKay Wells Review</td>
<td>Commonwealth Review of Australian Blood and Blood Product System,</td>
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<td>Commonwealth Department of Human Services and Health, Canberra.</td>
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<td>NBA</td>
<td>National Blood Authority</td>
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<td>NBA Act</td>
<td>National Blood Authority Act 2003</td>
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<td>Stephen Review</td>
<td>Review of the Australian Blood Banking and Plasma Product Sector,</td>
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<td>chaired by Sir Ninian Stephen and released in March 2001</td>
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Foreword

While our blood supply relies on only the small proportion (3 per cent) of Australians who regularly donate blood, over 80 per cent of Australians use blood or medical products derived from blood at least once in their lives. This precious and finite resource, which relies on the goodwill and generosity of our volunteer donors, must therefore be carefully managed.

After a donor gives a bag of blood, it is tested and separated into its component parts (red cells, platelets and plasma) and processed into a wide range of therapeutic, and some diagnostic products. A single whole-blood donation contributes to some 20 life-saving blood products, used in treating numerous disorders.

The collection, manufacture and transport of those products is a complex process that involves cooperation among several organisations. In recent years, reforms to the blood sector, changing business practices, the development of recombinant products as an alternative to some blood products, and the need to defer certain potential donors in high-risk categories to protect the blood supply from infectious agents, have added to the complexity of managing Australia’s blood supply.

On 1 July 2003 the National Blood Authority (NBA) was made responsible for the efficient and equitable management of blood and blood products across the nation. The NBA quickly established itself as a credible player in the blood sector and tackled these complex issues with fortitude and innovation, not only ensuring supply, but also working with all stakeholders to improve the transparency and accountability of the sector as a whole.

I am honoured to have been appointed as the inaugural Chair of the NBA Board, and to have worked with the NBA in an advisory capacity. The NBA Board has certainly added value to the strategic direction of the organisation, and I am pleased to introduce my fellow board members and outline our activities as part of the Annual Report 2003–04.
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User guide

The National Blood Authority (NBA) is a newly created statutory body established with effect from 1 July 2003. This is our first annual report. It has been written to inform the community of our existence and our roles and responsibilities, as well as to fulfil our legislative and parliamentary reporting requirements.

Our aim is to address the requirements of our various stakeholders, including government, the media, professional bodies, consumers, other organisations within the blood sector—and, of course, Australia’s blood donors, on whom all Australians depend for the supply of their blood and blood products.

The report is divided into sections to help you locate the information most relevant to your needs.

- **Part 1—Overview** provides an overview of the first year of the NBA, including major achievements and significant challenges met along the way. It incorporates a review of the year by the General Manager, as well as a report from the Chair of the NBA Board.

- **Part 2—Structure and functions** gives an overview of why the NBA was established, how the organisation is structured, our roles and responsibilities and our relationships with stakeholders. It also describes how we operate and the strategic frameworks and processes we have implemented in order to fulfil our responsibilities.

- **Part 3—Performance** describes our early achievements against our priorities for the reporting year and provides an analysis of our performance against the NBA’s outcome and output structure as set out in the Department of Health and Ageing Portfolio Budget Statements. It also provides information on our people and management practices, and outlines our financial position for 2003–04.

- **the Appendixes** provide the NBA’s financial statements for the year ending 30 June 2004, and a statement addressing the requirements of the Freedom of Information Act 1982.

Compliance and alphabetical indexes (pages 118–120) and a glossary of acronyms and abbreviations (page iv) are provided to help make the document easy to use.

Additional information on our organisation can be found on our website at www.nba.gov.au or by calling our toll free number, 1800 351 000.
Part 1—Overview

1.1 General Manager’s review
1.2 Chair of the Board’s report
   1.2.1 Establishment of the NBA Board
   1.2.2 Board functions under the NBA Act
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Part 1 provides an overview of the first year of the National Blood Authority, including major achievements and significant challenges met along the way. It incorporates a review of the year by the General Manager, as well as a report from the Chair of the National Blood Authority Board.

1.1 General Manager’s review

On its establishment, the National Blood Authority (NBA) faced the dual challenge of developing new organisational and sector arrangements, while managing a complex operational load. Working within a totally new blood governance structure for Australia, when an issue arose, there were usually no precedents, no agreed ways of working and no established processes, and sometimes there was confusion about which stakeholders were responsible for what.

With a small staffing complement of 34 people, there were few opportunities to dedicate staff to process and system development. The NBA’s achievement of our key operational goals despite these obstacles is a reflection of the hard work and dedication of all NBA staff.

The mission we set ourselves for our establishment year was ‘To build a new national platform to achieve our vision while meeting current blood supply needs.’

We fulfilled our primary function of meeting current blood supply needs. The refinement of the 2003–04 National Supply Plan and Budget and the development of new ones for 2004–05 on behalf of the Australian Health Ministers’ Conference were particularly taxing tasks for the NBA, as governments had to base their demand estimates on unreliable past consumption data and had limited capacity to influence demand once their budgets had been set. The 2004–05 plan was presented to the Australian Health
Ministers’ Conference in April 2004 and has since been agreed.

Our ability to meet Australia’s blood supply needs was tested by shortages of two products—Biostate and Intragram P. Lisa Borella, did a wonderful job of bringing together the data, and liaising with representatives of the States, the Territories and the suppliers, to make key decisions about what to do next. At all times we were able to provide supplies of clinically equivalent products for all jurisdictions that requested them.

A key part of the work of the NBA revolves around managing our major blood supply contracts. This ongoing task involves making and reconciling payments, and monitoring and managing overall supplier performance and the supply of products. As the NBA was responsible for all these tasks from the first day of operation, it was a challenge to continue to support the delivery of these often life-saving products as we managed our own establishment.

The NBA has set in train negotiations which should significantly enhance blood supply security and cost efficiency. These negotiations encompass a number of projects which it had been expected would be finalised prior to the NBA’s establishment—namely, the negotiation and establishment of a new Plasma Products Agreement with CSL Limited and a new Deed of Agreement with the Australian Red Cross Blood Service; the implementation of alternative arrangements to the current Diagnostic Products Agreement; and the assessment of the funding required for the Australian Red Cross Blood Service to implement the Therapeutic Goods Administration’s mandated new haemoglobin levels. Our major negotiations have been underpinned by the development of comprehensive business and negotiation strategies.

We have released our first tender documentation for the contingent supply of intravenous immunoglobulin (IVIg), a tangible outcome of the new blood arrangements and a reflection of our businesslike approach. Once completed, this arrangement will provide a very cost-effective solution to meeting domestic supply shortfalls for IVIg.

The NBA has built new infrastructure to underwrite these outcomes. Key achievements during the year included the:

- establishment of an independent NBA office
- recruitment of a full staffing complement by the end of 2003
- implementation of our information technology system and the establishment of a website
- outsourcing of non-core business systems such as the payroll
- establishment of appropriate governance arrangements
- development of a range of new policies and processes.

Along the way, as we established our business structures, there were some truly amazing performances from staff. David Poulton, our Jurisdictional Blood Committee Secretary, spearheaded the project to move us from a borrowed information technology environment to one that better met our needs and was more cost effective. We moved over seamlessly during one weekend, with no staff downtime. Sandra Cochrane, our Chief Financial Officer, inherited a complex set of financial
arrangements. She juggled major cash flow issues, new policy proposals, special accounts and relationships with the finance areas of our eight funding bodies, and delivered an unqualified audit report at the end of the financial year. Deb LeClos, our Human Resources Manager, single-handedly outsourced our payroll, handled a large volume of recruitment, managed many transition issues for staff, developed human resources policies, and worked with other staff in a cooperative fashion to finalise our certified agreement.

For any Australian Government entity, there is a justifiably high expectation of excellence in corporate governance. The NBA identified its key priorities and in approaching the tasks sought to utilise, as far as possible, material from other agencies. Nonetheless, the unique governance structure of the NBA has always meant that some specific tailoring of processes is inevitable. We have sought to develop a culture that is cooperative and responsive while avoiding unnecessary process.

The NBA has made performance improvement a key ongoing objective. The activities which we identified early and to which we have applied business improvement processes include supply planning, project management, procurement, tender management, verification of supply and contract management.

The NBA managed 22 meetings of the Jurisdictional Blood Committee, as the NBA and other agencies worked together to consolidate previously separate arrangements into a national system, and unravel the complexities of the National Blood Agreement. Most of the papers for the Jurisdictional Blood Committee were prepared by the NBA.

With our priorities directed towards negotiation and infrastructure development, the NBA made limited progress on product usage quality and safety issues. While ensuring product supply was our top priority, the rising demand for and shortages of certain blood products highlighted the need for governments to consider strategies to improve the clinical use of blood and blood products, deal with the increasing costs associated with introduction of new technologies, and to have robust supply policies.

We commenced a process to look at appropriate IVIg usage and have considered a framework for demand management. A study is underway to look at the most appropriate roles across the blood sector to influence demand and clinical practice. It is clear, however, that data on usage and demand must be improved, if we are to develop well-founded strategies. Establishing an information framework for 2004–05 is a top priority.

The creation of the NBA represented a major achievement on behalf of all governments. It presents an opportunity to develop a uniform system for the supply and use of blood and blood products that can set the highest standards of clinical practice and be highly cost efficient. But it will take time and resources.

Support for the NBA has been essential for our success. I would like to particularly thank our Deputy General Managers, Stephanie Gunn and Peter DeGraaff, for the support they have given me in leading the NBA. The Board, chaired by Professor Richard Smallwood, has provided both moral support and increasingly valuable advice as we have moved from operational towards strategic issues. I would also like to thank the Australian
Government Department of Health and Ageing and Catherine Wall for their assistance in our establishment phase and Dr Louise Morauta, First Assistant Secretary, Acute Care Division, Department of Health and Ageing, in particular, for her unswerving commitment to the success of the NBA.

I have mentioned some staff and some tasks by name. Of course, they have not worked alone and there have been many others in the NBA who have done a terrific job. The NBA has been well supported by its staff and we have achieved many successes which you can read about in the following pages. I look forward to 2004–05 as a year when we can build on our work in 2003–04 and all achieve a better work–life balance!

The NBA has set a solid foundation in its first year. With adequate resources and support, it offers governments the potential to be a force for sector improvements in the future. These improvements can encompass better clinical use of blood and blood products, improved risk management of blood product supply and the achievement of savings through competitive blood supply contracts.

### 1.2 Chair of the Board’s report

This is the report by the Chair of the National Blood Authority Board, required under section 44(2) of the National Blood Authority Act 2003.

#### 1.2.1 Establishment of the NBA Board

Members of the NBA Board were selected and appointed by the Australian Health Ministers’ Conference to serve for a four-year period, in line with the legislative requirements set out in the National Blood Authority Act 2003. However, several months prior to the formal establishment of the Board, members were co-opted in an interim capacity to advise the Minister on the selection and appointment of the NBA General Manager.

The initial appointees were Professor Richard Smallwood (Chair), Mr Philip Davies (Australian Government representative), Dr Chris Brook and Ms Prudence Ford (State/Territory representatives), Mr Russell McGowan (Community representative), Dr Peter Lewis-Hughes (Public health expert) and Mr Ken Barker (Financial expert).

During the year, Ms Ford left the Health Department of Western Australia and resigned from the NBA Board. The appointment of a replacement representative is pending.
Mr Philip Davies is currently Deputy Secretary of the Australian Government Department of Health and Ageing. He previously worked in the United Kingdom and in New Zealand, as well as undertaking health-related assignments in a number of other countries. His work has involved performing clinical costings, overseeing organisational development, implementing purchaser/provider reforms, developing new funding arrangements, designing health information systems and implementing policy and legislation relating to health system reforms.

Mr Davies has held positions as Partner in Coopers & Lybrand (now PricewaterhouseCoopers), Deputy Director-General in the New Zealand Ministry of Health, and Senior Health Economist with the World Health Organisation. He was appointed Honorary Fellow, Health Services Research Centre, at the Victoria University of Wellington, New Zealand, in 2001.

Dr Chris Brook is Executive Director, Rural and Regional Health and Aged Care Services, in the Department of Human Services, Victoria. He originally trained as a specialist physician and subsequently gained qualifications in public health medicine and medical administration. He brings to the Board his substantial policy and management experience at senior levels in the government sector.

His key professional interests include quality in health care, information system development, privacy policy, and blood and blood products policy. He is also involved in a number of key national committees and bodies related to these interests. He is an honorary life member of the International Society for Quality in Health Care and in 1999 was awarded Fellowship of the Institute of Public Administrators in recognition of his contribution to health administration in Victoria.

Ms Prudence Ford served on the Board until March 2004, when she resigned from the Western Australia Health Department and her NBA Board position. She had experience in the health sector at both Australian Government and State government levels and with the Canadian Department of Health and Welfare.

Whilst with the Western Australian government she was initially appointed as General Manager, Public Health, in the Western Australia Health Department. She has also held the position of Executive General Manager, Finance and Infrastructure, in the Department of Health and has operated as a consultant to other areas of the public service.

Ms Ford brought to the Board a sound understanding of the operation of the health system, the complexities of the interface between the Australian Government and State/Territory governments and the approaches taken at different jurisdictional levels. Her position is currently vacant.
Mr Russell McGowan is a bone marrow transplant survivor who became an active health consumer through his experiences in treatment during the early 1990s.

His activities as a national consumer representative have included membership of the Board of the Australian Council on Healthcare Standards, a blood safety and quality working group and a bowel cancer screening committee. He also chairs the interim board of a new national consumer organisation, the Cancer Alliance Network (CAN Australia), and is Vice-chair of the Consumers’ Health Forum of Australia.

At the local level, Russell is a member of the Australian Capital Territory Health Council and is also involved with a project to promote better self-management of chronic health conditions such as diabetes, arthritis and asthma, and another to improve health information access for consumers.

Dr Lewis-Hughes is a health care manager with extensive experience at both the Australian Government and State levels. His particular strength is in strategic and business planning for laboratory services and he has been involved in the implementation of a statewide laboratory service for Queensland Health since 1995.

His career has involved many senior roles, including Executive Director of Australian Capital Territory Pathology, Queensland Business Manager for the Commonwealth Medical Service, and Director Strategic Management of the Greenslopes Repatriation Hospital.

He brings to the Board strong experience in the integration and networking of information systems in the area of laboratory reporting, as well as experience in finance and human resources management.

Mr Ken Barker has 35 years experience in the New South Wales Government and has worked for the New South Wales Health Department for 18 years, for the majority of which he has held the position of Chief Financial Officer. His current responsibilities include the financial management of New South Wales Health as well as responsibilities for financial management policy and strategies and business management services. He also has an extensive understanding of insurance risk management, taxation, benchmarking of public hospital support services and independent financial assessment of public–private sector initiatives.

Mr Barker is a member of the New South Wales State Contracts Control Board and Chairman of the New South Wales Treasury Managed Fund Advisory Board. He also chairs the NBA’s Audit Committee and the National Indemnity Reference Group. He brings to the Board extensive understanding of public sector financial management, and an intimate knowledge of the health sector and the nature of Australian Government and State financial arrangements.
1.2.2 Board functions under the NBA Act

The Board’s functions under the National Blood Authority Act 2003 (NBA Act) are as follows:

(a) to participate in consultation with the Minister about the appointment of the General Manager;
(b) to give advice to the General Manager about the performance of the NBA’s functions;
(c) to liaise with governments, suppliers and others about matters relating to the NBA’s functions; and
(d) such other functions (if any) as specified in a written notice given by the Minister to the Chair.

The Board has no capacity independent from the NBA to engage personnel, enter into dealings with other parties or hold money, and does not perform a governance role. Instead, it acts as an advisory body to the General Manager, who is ultimately responsible and accountable for the NBA under the Financial Management and Accountability Act 1997 and the Public Service Act 1999.

In order to better define its roles and responsibilities the Board, together with the NBA, developed a draft charter to provide high-level guidance to members in the conduct of their duties.

Under the Charter, the Board’s roles and responsibilities fall into three main categories:

- providing strategic direction
- helping to ensure effective governance, including the provision of advice on fraud, audit and risk management and the monitoring of NBA’s financial reporting
- liaising with stakeholders to strengthen relationships, promote the roles of the NBA and contribute to the development of the organisation in a manner that furthers stakeholders’ requirements.

The Charter reflects the collective responsibility of board members to promote and further the work of the NBA and the quality of the national blood system. A series of operational procedures was developed to assist the Board in performing its duties and guidelines were provided on such matters as meetings and out-of-session proceedings; declaration of material personal interests and conflict of interest; and information management, including the issuing of public statements.

1.2.3 Achievements

The Board’s first achievement was having the Minister accept its recommendation to appoint Dr Alison Turner as General Manager of the NBA.

Since Dr Turner took up this appointment on 21 August 2003, the NBA Board has met on six occasions, professionally supported by an NBA Secretariat.

As the NBA has developed throughout 2003–04, so too has the scope and value of advice that board members have provided.

Providing strategic direction

Drawing on the combined experience of its members, the Board provided sound strategic advice on a wide variety of issues faced by the NBA during the year and provided input to a number of policy options and funding
submissions prior to their consideration by the Jurisdictional Blood Committee.

Of particular value was the Board’s advice in relation to financial goal setting, forecasting and reporting in response to concerns about the organisation’s financial viability.

The Board helped the NBA to ensure its activities matched its agreed priorities, and recommended strategic approaches to securing a more sustainable financial base. A measure of the Board’s success will be whether these strategies result in improved resourcing of the NBA.

Ensuring effective governance

The Board worked closely with NBA staff throughout 2003–04, to further develop its understanding of the organisation’s operations, and took on the role of overseeing the progress made by the NBA in meeting its compliance requirements and achieving its corporate goals.

During 2003–04 board members provided strategic direction to the NBA on a number of issues, including:

- strategies for the negotiation of a new Plasma Products Agreement with CSL Limited
- strategies for progressing negotiations for a new Deed of Agreement with the Australian Red Cross Blood Service
- options for dealing with short-term IVIg shortages
- options for improving national demand management and the quality use of blood and blood products
- strategies for engaging stakeholders in the work of the NBA
- recommendations for a resource review of the NBA’s funding base.

An important part of the Board’s role was to help the NBA identify and manage its business risks and to redefine its relationships with stakeholders to reflect the expectations of both governments and community in regard to the use of public funds. The Board worked with the NBA to ensure that it established robust contracts and contingency arrangements.

The Board also assisted in the establishment of an Audit Committee, on which two board members (Mr Ken Barker and Mr Philip Davies) currently serve, together with an independent member (Ms Jenny Morison).

At its June 2004 meeting the Audit Committee provided comment on the NBA fraud risk assessment and amended its charter to cover consideration of the NBA Risk Management Strategy, Business Continuity Plan and Internal Audit Program.

The Audit Committee, on advice from the Australian National Audit Office and the NBA...
Chief Financial Officer, reported favourably on the NBA financial management and reporting frameworks and has endorsed the NBA financial statements (Appendix 1).

**Liaison with stakeholders**

The Board has helped the NBA develop the capability to serve the needs of government and key stakeholders and will continue to contribute to the ongoing organisational development of the NBA.

As part of their role, individual board members have liaised with NBA staff on a regular basis, and represented the NBA at meetings, conferences and workshops. They have used these occasions to:

- clarify the role of the NBA
- encourage stakeholder participation in bringing about improvements to the blood sector
- impress on suppliers the need for them to meet accountability, transparency and value for money criteria in contracting with the NBA
- promote the achievements and goals of the NBA.

**1.2.4 Outlook**

The growth and development of the NBA will depend on the level of financial commitment made by governments. Although in 2003–04 the NBA was focused on developing immediately crucial elements of its role, such as contract management and supply and production planning, the organisation has already begun looking at how it may better influence reforms to the sector.

The NBA has started to work collaboratively with stakeholders to obtain a better appreciation of their concerns and expectations and to use this in the provision of better informed policy advice.

In particular, the Board would like to see the NBA develop its role in safety and quality issues as they apply to demand management, and become a stronger influencer of the quality use of blood products. Board members from Victoria and Queensland have provided crucial links with work being undertaken in their respective jurisdictions on the appropriate use of blood and blood products.

Board members undertook a variety of stakeholder liaison activities during 2003–04, including:

- a presentation to the Australian Red Cross Blood Service Board on The NBA: Building stakeholder relationships
- a presentation at the Australian Red Cross Blood Service Course in Transfusion Medicine on Haemovigilance: A public health perspective
- a presentation to the Blood Transfusion Improvement Collaborative on The NBA’s role in improving transfusion outcomes
- discussions with Haemophilia Foundation Australia on Haemophilia Foundation Australia representation on NBA committees
- discussions with the Prime Minister’s senior policy advisor on the NBA’s role and supply issues
- discussions with the Australian Government Solicitor’s office on small agency reporting and the role of advisory boards in government agencies.
Further work needs to be undertaken on these State-based projects, to improve the appropriate ordering and administration of blood components nationwide and to educate health providers on the massive effort and costs involved in producing those components.

The task of weighing up the benefits of administering blood components against the risks involved is also an area that needs more emphasis.

Nowhere has this been more apparent than in the recent report of the Senate enquiry into hepatitis C contamination of the blood supply, released on 17 June 2004, which recommended the implementation of a national haemovigilance scheme by the Australian Council for Safety and Quality in Health Care, in conjunction with the NBA, to monitor adverse transfusion events.

The Board looks forward to the NBA being a national leader in this area. Looking back at the new organisation’s achievements over the past 12 months, the Board has every confidence that, given adequate support from all governments, the NBA will evolve into a centre of excellence capable of delivering Australia a world-class blood supply.
Part 2—Structure and functions

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  2.1.2 The Stephen Review
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2.2 How we operate
  2.2.1 Leadership
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2.3 Our partners in the blood sector
  2.3.1 Governments
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  2.3.3 Regulatory authority
Part 2—Structure and functions

Part 2 gives an overview of why the National Blood Authority was established, how the organisation is structured, our roles and responsibilities, and our relationships with stakeholders. It also describes how we operate and the strategic frameworks and processes we have implemented in order to fulfil our responsibilities.

2.1 Background to our establishment

The world blood sector is currently undergoing change in response to a number of pressures, predominantly around cost and safety issues. Demonstrating this, a number of countries have recently undertaken reviews of the organisation and management of their blood programs, leading to significant reorganisation and structural reforms.

These reforms have been based on rationalisation, consolidation and integration, as well as clarification of roles and responsibilities and system-wide approaches to achieving improved management, accountability and performance as part of risk management.

2.1.1 The McKay Wells Review

In Australia, the 1995 McKay Wells Review, recommending the formation of the Australian Red Cross Blood Service as a national blood service (rather than individual State-based services) provided the impetus for structural change. This, together with the establishment of the Australian Health Ministers’ Advisory Council Blood and Blood Products Standing Committee, provided the first steps towards a national approach to managing Australia’s blood sector.

2.1.2 The Stephen Review

The Review, released in March 2001, recognised the work of Australian governments over recent years in working towards a national approach to blood supply matters, but identified a number of shortcomings in the system, including that it was:

- fragmented and administratively costly and inefficient
- being driven by suppliers rather than clinical demand
- lacking transparent evidence-based assessment mechanisms for new products and technologies
- providing disincentives to achieving national economies of scale
- subject to rising cost pressures from the dynamic, changing nature of the blood sector.

To address these shortcomings, the Review recommended the establishment of an overarching body—a national blood authority—to provide national management, coordination and oversight of Australia’s blood supply.

The NBA was launched as a new organisation at Parliament House on 26 June 2003 by Sir Ninian Stephen, together with Senator Kay Patterson.

### 2.1.3 The National Blood Agreement

In an exceptionally short time and as an excellent example of cooperation between the State and Territory governments and the Australian Government, all parties accepted the recommendations of the Stephen Review, and the National Blood Agreement was signed by all Australian governments. The Agreement specifies the roles and responsibilities of stakeholders, including the NBA, and the governance, financial and safety and quality frameworks within which all governments must work.
The National Blood Agreement also sets out the primary and secondary policy objectives of all governments in relation to the Australian blood sector. Major policy aims are the safe, secure, adequate and affordable supply of blood and blood products in Australia; and the highest quality, effectiveness and efficiency for the Australian blood sector. Supporting principles include a continued policy of national self-sufficiency in blood and blood products; voluntary, unpaid donations of blood and plasma; and the supply of such products free of charge to patients, based on clinical needs and appropriate clinical practice.

The role of the Australian Health Ministers’ Conference and establishment of the Jurisdictional Blood Committee are set out in the National Blood Agreement. The Australian Health Ministers’ Conference is charged with a number of functions, including general oversight and determination of national policy for the Australian blood sector, and oversight of the implementation of the National Blood Agreement. The Jurisdictional Blood Committee’s roles include providing advice to, and dealing with less significant issues under the authority of, the Australian Health Ministers’ Conference.

The Jurisdictional Blood Committee also has responsibilities in relation to the national blood supply. These include:

- referring proposed changes to the national blood supply to appropriate bodies for evidence-based evaluation
- participating in the development of NBA supply and production planning and budgeting
- considering advice from and advising the NBA on matters related to the national blood supply
- monitoring developments in safety and quality
- overseeing the NBA’s role in relation to contracts.

The roles of the State and Territory governments are aimed at better use of blood and blood products. Some key principles for the joint funding of the national blood supply are:

- joint funding between the Australian Government and each of the States and Territories on a 63 per cent to 37 per cent cost-sharing basis
- funding determined on a price–volume basis according to products supplied to each State and Territory
- products priced on the basis of a single national price list.
2.1.4 The National Blood Authority Act 2003

The National Blood Authority Act 2003 (the NBA Act) passed through both Houses of the Australian Parliament unopposed, allowing the establishment of the NBA as an independent statutory agency from 1 July 2003. The NBA Act sets out the legislative framework for the operation of the Authority and—in conjunction with the Financial Management and Accountability Act 1997 and the Public Service Act 1999—sets the ground rules for its functions, staffing arrangements and corporate governance arrangements.

Together, the NBA Act and the National Blood Agreement form the foundations of the current arrangements within the blood sector.

2.1.5 Governance arrangements

As a statutory officer, the NBA’s General Manager is advised by the NBA Board and reports directly to the Minister for Health and Ageing, the Hon Tony Abbott MP. The NBA also reports to all Australian Health Ministers, directly and through the Jurisdictional Blood Committee. The Jurisdictional Blood Committee is a subcommittee of the Australian Health Ministers’ Advisory Council and has representation from the Australian Government and each State/Territory jurisdiction.

The Jurisdictional Blood Committee is an important link between the NBA and the Australian Health Ministers’ Conference, which has ultimate responsibility for the oversight and management of the blood sector. The Conference’s responsibilities include the framework within which the NBA operates, national policy and financial decisions in relation to the blood supply, and the determination of which products and services can be bought with public funds.

The domestic blood supply sector is government funded, with the nine governments providing a total of nearly $500 million annually to the NBA for the management and supply of blood, blood products and services.

As the national manager of contracts with suppliers of blood and blood products, it is the role of the NBA to ensure that the supply of blood and blood products adequately meets the needs of all governments and represents value for the money that they contribute.

The NBA has contracts with a number of suppliers for therapeutic and diagnostic blood products, all of which must meet the requirements of the Therapeutic Goods Administration as national regulator of the blood sector. The NBA’s relationships with government, suppliers and the regulatory authority are discussed further in Section 2.3.

2.1.6 Roles and responsibilities

As well as providing information to the Minister for Health and Ageing and the Australian Health Ministers’ Conference on matters relating to blood products and services, the NBA:

- coordinates national demand and supply planning of blood and blood-related products
- negotiates and manages national contracts with suppliers of blood and blood products
Part 2—Structure and functions

- purchases those products in accordance with an agreed single national pricing schedule.

Its role also includes:
- assisting the sector to move towards a more efficient demand-driven system, based upon evidence and good clinical practice, so that the blood supply system is highly responsive to needs
- working in a collaborative manner with all governments and other relevant parties within the blood sector to ensure the sufficiency and affordability of Australia’s blood supply.

During 2003–04 the NBA’s key priorities were focused, by necessity, on putting in place adequate operational infrastructure and identifying and minimising risks that might otherwise have prevented the supply system from responding in a crisis.

Directing resources to these critical areas has meant that the NBA may not have fulfilled some of its functions to the satisfaction of all stakeholders. However, it has made significant progress in laying the foundations for improvement over coming years, as discussed further in Part 3.

NBA functions—
extract from the National Blood Authority Act 2003

The NBA’s functions are as follows:

(a) to liaise with, and gather information from, governments, suppliers and others about matters relating to blood products and services
(b) to carry out national blood arrangements relating to annual plans and budgets for the production and supply of blood products and services
(c) to carry out national blood arrangements to ensure that there is a sufficient supply of blood products and services in all the States and covered Territories
(d) to carry out national blood arrangements relating to the funding of:
   (i) the supply of blood products and services; and
   (ii) the NBA’s operations;
(a) to enter and manage contracts and arrangements for the collection, production and distribution of the blood products and services necessary to ensure a sufficient supply of blood products and services in all the States and covered Territories
(f) to carry out national blood arrangements relating to safety measures, quality measures, contingency measures and risk mitigation measures for the supply of blood products and services
(g) to provide information and advice to the Minister and the Ministerial Council about matters relating to blood products and services
(h) to carry out national blood arrangements relating to the facilitation and funding of research, policy development and other action about matters relating to blood products and services
(i) to provide assistance:
   (i) in accordance with national blood arrangements, to a committee referred to in those arrangements
   (ii) to the Board
   (iii) to the advisory committees (if any) established under section 38
(j) such other functions (if any) as are determined by the Ministerial Council and specified in a written notice given by the Minister to the NBA.
2.2 How we operate

During 2003–04, the NBA’s priorities were to come to terms with its role in the new blood sector arrangements, gain knowledge of its operating environment, and formulate strategies and establish processes in order to meet its performance measures and fulfil its obligations under the NBA Act.

2.2.1 Leadership

Organisational structure

The NBA’s General Manager is supported in her role by an Executive Team of three: Mr Peter DeGraaff, Deputy General Manager, Contract Management and Supply Planning; Ms Stephanie Gunn, Deputy General Manager, Policy Planning and Corporate Services; and Mr Michael Stone, General Counsel.

They, in turn, are supported by a number of directors, as illustrated in Figure 3.

Executive Committee

The Executive Committee was established by the General Manager to provide advice and support on matters relating to internal management and the delivery of the NBA’s responsibilities. Membership of the committee during 2003–04 consisted of the General Manager, Deputy General Managers and General Counsel.

The Executive Committee established a four-week cycle of management forums to ensure
2.2.2 Business management

2003–04 Operational Plan

The NBA’s 2003–04 Operational Plan, based on the vision of Saving and improving Australian lives through a world-class blood supply, articulated key operational priorities for the year.

It focused the NBA on working towards building a national platform to achieve this vision, while meeting blood supply needs by identifying and delivering against the following key operational aims:

- resource acquisition and staff recruitment
- management of existing blood resources through supply planning, reconciliation, and contract management
- identification of risks that may impact on the blood sector and the establishment of contingency arrangements
- development of new relationships and definition of roles with funding bodies, suppliers, end users, clinicians, governments and the advisory Board
- preparation of future blood supply infrastructure through projects determined by the Jurisdictional Blood Committee
- establishment of clear, transparent and accountable processes
- implementation of organisational infrastructure and governance through the development of plans, frameworks and risk management procedures.

Management Instructions Framework

A key priority from commencement was the preparation of Chief Executive Instructions and the associated procedural rules and delegation schedules required under the Financial Management Part 2—Structure and functions.
and Accountability Act 1997. This work was completed in November 2003. A program of review and refinement to ensure consistency in procedures will commence with the introduction of a new financial management information system in August 2004.

The NBA has also commenced documenting and collating a range of other instructions for all business processes, to ensure efficiency, standardisation and a professional approach in all the NBA’s activities. The processes that have been and will be developed are included as sections within an overall Management Instructions Framework.

**Information technology**

In January 2004 the NBA established a committee of experienced staff to guide decisions on disengaging from the Australian Government Department of Health and Ageing’s...
network and determining the Authority’s own information technology requirements.

This project involved analysing needs, preparing tender documentation and requests for tenders, evaluating tenders, negotiating contracts for the provision of all hardware and software and establishing appropriate ongoing support.

The NBA successfully negotiated a contract and implemented the changeover within a single weekend in June 2004, without any loss of capacity.

**Computerised contract management system**

The NBA introduced a new computerised contract management system on 1 July 2003. It was designed to meet the then current need for invoice verification, and the increased activity that was due to occur with the negotiation of national contracts for imported products and the move to greater accountability for the Australian Red Cross Blood Service inventory.

The system was developed in-house and introduced without any disruption to processes. The additional functionality of the system has enabled far greater ability to track the movement of blood products and to inform stakeholders. It has also provided improved data collection and management that informs more accurate supply planning.

The introduction of the new system allowed the reallocation of valuable staff resources and informed refinements to the risk management processes associated with the movement of inventory.

The development of the computerised management system contributed to the process that led to the implementation of the NBA’s financial management information system. Future developments in this area will include the integration of the systems covering both financial and contract management and extending the data management capability of the NBA to better manage the supply of blood and blood products.

**Ecologically sustainable development**

Section 516A of the Environment Protection and Biodiversity Conservation Act 1991 requires Australian Government organisations to detail their environmental performance and contribution to ecologically sustainable development in their annual reports.

In its first year of operation, the NBA adopted a range of measures that contributed to ecologically sustainable development, including:

- considering access to public transport and ease of travel for cyclists in determining its location
- planning for a refit of space incorporating energy-saving lighting
- recycling paper and printer cartridges
- setting printers to default to printing on both sides of the paper
- ensuring equipment such as desktop computers, photocopiers, dishwashers and printers incorporate energy-saving features.

The NBA will continue to consider ecologically sustainable development as part of its continuous improvement objectives.
Audit Committee

In 2004 the NBA established an Audit Committee to help ensure its control framework remained effective and consistent with the Financial Management and Accountability Act 1997. It is chaired by Mr Ken Barker, an NBA Board member, and includes an independent member appointed outside the Authority and its hierarchy.

The role of the Audit Committee is to provide expert advice to the General Manager on ways to enhance the Authority’s control framework, improve the objectivity and reliability of externally published financial information and comply with all the NBA’s legislative and other obligations.

In 2003–04 the Audit Committee provided advice on:

- the Australian National Audit Office review of the status of the NBA’s financial arrangements, as part of its interim program for auditing the NBA financial statements
- the NBA’s annual financial statements
- compliance with legislative obligations.

Risk Management Strategy

As the NBA’s understanding of its place in the sector grew throughout the year, so did its appreciation of potential risks.

In order to actively manage these risks, the NBA developed a formal framework for identifying, monitoring and managing risks, following the Australian New Zealand Risk Management Standard (AS/NZS 4360:1999) and Australian Government risk management guidelines.

Risks were divided into two broad categories: risks due predominantly to NBA operations; and risks relating to the blood sector, where the NBA could facilitate improved risk management. A number of risks were identified as needing immediate attention, and plans to address these risks are under development.

The NBA regards this first Risk Management Strategy as an interim plan only. By 2005 the operational infrastructure of the NBA, as well as its understanding of the sector, will have developed significantly. As well as monitoring risks and improving risk management, the NBA is therefore continuing to keep abreast of new and emerging developments and will be reviewing its Risk Management Strategy during 2004–05.

Security of blood supply is a key risk area for the NBA, and a project to examine the appropriate stocks to be held in Australia is also a key task for 2004–05.

Relationship with Australian National Audit Office

Given the NBA’s key responsibility for managing contracts, the Australian National Audit Office was invited to present a seminar on the appropriate management of confidentiality requirements within contracts. The NBA acknowledges this assistance, which has enabled it to identify a number of opportunities for improvement.
Communications management plan

Based on the development of the Risk Management Strategy, the NBA completed a Communications Crisis Management Plan. This plan identified the top ten most likely events that would require comprehensive coordination or communication efforts by the NBA. The plan used these examples to develop a methodology that provides a logical and systematic approach to dealing with all issues and stakeholders. The NBA has an in-house communications officer but has also engaged ongoing expert advice to assist in managing major communications issues.

Business Continuity Plan

The input from the Risk Management Strategy and the Communications Crisis Management Plan will form the foundations of the NBA’s Business Continuity Plan. Due to the rollout of the new financial system and the introduction of the new information technology system, the Business Continuity Plan is scheduled for completion in 2004–05.

Fraud control plan

Following completion of the NBA’s comprehensive risk assessment and the NBA’s Risk Management Strategy, an interim fraud control plan was prepared as part of the organisation’s responsibility to protect the public interest.

However, the NBA’s substantive fraud control plan cannot be finalised, until:

- the proposed new contracts with the Australian Red Cross Blood Service for the support of its ongoing services and with CSL
- Limited for fractionated blood products are finalised and can be assessed for fraud risk
- the NBA’s financial management information system is in operation and can also be fraud risk assessed.

Risks of fraud impacting on the NBA, both from within the organisation and externally, are being assessed and ongoing measures are being implemented to minimise risk.

While the NBA has addressed financial authorisations in the initial Chief Executive’s Instructions, their implementation will be interwoven with that of the financial management information system. Computer security measures are being developed in conjunction with this activity, and protective security measures, supplementing current key-card building entry safeguards, will be finalised when the above measures are fully in place.

The NBA recognises that achieving a situation wherein all officers take personal responsibility, and are accountable for their actions, is the first step towards achieving an effective fraud prevention environment. This will be emphasised through comprehensive training of all staff in awareness of ethics and fraud, and through the NBA’s:

- sound corporate governance
- Australian Public Service values, including the highest ethical standards and accountability
- values of professionalism, action and excellence.

The interim fraud control plan will continue to be fully operative until it is replaced with the substantive plan in early 2005.
2004–07 Corporate Plan

Notwithstanding the NBA’s strong focus on establishment and basic operational matters during 2003–04, the organisation’s overarching goal is to meet its stakeholders’ expectations by becoming a centre of excellence with the capacity to influence the quality use of blood products across Australia.

Towards this goal, the NBA has developed a three-year corporate plan, which was presented to Health Ministers in June 2004.

The three-year plan proposes the organisation develop further in 2004–05, advance in 2005–06 and excel in 2006–07, as it strives to achieve its vision of ‘Saving and improving Australian lives through a world-class blood supply’.

The three principal goals the NBA has set for itself over the coming years are to:

1. improve the performance of the blood sector—by focusing on areas of better value and accountability in its contracts, improving planning and increasing its contribution towards improved policy making on blood
2. manage and coordinate Australia’s blood supply—through its contracts with suppliers which, together with enhanced monitoring and reporting procedures, will provide a more stable operating base
3. ensure the NBA is a high-performing organisation—by improving business practices and fostering expertise and excellence within the organisation.

Key outcomes, strategies and performance measures have also been identified to assist in monitoring progress and acknowledging achievements.

Development of best practice systems

The NBA aspires to be an expert in government contract negotiation and contract management. During 2003–04 the NBA delivered training to all staff in contract law and probity and used specific projects to develop best practice standards and templates for key business processes. Through this approach, the NBA also incorporated the benefits of external business, financial and legal work into its standard practice. The Authority’s philosophy is that NBA staff should develop and maintain core skills necessary for all its work, with expert advice being sought for specific projects.
The NBA is also developing a suite of standardised policies, processes and documents for procurement, negotiations, and contract management. These include:

- a procurement strategy
- project, quality and risk management tools
- tendering documents
- negotiating documents
- a template for national blood supply contracts
- a contract management strategy and plans.

The NBA has developed a template for national blood supply contracts which seeks to ensure reliable product supply outcomes while ensuring value for government expenditure.

For probity and cost-effectiveness reasons, the NBA adopted a policy that all negotiations with potential blood product suppliers occur at NBA premises.

We take pride in already having developed innovative business solutions. The NBA’s standard procurement documentation and systems take full account of the requirements of the Australian Government procurement framework and policies, while integrating these with the objectives and outcomes that must be achieved under the National Blood Agreement and the NBA Act.

External Scrutiny

There was no formal external scrutiny of the NBA in 2003–04.

2.3 Our partners in the blood sector

Our partners in the blood sector fall into two broad categories: governments (State and Territory governments and the Australian Government and their representatives); and suppliers (predominantly the Australian Red Cross Blood Service and CSL Limited), which are regulated by the Therapeutic Goods Administration.

2.3.1 Governments

The interests of all governments are represented through the Jurisdictional Blood Committee. Under the National Blood Agreement, all governments are responsible for:

- overseeing the blood supply and establishing the policy framework and specific policies relating to the national blood supply
- fostering the development and implementation of best practice systems to promote efficient use and minimal wastage of blood and blood products
- providing information in relation to demand for blood and blood products
- managing local issues such as those involving clinical practice.

Organisation of the Jurisdictional Blood Committee was much more resource intensive than anticipated. Originally scheduled to meet six times a year, the committee actually held 22 meetings during 2003–04, with the NBA authoring the vast majority of the 130 papers considered by the committee.
Together with operational and financial advice from the NBA Government Blood Advisory Committee, the outcomes of these meetings allowed the NBA to move forward on a number of issues relating to national demand management, supply planning, and evidence-based approaches to emerging products, services and technologies.

2.3.2 Suppliers

Australia’s blood supply is founded on the following important principles:

- voluntary, non-remunerated donation of blood and plasma
- self-sufficiency (as far as practicable), rather than routine dependence on imported products
- the provision of blood and blood products, as agreed under the national arrangement, free of charge to all Australians.

The Australian Red Cross Blood Service and CSL Limited play a central role in meeting these principles. Both organisations depend upon volunteer donors for fresh blood and plasma, and upon each other.

The Australian Red Cross Blood Service collects donations of whole blood or blood components from voluntary donors then separates and further processes the cellular components into a range of fresh blood products, which are supplied directly to hospitals and clinicians. It sends most of the plasma collected to CSL Limited for fractionation; however, some is supplied to hospitals as fresh frozen plasma for specific clinical indications.
CSL Limited fractionates the plasma supplied by the Australian Red Cross Blood Service and returns it back as finished plasma products for distribution through the blood service’s network.\(^1\)

Quantities of other plasma-derived products are also imported, where only low volumes are required and it is not cost effective to produce them in Australia. Australia also imports products where the technology to manufacture them is not available here, and to address temporary shortfalls in domestic production.

CSL Limited also processes plasma supplied by the national blood services of New Zealand, Hong Kong, Singapore and Malaysia into a range of products subsequently returned to those countries.

Figure 5 illustrates the steps and parties involved in supplying blood to Australian end users.

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**History of CSL Limited**

The Commonwealth Serum Laboratories, as CSL Limited was originally named, was established in 1916 by the Commonwealth Government and initially produced vaccines and sera for treating a variety of contagious illnesses.

In 1949, the Commonwealth Government decided that fractionation should be undertaken in Australia and that the Commonwealth Serum Laboratories was the most suitable institution to perform this role. This decision paved the way for the Australian plasma fractionation industry.

Production of albumin and immunoglobulin commenced in 1953–54. Factor VIII preparations became available shortly afterwards.

The Commonwealth Serum Laboratories has undergone a number of transformations reflecting changing government policy. In 1994 it was privatised and became a listed public company—CSL Limited.

CSL Limited established the first chromatographic fractionation plant in the world in 1996, and to date has the only fully closed system worldwide.

CSL Limited has expanded since 1994 to become the world’s largest plasma fractionator, through the acquisition of Aventis-Behring in 2004.

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1. With the exception of Intramuscular Immunoglobulin (IMIg) and Tetanus Immunoglobulin 250, which are supplied directly to end users by CSL Limited.
2.3.3 Regulatory authority

Australia’s regulatory approaches are closely aligned to those of Europe, reflecting the European tradition of blood transfusion services based on voluntary, non-remunerated donors and public health funding.

In Australia, blood, blood components and plasma derivatives are regulated under the Therapeutic Goods Act 1989 by the Therapeutic Goods Administration. The Therapeutic Goods Administration is responsible for enforcing standards within the blood sector to ensure they meet appropriate safety, quality and efficacy requirements. It also registers individual products.

To obtain a licence for the production of blood and blood components, agencies must first comply with the Australian Code of Good Manufacturing Practice for Human Blood and Tissues and the detailed technical and scientific information must satisfy Therapeutic Goods Order No. 72 Standard for Blood Components. This order states that blood and blood components must meet the requirements of the Council of Europe document Guide to the preparation, use and quality assurance of blood components.

All NBA contracts require compliance with therapeutic goods laws, and the NBA relies on the Therapeutic Goods Administration’s expertise in this area to minimise the potential for infectious disease transmission and ensure the suitability of blood and blood products reaching the Australian market.

2003–04 donors and collections

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
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</thead>
<tbody>
<tr>
<td>Whole blood donations</td>
<td>907,904</td>
</tr>
<tr>
<td>Plasma and platelet apheresis donations</td>
<td>150,390</td>
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<td>Total donations</td>
<td>1,074,711</td>
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<tr>
<td>Active donors</td>
<td>455,064</td>
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<tr>
<td>New donors</td>
<td>96,565</td>
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</tbody>
</table>

Source: Australian Red Cross Blood Service

Figure 5 Australia’s blood supply
National Blood Authority
Annual Report 2003–04

Part 3—Performance

3.1 Our people
  3.1.1 Staffing
  3.1.2 Culture
  3.1.3 Personal and professional development
  3.1.4 Employment conditions

3.2 Our results
  3.2.1 Managing and coordinating Australia’s blood supply
  3.2.2 Ensuring sufficiency of supply
  3.2.3 Ensuring safety and quality use of blood products and services
  3.2.4 Establishing productive relationships

3.3 Our finances
  3.3.1 Summary resource table
  3.3.2 Purchasing
  3.3.3 Consultants, competitive tendering and contracting
  3.3.4 Asset management
  3.3.5 Funding
Part 3 describes our early achievements against our priorities for the reporting year and provides an analysis of our performance against the National Blood Authority’s outcome and output structure, as set out in the Department of Health and Ageing Portfolio Budget Statements. It also provides information on our people and management practices, and outlines our financial position for 2003–04.

3.1 Our people

3.1.1 Staffing

Transitional arrangements were put in place for the period 1 July–30 September 2003 to allow a smooth transfer of functions from the Acute Care Division of the Department of Health and Ageing to the NBA. During the year, 16 staff involved with NBA functions permanently transferred from the Blood and Organ Donation Taskforce to the new organisation under the provisions of section 72 of the Public Service Act 1999.

A rolling recruitment campaign was undertaken during the year and successfully filled 18 ongoing and non-ongoing positions, including:

- Chief Finance Officer, Finance Team
- Human Resources Manager
- Legal Officer
- Director, Corporate Services and Quality
- Financial Analyst
- Scientific Officer, Blood Quality and Safety
- Director and Assistant Director, Contract Management and Supply Planning.

As at 30 June 2004, the organisation was fully resourced within its staffing budget with 34 enthusiastic, committed and expert staff members to take forward the work of the NBA beyond its establishment year. Tables 1 and 2 summarise the profile of the staffing complement.
### Table 1  Staff classification and full-time/part time status, 30 June 2004

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<thead>
<tr>
<th>Classification</th>
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<th>Male</th>
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<td>PART-TIME</td>
<td>FULL-TIME</td>
<td>PART-TIME</td>
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<td>4</td>
<td>10</td>
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### Table 2  Staff classification and permanency type, 30 June 2004

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<thead>
<tr>
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<th>Non-ongoing</th>
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<tr>
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<td>Total</td>
<td>30</td>
<td>4</td>
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</tbody>
</table>

APS = Australian Public Service.

Note: Includes staff on leave, higher duties and staff on secondment from other agencies.
3.1.2 Culture

Building a strong team culture was a priority for the NBA during its establishment year.

Initially, staff were located at five separate locations, so priority was given to co-locating staff under one roof. Once this had occurred, it was much easier to build effective teams and a culture based on the premise that everyone was equally responsible for making the NBA the type of organisation they wanted to work in.

The Staff Participation Forum and Social Club have become important mechanisms for driving change and further developing the NBA’s unique culture.

The Staff Participation Forum, which is combined with the Occupational Health and Safety Committee to avoid duplication in participants and content, consists of two management representatives appointed on the basis of their positions (the Deputy General Manager, Policy, Planning and Corporate, and the Human Resources Manager) and six volunteer employee representatives drawn from across the NBA.

The Staff Participation Forum achieved a number of results through consultative processes on permanent accommodation arrangements, the development of a Workplace Diversity Plan, and the certified agreement.

The Social Club brought the NBA team together to celebrate Melbourne Cup Day, Christmas and the NBA’s first birthday, as well as establishing the tradition of the NBA Bodgie Bocce Cup Tournament.

Staff at the NBA take their commitment to the management of the blood supply very personally, and in 2003–04 contributed to the blood supply by organising regular trips to the blood bank.
3.1.3 Personal and professional development

The Performance and Development Scheme is an important contributor to the NBA in developing its own performance, as well as the performance of individual staff members. The scheme was put in place during 2003–04, in consultation with the Staff Participation Forum. Developing competencies in core business processes, and enhancing staff understanding of the industry they work in, were key strategies that were embraced.

In recognition that contract management and related skills are critical to the success of the NBA, a series of internal seminars aiming to develop and hone skills in contract management was also conducted in 2003–04. These included:

- Contracting Law, conducted by NBA Legal Services
- Probity Training, conducted by PSI Consulting Pty Ltd
- Complying with the Senate Order for Departmental and Agency Contracts, conducted by the Australian National Audit Office.

The NBA also drew on the strong relationships created between staff and stakeholders in the blood and plasma industry to embark on a series of in-house seminars. The seminars aimed to embed a culture of ongoing professional development and to create an awareness of the main issues in the blood industry.

Seminars were conducted by:

- Australian Red Cross Blood Service
- CSL Limited
- World Federation of Haemophilia
- Baxter Healthcare Pty Ltd
- National Blood Service England and North Wales
- Royal North Shore Hospital, Sydney
- New Zealand Blood Service.

3.1.4 Employment conditions

As an interim step, staff not on individual Australian Workplace Agreements had their conditions linked to the Department of Health and Ageing’s certified agreement, People, Leadership and Performance Improvement 2002–2004, through a determination made by the General Manager under section 24 of the Public Service Act 1999. This arrangement ensured that the conditions of staff transferred under the machinery of government arrangements were unchanged, and allowed us time to negotiate an NBA certified agreement. Negotiations for the inaugural certified agreement commenced in February 2004 and were conducted directly with employees, using the existing Staff Participation Forum.

The Staff Participation Forum met regularly between February and June, and each forum meeting was followed by an information session for all staff. Rather than performing the role of key decision maker, the Staff Participation Forum took on the primary consultative role and identified issues that should be put to all staff for comment. At information sessions, staff were
provided with a survey and comment form to provide input into the initiatives discussed during the session. Surveys were also distributed to staff unable to attend the sessions.

The high level of input worked very well and the Staff Participation Forum was able to quickly respond to concerns by amending, disregarding, further explaining and/or building on initiatives. The agreement is expected to be certified under section 170LK of the Workplace Relations Act 1996 in October 2004.

NBA Senior Executive Service officers were on temporary transfer from the Department of Health and Ageing during 2003–04. Consequently, their remuneration and conditions of services were covered by Australian Workplace Agreements with the department.

At 30 June 2004, 16 per cent of staff had entered into Australian Workplace Agreements, offering the NBA a degree of flexibility in attracting and retaining employees by tailoring remuneration and conditions accordingly. Non–Senior Executive Service Australian Workplace Agreements draw upon the conditions of the prevailing certified agreement as well as other flexible arrangements.

No performance pay was paid in the 2003–04 financial year. While some Australian Workplace Agreements do contain provision for performance pay, the performance cycle means that performance above agreed requirements in the 2003–04 financial year will be rewarded in the 2004–05 financial year.

The salary ranges available to NBA staff not covered by Australian Workplace Agreements are shown in Table 3.

### Table 3 Salary ranges, 30 June 2004

<table>
<thead>
<tr>
<th>Classification</th>
<th>MINIMUM WAGE ($)</th>
<th>MAXIMUM WAGE ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal 2</td>
<td>85,904</td>
<td>93,626</td>
</tr>
<tr>
<td>Executive Level 2</td>
<td>74,634</td>
<td>88,699</td>
</tr>
<tr>
<td>Legal 1</td>
<td>43,470</td>
<td>79,859</td>
</tr>
<tr>
<td>Executive Level 1</td>
<td>65,960</td>
<td>72,250</td>
</tr>
<tr>
<td>APS Level 6</td>
<td>53,674</td>
<td>60,552</td>
</tr>
<tr>
<td>APS Level 5</td>
<td>48,655</td>
<td>51,353</td>
</tr>
<tr>
<td>APS Level 4</td>
<td>44,734</td>
<td>47,265</td>
</tr>
</tbody>
</table>

APS = Australian Public Service.

### Occupational health and safety

In accordance with Australian Government legislation, responsibility for occupational health and safety in the NBA lies with the General Manager. The General Manager is assisted in this function by the Occupational Health and Safety Committee. The committee consists of two ongoing employees who have undertaken formal training with Comcare.

In January 2004, the Committee combined with the Staff Participation Forum. In 2003–04, routine inspections were conducted to identify occupational health and safety risks. Items identified predominately related to issues of office accommodation, such as adequate lighting and ergonomic furniture. Outstanding issues will be resolved as part of the building fit-out once the NBA’s permanent accommodation arrangements have been finalised.
Commonwealth Disability Strategy

The Commonwealth Disability Strategy is implemented through the NBA’s Workplace Diversity Plan, developed in consultation with the Staff Participation Forum. Staff and supervisor awareness of the importance of a culture based on mutual respect is at the centre of the plan. The plan aims to ensure that staff have access to trained workplace diversity contact officers, that workplace diversity principles are incorporated in all employment procedures and that statistics to establish a baseline and monitor trends relating to diversity in the workplace are collected and recorded.

Table 4  Outcome and output structure, 2003–04

<table>
<thead>
<tr>
<th>OUTPUT</th>
<th>PERFORMANCE INDICATOR</th>
</tr>
</thead>
</table>
| Manage and coordinate Australia’s blood supply in accordance with the National Blood Agreement agreed by the Australian Government, States and Territories | Quality  
Satisfaction from all jurisdictions and stakeholders on the planning, management and coordination of the blood supply in accordance with the National Blood Agreement |
| Ensuring sufficient supply of blood and blood products        | Quality  
Satisfaction from all jurisdictions and stakeholders that there is sufficient supply of blood and blood products to meet clinical need  
Quantity  
Blood and blood product supply levels are sufficient in all jurisdictions to meet clinical need |
| Ensuring the safety and quality of blood products and services | Quality  
Satisfaction from all jurisdictions and stakeholders concerning the safety and quality of blood products and services  
Products and services meet required quality standards |

Price of outputs (budget): $6.937 million

Note: This outcome and output reporting structure is extracted from the 2003–04 Portfolio Budget Statements of the Australian Government Department of Health and Ageing. The NBA’s outcome is part of the department’s Outcome 4: Quality Health Care, to which the NBA is a key contributor, along with the Therapeutic Goods Administration and others.

3.2 Our results

The NBA achieved significant results in its first year of operation, in terms of successfully managing and coordinating Australia’s blood supply in accordance with the National Blood Agreement, and thereby met its requirements as specified in the Department of Health and Ageing Portfolio Budget Statements. Those requirements are set out in Table 4.
3.2.1 Managing and coordinating Australia’s blood supply

In 2003–04 the NBA successfully developed a national supply framework, based on the creation of a national products and services list detailing types of products and services planned to be purchased and used in Australia during the year. From this list the NBA was able to formulate the first National Supply Plan and Budget, fully supported by the Minister for Health and Ageing and subsequently approved by the Australian Health Ministers’ Conference, in accordance with the National Blood Agreement.

To implement the supply plan, the NBA has contracts with various suppliers of blood and blood related products, with a total annual value of around $500 million per annum, which it manages closely to ensure that demand for blood and blood products is always met.

During 2003–04, $393 million was provided to the two main suppliers—$243 million to the Australian Red Cross Blood Service and $150 million to CSL Limited.

Each State and Territory pays for the blood products it requires, under a proportional funding arrangement whereby States and Territories pay 37 per cent of the cost while 63 per cent is paid by the Australian Government, in accordance with the National Blood Agreement.

Table 5 outlines the contractual arrangements for the main groups of blood and blood products purchased under the national arrangements.

Table 5 Contractual arrangements for the main groups of blood and blood products purchased

<table>
<thead>
<tr>
<th>Group of products</th>
<th>Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLIER: AUSTRALIAN RED CROSS BLOOD SERVICE</strong></td>
<td></td>
</tr>
<tr>
<td>Whole blood products</td>
<td>The Australian Red Cross Blood Service is responsible, under its Deed with the NBA, for a variety of services relating to blood and blood products, including collection of blood and its constituents from donors, and the testing, storage and the distribution of fresh, frozen and plasma products.</td>
</tr>
<tr>
<td>Red blood cells products</td>
<td></td>
</tr>
<tr>
<td>Platelet products</td>
<td></td>
</tr>
<tr>
<td>Clinical fresh frozen plasma</td>
<td></td>
</tr>
<tr>
<td>Cryoprecipitate products</td>
<td></td>
</tr>
<tr>
<td>Plasma for fractionation</td>
<td></td>
</tr>
</tbody>
</table>
Table 5  Contractual arrangements for the main groups of blood and blood products purchased continued

<table>
<thead>
<tr>
<th>SUPPLIER: BAXTER HEALTHCARE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recombinant Factor VIII</td>
<td>The NBA manages a contract with Baxter Healthcare that commenced on 1 July 2003 for a period of three years. Baxter Healthcare provides a range of plasma and recombinant products directly to the Australian Red Cross Blood Service, approved hospitals and patients.</td>
</tr>
<tr>
<td>Protein C</td>
<td></td>
</tr>
<tr>
<td>Factor VII concentrate</td>
<td></td>
</tr>
<tr>
<td>Factor Eight Inhibitor Bypass Agent (FEIBA)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLIER: CSL LIMITED, UNDER THE DIAGNOSTIC BLOOD PRODUCT AGREEMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Blood grouping sera</td>
<td>These diagnostic products are used in hospitals and other laboratories for blood group testing and antibody screening. These tests are critical to the safe provision of compatible blood.</td>
</tr>
<tr>
<td>Reagent red cell products</td>
<td>The products are currently provided to the Australian Red Cross Blood Service supply centres, pathology laboratories and other approved recipients. Governments have decided to conclude this arrangement on 30 June 2005.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLIER: CSL LIMITED, UNDER THE PLASMA FRACTONATION AGREEMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albumin products</td>
<td>The current Plasma Fractionation Agreement with CSL Limited came into effect on 1 January 1994 and will expire (with extensions) on 31 December 2004. Under this agreement, CSL Limited fractionates Australian plasma, supplied by the Australian Red Cross Blood Service, and provides finished products such as albumin, immunoglobulins and clotting factors (such as factors VIII and IX).</td>
</tr>
<tr>
<td>Immunoglobulin products (including IVIg and hyperimmune products)</td>
<td>The NBA is responsible for managing and negotiating a contract with CSL Limited for the maintenance of the National Reserve of plasma products. The purpose of this contract is to hold in reserve a range of plasma products to secure supply for the Australian community in the event of natural disasters and failures in blood and plasma collections systems or plasma fractionation processes. Additionally, CSL Limited imports plasma-derived factors XIII, XI and Rh(D) immunoglobulin for use by the Australian community.</td>
</tr>
<tr>
<td>Plasma-derived clotting factors</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLIER: NOVO-NORDISK PHARMACEUTICALS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recombinant Factor VIIa</td>
<td>Novo-Nordisk Pharmaceuticals is contracted for the period 30 January 2004 to 30 June 2006 to provide recombinant Factor VIIa to approved hospitals for the treatment of patients who have inhibitors for factors VIII and IX.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLIER: WYETH AUSTRALIA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recombinant Factor IX</td>
<td>The NBA manages a contract with Wyeth Australia that commenced on 1 July 2003 for a period of three years in order to provide recombinant Factor IX, for the treatment of patients with haemophilia B.</td>
</tr>
</tbody>
</table>
Table 6 Therapeutic products purchased from the Australian Red Cross Blood Service

<table>
<thead>
<tr>
<th>Product</th>
<th>Clinical use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red cells</td>
<td>Used in the replacement of blood lost in trauma and surgery, and occasional treatment of anaemia</td>
</tr>
<tr>
<td>Platelets</td>
<td>Used in the control of haemorrhaging, often in patients with leukaemia and patients undergoing cancer treatment</td>
</tr>
<tr>
<td>Clinical fresh frozen plasma</td>
<td>Used in the treatment of bleeding problems following trauma or liver transplants</td>
</tr>
<tr>
<td>Cryoprecipitate</td>
<td>Used in the treatment of clotting factor and fibrinogen deficiencies</td>
</tr>
<tr>
<td>Buffy coat (white cells)</td>
<td>Used for patients who are not producing their own white cells or who have very low white cell counts and serious bacterial infections</td>
</tr>
<tr>
<td>Plasma</td>
<td>Used by CSL Limited for fractionation into plasma products (294.5 tonnes were supplied in 2003–04)</td>
</tr>
</tbody>
</table>

Fresh blood products

At $243 million per annum, the current funding agreement between the NBA and the Australian Red Cross Blood Service is one of the biggest contracts managed outside of the Department of Defence. It is used to purchase a range of products and services on behalf of the nation, as illustrated in Table 6.

Prior to the establishment of the NBA, each State and Territory purchased these products directly from the Australian Red Cross Blood Service. This resulted in a fragmented approach to supply planning, priority setting, service delivery, performance and accountability. It also led to inequities and inefficiencies in the provision of blood products and services across the nation.

On 1 July 2003 the NBA assumed direct administrative responsibility for funding national supply arrangements for the provision of fresh blood and blood products with the Australian Red Cross Blood Service, through an interim Deed that was put in place by the Department of Health and Ageing.

In addition to managing this interim Deed, the NBA now also faces the task of negotiating a new Blood Products Agreement. The draft negotiation principles, timeline and terms were provided to the Australian Red Cross Blood Service in June 2004.

These principles included adopting:

- best practice governance arrangements for accountability, transparency and disclosure
- key performance indicators, targets and standards by which to monitor performance and drive improvement
- a unit price per product, and invoicing based on those prices
- national safeguards to ensure the interests of government and the community are protected through continued supply in the event that obligations under the agreement are not met
- the goal of delivering value for money to all governments for the term of the agreement.
In preparation for negotiating the new agreement, the NBA undertook extensive work to ensure an approach that would meet contemporary government contracting requirements, by conducting:

- a comprehensive gap analysis of the interim arrangement, to determine what aspects met government contracting requirements, and to identify its limitations, and improvements or alternatives that would improve performance
- a comparison with international models in managing modern blood services, such as that currently used in the United Kingdom
- consultation with key clinical and consumer groups on ways to improve the current arrangements
- an independent analysis of the organisation’s governance arrangements and accountability processes.

As well as commencing negotiations for a new Blood Products Agreement and managing the existing interim Deed to ensure that all Australians received all the fresh blood products they required during the year, the NBA also:

- assessed a business case submitted by the Australian Red Cross Blood Service for increased funding to allow it to meet new Therapeutic Goods Administration requirements for minimum haemoglobin levels in blood donors, and advised the Jurisdictional Blood Committee to provide increased funding, which it did
- considered and recommended to the Jurisdictional Blood Committee an increase to the Service’s funding to take into account significant changes in the volume and mix of certain products the Service provides
- monitored progress on the implementation of the Australian Red Cross Blood Service’s National Blood Management System
- assumed responsibility for the National Managed Fund, which provides national uniform discretionary liability insurance cover beyond that covered by the Australian Red Cross Blood Service’s own insurance.

### New regulatory standards for donor haemoglobin levels

From 1 January 2004, increased minimum thresholds for donor haemoglobin levels were mandated by the Therapeutic Goods Administration to protect the health and wellbeing of blood donors by ensuring that their iron levels are sufficient for safe blood donation.

The Australian Red Cross Blood Service estimated that the new thresholds would have a significant effect on the blood supply and that nearly 18,000 donors would be affected in 2003–04, resulting in a loss of 36,000 donations.

In response to the new standards, the Australian Red Cross Blood Service presented governments with a submission for funding to ensure that it
would be fully prepared to transition to the new thresholds, with the capacity to simultaneously protect donor wellbeing and the sufficiency of the blood supply.

The NBA and State representatives critically examined the submission and made a recommendation to governments on the required level of funding for the first three years of the project. In undertaking this analysis, the NBA sought independent advice from a range of authorities, including the Therapeutic Goods Administration, a health economist and communication and marketing experts. In addition, the NBA worked closely with the Australian Red Cross Blood Service in preparation for the introduction of the revised thresholds.

As a result of its findings, the NBA recommended increased funding of $4.437 million, which was agreed to by all governments.

The additional funds were used by the Australian Red Cross Blood Service in a variety of ways. Primarily, the money was targeted towards the production of donor education materials, a donor communication campaign, and strategies to increase new donor recruitment and retention.

A Frequent Donor Club was also implemented, to increase the annual attendance of existing donors from two to three times per year. By joining the club and donating three times in 12 months, donors became eligible to receive a small thank you gift.

**Introduction of the Australian Red Cross Blood Service’s new National Blood Management System**

In March 1996, the eight Australian Red Cross State and Territory blood transfusion services were each operating independently, using a variety of computer-based and manual systems for data collection. The computer systems in use were becoming obsolete and required updating. As a result, the Australian Red Cross Blood Service decided to implement a national computer system and commenced a project to determine the most suitable commercial computing system.

In 1999 the Australian Red Cross Blood Service signed a contract for the National Blood Management System to collect and manage data relating to donors, and to the production, inventory and distribution of products.

On 1 July 2003, the NBA assumed responsibility for managing governments’ interests in the implementation of the new system, concluding a review of the system and, together with the Therapeutic Goods Administration, monitoring the system’s implementation. There has been a range of complex issues that the NBA has needed to understand and pursue with the
Australian Red Cross Blood Service in order to address issues raised by governments, and to understand the compliance practices required to meet Therapeutic Goods Administration approval standards.

The first pilot site was implemented in South Australia in May 2003. Subsequently, the National Blood Management System was implemented in New South Wales, Tasmania and the Australian Capital Territory, with other States, subject to Therapeutic Goods Administration clearance, expected to follow in 2004–05.

The National Managed Fund — providing cover for liability claims

The National Managed Fund was established by the Australian Health Ministers’ Advisory Council to cover future liability claims made against the Australian Red Cross Blood Service in relation to the supply of blood and blood products within Australia. The fund became effective on 1 July 2000 (prior to the establishment of the NBA) and is overseen by the expert National Indemnity Reference Group. The Australian Government, State and Territory governments, together with the Australian Red Cross Blood Service each pay an annual contribution to the fund.

On 1 July 2003, the NBA took over responsibility for the National Managed Fund from the Department of Health and Ageing.

In addition to providing secretariat support to the National Indemnity Reference Group, the NBA has also been involved in preparing amendments to the Memorandum of Understanding for the fund.

The NBA has been involved in extensive consultations on the revised document, which is expected to be signed by the end of the calendar year.

The NBA has also been involved in the preparation of a business case, which went to the Department of Finance and Administration in September 2003, seeking the establishment of a special account for the National Managed Fund. Attempts to obtain interest payments on that account are still being pursued. Previously, the fund was held in a non–interest bearing account within the Department of Health and Ageing. The Department of Finance and Administration approved the determination for a special account to be established for the National Managed Fund in April 2004.

Plasma-derived products

On 1 July 2003 the NBA also assumed direct administrative responsibility for funding the Plasma Fractionation Agreement with CSL Limited. The agreement, which commenced on 1 January 1994, will expire (with extensions) on 31 December 2004.

The Plasma Fractionation Agreement contracts CSL Limited to fractionate Australian plasma collected by the Australian Red Cross Blood Service into finished products such as albumin (mainly for treating burns and trauma), immunoglobulins (for treating immunological, neurological and haematological disorders) and clotting factors (mainly for treating haemophilia). Such plasma products are provided to clinical end users and patients mainly through the Australian Red Cross Blood Service distribution network, although some products are distributed directly by CSL Limited. The range of products purchased from CSL Limited by the NBA on behalf of governments is provided in Table 7.
Table 7  Therapeutic products purchased from CSL Limited

<table>
<thead>
<tr>
<th>Product</th>
<th>Clinical use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ALBUMIN</strong></td>
<td></td>
</tr>
<tr>
<td>Albumex-4</td>
<td>Used to treat patients suffering burns or shock due to blood loss</td>
</tr>
<tr>
<td>Albumex-20</td>
<td>Used to treat patients with kidney or liver disease</td>
</tr>
<tr>
<td><strong>IMMUNOGLOBULINS</strong></td>
<td></td>
</tr>
<tr>
<td>Hyper-immune globulins</td>
<td>Used to treat or prevent a specific infection such as tetanus, hepatitis B, zoster, or cytomegalovirus</td>
</tr>
<tr>
<td>Intragam P (IVIg)</td>
<td>Used to reduce susceptibility to infections and manage many immune system disorders</td>
</tr>
<tr>
<td>Rh(D) (Anti-D)</td>
<td>Used to prevent a potentially fatal form of anaemia in newborn babies of Rh(D) negative mothers</td>
</tr>
<tr>
<td><strong>CLOTTING FACTORS</strong></td>
<td></td>
</tr>
<tr>
<td>Biostate</td>
<td>Used to manage haemophilia A (Factor VIII)</td>
</tr>
<tr>
<td>MonoFIX-VF</td>
<td>Used to manage haemophilia B (Factor IX)</td>
</tr>
<tr>
<td>Prothrombinex-HT</td>
<td>Used to manage some bleeding disorders (concentrated clotting factors)</td>
</tr>
<tr>
<td>Thrombotrol-VF</td>
<td>Used to manage an inherited condition wherein a patient’s blood clots too quickly</td>
</tr>
</tbody>
</table>

As well as managing the supply of these products in accordance with State and Territory supply plans, the NBA commenced negotiations for a new Plasma Products Agreement with CSL Limited at the request of all Australian governments and in accordance with the new intergovernmental arrangements in the blood sector. Direct negotiations commenced on 11 May 2004 and were ongoing as at 30 June 2004.

The NBA is obliged to negotiate a new agreement within the policy mandate from Australian governments. The Free Trade Agreement between the United States of America and Australia makes provision for a review of the supply of plasma products in Australia by January 2007. The increased use of recombinant products to treat haemophilia will require significant adjustment to the supply of plasma products in Australia.

The new Plasma Products Agreement will also need to be flexible enough to allow the cost-effective take-up of new technology in the blood sector.

In order to ensure a successful outcome for Australian governments from this very significant contract negotiation, the NBA put in place deliberate detailed strategic planning and project management processes.

The first activity was to extend the existing Plasma Fractionation Agreement, to
31 December 2004, to allow the negotiations to take place in a reasonable timeframe. The NBA subsequently allocated resources to develop procurement and project management methodologies and associated processes to ensure that this major negotiation, and all future NBA negotiations and procurement activities, would be conducted in a highly professional and businesslike manner.

The NBA committed considerable resources to ensuring it was well prepared for the negotiations with CSL Limited. In addition to putting in place a dedicated project team to conduct the project and the negotiation, the NBA engaged high-level business, financial and legal experts to provide advice to ensure the best possible outcomes for governments, based on the following principles:

- the new Plasma Products Agreement must reflect the changes in the commercial and policy landscape that have occurred since the establishment of the initial Plasma Fractionation Agreement in 1994
- the NBA must fulfil its strict mandate from Australian governments, and must meet its obligations as a government agency negotiating a major publicly-funded contract
- prices must reflect value for money
- the contract must be performance based, with appropriate incentives and risk sharing.

By the time the negotiations commenced, the NBA had developed well-founded strategies to achieve the outcomes sought by governments.

Although a Memorandum of Understanding covering progress on all material terms was agreed before the end of this reporting period, finalisation of negotiations is not expected to occur until late 2004.

**Imported products**

In 2003–04 the NBA managed four contracts with pharmaceutical suppliers for the provision of recombinant products, as illustrated in Table 8. Recombinant products are becoming increasingly important, particularly as they are not dependent on the collection of plasma for their production. However, not all plasma-derived products can be produced by this technology, so plasma collection will continue to be very important for many years.

A key activity this year was the finalisation of a contract with Novo-Nordisk Pharmaceuticals for the supply of NovoSeven (recombinant Factor VIIa), a product used to treat bleeding episodes, including surgical intervention, in haemophilia A or B patients with inhibitors to Factor VIII or Factor IX.

In addition, the NBA has been negotiating longer term contracts for the supply of Factor XI, Factor XIII and Porcine Factor VIII, which are currently being supplied under short-term and interim funding arrangements. The supply of Porcine Factor VIII has been limited in recent
Table 8  Imported products purchased

<table>
<thead>
<tr>
<th>Product</th>
<th>Clinical use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPLIER: BAXTER HEALTHCARE</strong></td>
<td></td>
</tr>
<tr>
<td>Recombinant Factor VIII</td>
<td>Used to treat Factor VIII deficiency, known as haemophilia A</td>
</tr>
<tr>
<td>Factor VII</td>
<td>Used to treat Factor VII deficiency</td>
</tr>
<tr>
<td>Factor Eight Inhibitor Bypass Agent (FEIBA)</td>
<td>Used to treat bleeding episodes including surgical interventions in haemophilia A and B patients with inhibitors</td>
</tr>
<tr>
<td>Protein C</td>
<td>Used to treat congenital protein C deficiency</td>
</tr>
<tr>
<td><strong>SUPPLIER: WYETH AUSTRALIA</strong></td>
<td></td>
</tr>
<tr>
<td>Recombinant Factor IX</td>
<td>Used to treat patients who have Factor IX deficiency, known as haemophilia B or Christmas disease</td>
</tr>
<tr>
<td><strong>SUPPLIER: NOVO-NORDISK PHARMACEUTICALS</strong></td>
<td></td>
</tr>
<tr>
<td>Recombinant Factor VIIa</td>
<td>Used to treat bleeding episodes including surgical intervention in haemophilia A or B patients with inhibitors to Factor VIII and/or Factor IX</td>
</tr>
<tr>
<td><strong>SUPPLIER: CSL LIMITED</strong></td>
<td></td>
</tr>
<tr>
<td>Rh (D) immunoglobulin</td>
<td>Used to supplement domestic supplies of Rh(D) immunoglobulin to prevent haemolytic disease of newborns in Rh(D) negative women</td>
</tr>
<tr>
<td>Intravenous immunoglobulin</td>
<td>Used to supplement domestic supplies of intravenous immunoglobulin</td>
</tr>
</tbody>
</table>

years, and its manufacture ceased at the end of June 2004.

These contracts will ensure the appropriate supply of products to meet current and anticipated national demand at affordable prices, and will include a range of risk minimisation strategies and processes ensure supply.

Diagnostic products

The management of the Diagnostic Products Agreement with CSL Limited was transferred from the Department of Health and Ageing to the NBA on 1 July 2003.

Diagnostic products, derived from blood obtained by the Australian Red Cross Blood Service, are used in blood-grouping and antibody-screening tests to ensure compatibility of products and recipients. They are essential for blood banking, cross-matching of blood types and antenatal antibody screening, and are provided free of charge to Australian patients.

Diagnostic products covered under the agreement are illustrated in Table 9.
Table 9   Diagnostic products purchased from CSL Limited

<table>
<thead>
<tr>
<th>Product</th>
<th>Clinical use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abtectcell II 3%</td>
<td>Used for patient and donor antibody screening</td>
</tr>
<tr>
<td>Abtectcell III 3%</td>
<td></td>
</tr>
<tr>
<td>Phenocell 3%</td>
<td>Used for determining the clinical significance of unexpected antibodies that may have been detected</td>
</tr>
<tr>
<td>Revercell 3%</td>
<td>Used to accurately determine a person’s ABO blood group through two different test procedures (a forward group and a reverse group) using tube or tile techniques</td>
</tr>
<tr>
<td>Revercell 15%</td>
<td></td>
</tr>
<tr>
<td>Revercell 15%</td>
<td></td>
</tr>
<tr>
<td>Controcell 15%</td>
<td>Used as Rh positive and Rh negative controls to control antiglobulin and enzyme tests</td>
</tr>
<tr>
<td>Cord cells 3%</td>
<td>Used to identify atypical antibodies, in particular anti-I</td>
</tr>
<tr>
<td>Antiglobulin control cells</td>
<td>Used to validate test results</td>
</tr>
<tr>
<td>Anti K (Kell) BG serum</td>
<td>Used to type red cells for the presence of the K (Kell) antigen</td>
</tr>
<tr>
<td>Human thrombin (dried)</td>
<td>Used in emergency situations to speed up compatibility testing</td>
</tr>
</tbody>
</table>

In 2004 all Health Ministers agreed that the Diagnostic Products Agreement should continue in its present form only until 30 June 2005, at which time end users—such as public and private laboratories and research and teaching institutions—will be able to purchase diagnostic products from the providers of their choice.

The NBA has been working with Australian governments to ensure that they progress the implementation of the new arrangements and ensure essential diagnostic blood products continue to be available after 30 June 2005.

As the Diagnostic Products Agreement had been intended to finish in June 2004, the NBA was required to complete a substantial amount of work to extend the agreement.

Meeting the needs of people with blood disorders

The Australian Haemophilia Centre Directors’ Organisation

The Australian Haemophilia Centre Directors’ Organisation is the national medical body for haemophilia in Australia. During 2003–04 the organisation delivered timely advice and information to the Department of Health and Ageing and the NBA on matters related to haemophilia, designed and launched an organisational website, and provided monthly progress reports to the Department. It also commenced the development of guidelines, which are due for finalisation is 2004, for:

- the treatment of inhibitors in haemophilia A
- the management of Factor VII deficiency
The Department of Health and Ageing previously provided the Australian Haemophilia Centre Directors’ Organisation with funding to enable it to support a small national executive and to implement a range of key projects. In June 2004 this responsibility was transferred to the NBA, which set about negotiating a contract that would, by using the data obtained from the Australian Bleeding Disorder Registry, provide valuable insight into usage and demand patterns for bleeding disorder products.

The Australian Bleeding Disorder Registry

All States and Territories, with the exception of New South Wales, participate in the Australian Bleeding Disorder Registry, a national database established by the Department of Health and Ageing in 2000 to ensure that high-quality aggregate data on the needs of patients with bleeding disorders was available to governments and to treating clinicians.

Over time, the registry has produced very valuable data about the number of people with haemophilia, disease severity and demographic characteristics, and the treatment regimes and products people use.

During 2003–04 the role of contract manager for the Australian Bleeding Disorder Registry was transferred from the Department of Health and Ageing to the NBA. In June 2004, the NBA successfully negotiated for the Australian Haemophilia Centre Directors’ Organisation to manage the registry and to prepare for a number of key analytical projects over a two-year period. These projects will include:

- further enhancement of the registry database
- projection of requirements for plasma-derived and recombinant Factor VIII products, with prophylaxis being continued into adulthood
- a study of hepatitis C and human immunodeficiency virus status and treatment outcomes for patients with haemophilia
- a study of product issue and treatment (inhibitor) outcomes in patients with haemophilia
- a study of product issue and treatment (surgery) outcomes in patients with haemophilia.

From a national planning perspective, the future inclusion of New South Wales data in the registry will enhance the ability of the NBA to provide useful data to governments.

3.2.2 Ensuring sufficiency of supply

The National Reserve

The National Reserve of essential plasma products was established in 1998. It was put in place as a risk management tool, in case of a significant failure in blood collection or fractionation processes, or an unavoidable withdrawal of a significant volume of product from clinical use.

On 1 July 2003, the NBA assumed responsibility for the ongoing management of the National Reserve contract with CSL Limited. This involves monitoring the contract and processes to ensure that stock levels remain as close as possible to the target levels, and that stock is rotated so as to avoid wastage due to expiry.

The current National Reserve contract specifies the range of plasma products to be held within the reserve and a process for setting target quantity levels for each. Currently the products are: albumin; tetanus, intravenous and intramuscular immunoglobulin; zoster, hepatitis B and
cytomegalovirus immunoglobulin; Thrombotrol-VF; Biostate; MonoFIX-VF; and Intragam P.

The quantity of products held in the National Reserve varies and depends on the results of previous risk assessments as well as the previous availability of products for purchase for the National Reserve. In some cases it can be as much as four months’ supply.

The current National Reserve contract with CSL Limited was signed on 27 January 2003 and was to have ceased on 30 June 2004. The NBA has extended this contract until 31 December 2004.

Managing shortages

The NBA played a central role in coordinating demand management activities for two products in short supply—Biostate (plasma-derived Factor VIII) and Intragam P (plasma-derived IVIg). At all times, the NBA successfully met the blood and blood product needs of all Australian jurisdictions through intensive management of the product, via its contracts with the Australian Red Cross Blood Service and CSL Limited and the importation of substitutable products from overseas.

In the course of its supply-planning activities, the NBA foreshadowed that during the year the demand for IVIg would outstrip the nation’s capacity to meet it. The NBA worked cooperatively with the Australian Red Cross Blood Service and CSL Limited to manage supply. The strategy included weekly meetings of the suppliers and regular reporting to the Jurisdictional Blood Committee to ensure adequate management of the distribution of products.

The NBA arranged for an imported product to be purchased to make up for the shortfall, and this product was made available to patients in March 2004.

As a result of increasing demand for CSL Limited’s plasma-derived Factor VIII product, Biostate, it was also necessary to intensively manage the supply and distribution of this product to meet the needs of the haemophilia community. In response to unacceptable shortages, the Jurisdictional Blood Committee asked the NBA to facilitate the purchase of additional supplies of imported recombinant Factor VIII to ensure sufficiency of supply.

3.2.3 Ensuring safety and quality use of blood products and services

The NBA does not have a primary role in ensuring the safety and quality of blood products and services—that is the role of the Therapeutic Goods Administration. However, the NBA does ensure that all contractual arrangements for domestically supplied products and services oblige suppliers to comply with Therapeutic Goods Administration standards and requirements in these areas.

While the NBA’s priority during 2003–04 was ensuring the adequacy of supply of blood and blood products, it also made some progress in the area of influencing the appropriate usage of blood products.
Anti-D guidelines

In conjunction with Australian Red Cross Blood Service, CSL Limited and clinicians, the NBA assisted in managing the supply of Rh(D) immunoglobulin in Australia, with the ultimate goal of becoming self-sufficient in this product.

Rh(D) immunoglobulin is a plasma-derived product used to prevent haemolytic disease of the newborn. This disease occurs when an Rh-negative mother, who has developed Rh antibodies in response to Rh-positive foetal cells, can destroy the red blood cells of her baby. In extreme cases, this can result in physical or mental incapacity or death of the baby.

The first part of a managed policy of Rh(D) immunoprophylaxis in Australia commenced in June 2003 with the revision and updating of the National Health and Medical Research Council guidelines on the prophylactic use of Rh(D) immunoglobulin in obstetrics. The review supported the provision of Rh(D) immunoglobulin to Rh(D) negative women with no preformed anti-D antibodies during their first pregnancy at discrete intervals, following sensitising events, and immediately after delivery. The enhanced policy balanced the shortage of domestic supplies of Rh(D) immunoglobulin with the need to protect women of child-bearing age against developing anti-D. During this phase, supplies were augmented by an imported product, WinRho, for postpartum use.

Following increased Australian production of Rh(D) immunoglobulin, an enhanced national policy was developed, extending routine prophylaxis to include patients in their second or later pregnancies, in addition to women who are pregnant for the first time. This will allow clinicians and approved providers of Rh(D) immunoglobulin to commence the new practice as soon as their internal policies and standard operating procedures allow. All users and suppliers should have the new procedure in place by January 2005.

The Australian Red Cross Blood Service is continuing its program to increase the supply of Rh(D) hyperimmune plasma from its pedigree group of donors towards the ultimate goal of being self-sufficient in this preventative therapy. Once this goal is reached, all Rh(D) negative women who do not have pre-formed anti-D will be able to receive entirely Australian-sourced product, and imported WinRho will no longer be required.
Factor VIII and Factor IX guidelines

In 2003 a Jurisdictional Blood Committee working party was established to facilitate the development of Clinical Practice Guidelines and National Tolerisation Protocols for the use of recombinant and plasma-derived Factor VIII and Factor IX products for patients with haemophilia A and B respectively. Tolerisation is a treatment regime for patients who have developed ‘inhibitors’—in effect, antibodies to the clotting factors necessary to treat their condition.

The NBA called for tenders for the development of these guidelines. Preparation of the guidelines has commenced and the guidelines are due for completion in December 2004.

Intravenous immunoglobulin guidelines

In response to rapidly rising demand for IVIg, the Jurisdictional Blood Committee requested the NBA provide information on the evidence base and cost-effectiveness of its usage. Currently IVIg is provided to patients in accordance with recommended categories established by the Australian Health Ministers’ Advisory Council Blood and Blood Products Committee in June 2000.

In 2004 the NBA commissioned a comprehensive literature review of IVIg usage, and a cost-effectiveness analysis based on the findings from the literature. These studies are currently underway. The literature review is due for completion and presentation to the NBA in September 2004, and the cost-effectiveness analysis is due for completion and presentation in November 2004.

In May 2004, the NBA also convened a major workshop on IVIg, to identify the changing patterns of IVIg use in Australia, and reach an understanding of the drivers behind current increases in use. The lessons learned at the workshop will be used as a foundation for the development of a clinically relevant, evidence-based and cost-effective supply plan for IVIg.

Participants at the workshop included representatives from clinical specialty groups (haematology, immunology and neurology), the Australian Red Cross Blood Service, Therapeutic Goods Administration, industry consultants and government health services.

Discussion at the workshop covered:
- international production of IVIg and trends in usage

What is intravenous immunoglobulin?

Intravenous immunoglobulin (IVIg) is a product derived from donor plasma used to treat a variety of acute and chronic haematological, neurological and immunological conditions, such as multiple myeloma and acquired immunodeficiency syndromes. It is also used extensively to treat autoimmune disorders, such as Kawasaki’s disease, and an increasing number of autoimmune-based neurological conditions, such as inflammatory demyelination syndromes.

IVIg usage is increasing internationally in all developed countries, including Australia, as more and more conditions are treated with the product. Indeed the number of syndromes which it is claimed respond to IVIg is increasing rapidly, and demand for IVIg is expected to continue to outstrip supply in the medium term. However, there is a lack of robust scientific evidence supporting its efficacy in many conditions in which it is used.
Part 3—Performance

- changes in usage within Australian across the three clinical specialities—haematology, immunology and neurology
- the key drivers of demand, and options to align supply and demand in the future.

The outcomes of the workshop included suggestions for:

- a framework for evidence-based strategies to harmonise demand with supply
- development of a national distribution model for IVIg that recognises the chronic shortage of IVIg, but also provides flexibility for one-off situations where there is a serious risk of morbidity or mortality in patients who fall outside the guidelines
- development of a framework that provides for a review process, and updating of guidelines as the need arises.

Once the literature review has been completed, the Jurisdictional Blood Committee will consider the outcomes of the three areas of work and decide on the next steps.

Leucodepletion Reference Group

Prior to the establishment of the NBA, the Department of Health and Ageing was responsible for coordinating the work of a reference group to guide and assist the professional development of a business case to analyse the costs and benefits of introducing leucodepletion of blood supplies.

In 2003–04 the NBA provided secretariat services to the Leucodepletion Reference Group and assisted in presenting the final recommendations to the Jurisdictional Blood Committee. The committee is now considering government policy in the light of the report.

The International Neonatal Immunotherapy Study

The International Neonatal Immunotherapy Study is a randomised control trial of IVIg in treating neonatal sepsis. Neonatal sepsis can damage the brain, lungs, bones, bone marrow, kidneys, liver and heart.

The aim of the study was to test the hypothesis that the addition of IVIg to standard antibiotic therapy reduces death and/or major disability at two years of age in babies with proven or suspected serious infection.

The University of Sydney’s National Health and Medical Research Council’s Clinical Trials Centre and Westmead Hospital are playing a major role in this international study, which will involve approximately 5,000 babies from more than 100 centres across the United Kingdom, Australia, New Zealand, Europe and Asia.

What is leucodepletion?

Leucodepletion is the process of removing more than 99.9 per cent of the white blood cells (leucocytes) from cellular blood components (red cells and platelets).

In order for a component to be labelled as leucodepleted, the residual leucocyte content of a component should be less than 1:10^6 in the final product.

Residual donor leucocytes play no beneficial role in transfusion, but can be responsible for a number of undesirable effects such as adverse transfusion reactions, transmission of infectious agents and complications in immunocompromised individuals.

Removal of the donor leucocytes provides a number of accepted benefits. However, the clinical benefits of leucodepletion vary depending on the blood component involved. While there appears to be evidence for removing leucocytes from platelets, the benefit of removing them from red blood cells is less definitive.
All Australian governments have agreed to provide the IV Ig necessary to conduct the study for Australian babies participating in the trial.

**Saline versus Albumin Fluid Evaluation (SAFE) Trial**

The Saline versus Albumin Fluid Evaluation Trial studied the effects of using albumin versus saline on the survival of intensive care unit patients with specific conditions, and involved a number of Australian hospitals.

The trial was established in response to a meta-analysis published by the international Cochrane Collaboration in 1998, which indicated that albumin was associated with increased mortality.

The findings of the trial refuted that claim, finding that use of either four per cent albumin or normal saline resulted in similar outcomes at 28 days with the exception of trauma patients with concomitant brain injury and where severe sepsis was involved.

The NBA closely monitored debate in both clinical and media circles, to determine whether there would be any implications for supply. However, as intensive care units use only a relatively small proportion of the albumin supply, the NBA considered that the implications of the findings would not have a significant impact from a supply perspective.

### 3.2.4 Establishing productive relationships

The NBA’s primary goal in 2003–04 was to establish relationships with government agencies and product suppliers. While exploring particular issues it also furthered relationships with professional and community organisations.

The NBA recognises the value of customer service and will be developing a customer services charter in 2004–05 to ensure that staff act in accordance with consistent procedures to promote customer satisfaction and address the needs of individuals with specific concerns. No complaints were received during the 2003–04 reporting period.

**Jurisdictional Blood Committee**

Established under the National Blood Agreement, the Jurisdictional Blood Committee is the body that oversees the NBA, as well as providing policy advice to ministers. The NBA provides the secretariat to the Jurisdictional Blood Committee. This task has evolved to be much bigger than was originally envisaged, with consequential resource implications for the NBA. The committee met 22 times in 2003–04, as all parties dealt with many issues relating to the establishment of the new sectoral arrangements as well as blood supply issues that arose during the course of the year. Finding solutions to issues was complex, as each party sought to optimise the implications of the new arrangements for its own constituency, and procedures and policy were developed.

Issues considered by the Jurisdictional Blood Committee during 2003–04 included:

- parameters for a blood fractionation agreement with CSL Limited
- the extension of the Plasma Fractionation Agreement
- new diagnostic arrangements
- the provision of blood products for Australians travelling overseas
- the supply and production plan for 2004–05
Part 3—Performance

- the export of products
- the Australian Red Cross Blood Service haemoglobin business case
- the Australian Red Cross Blood Service funding needs in response to increased demand
- blood safety issues responses
- the formulation of a new agreement with the Australian Red Cross Blood Service
- the National Blood Management System
- the NBA Corporate Plan
- Biostate shortages
- IVIg demand and supply
- the decision-making authority of the Jurisdictional Blood Committee and the NBA.

It is now apparent that the Jurisdictional Blood Committee will be looking to the NBA to act as the main policy advisor for matters under the committee’s consideration. The NBA’s capacity to undertake this role improved during the year, as staff developed their understanding of the sector, their knowledge of the issues, and effective sector networks.

Suppliers

The NBA established effective relationships with all current suppliers during 2003–04, largely through the mechanisms of contract negotiation and management. In addition, a number of suppliers visited the NBA and made presentations, and in return NBA staff visited the premises of Australian suppliers, and made presentations to them.

The NBA also sought to engage with other suppliers, both in Australia and overseas, which do not currently have arrangements with the NBA. A suppliers’ forum to provide a more formal mechanism for engagement, as well as to identify ways to ensure efficient processes with the industry, is planned for 2004–05. The forum will also provide an opportunity for suppliers to have input to policy issues under consideration by governments.

Professional and community groups

The NBA engaged with professional and community groups in relation to a range of issues during the year, such as IVIg demand and the availability of recombinant products. It also gave these groups an opportunity to contribute to the development of negotiation strategies for both CSL Limited and the Australian Red Cross Blood Service.

It became evident in addressing professional and community groups that some expected the NBA to make government policy, but the NBA’s role has since been clarified through effective communication with them. Nonetheless, as the appreciation of the NBA’s role as a policy advisor to the Jurisdictional Blood Committee has emerged, the NBA has begun to identify better ways of engaging the community so that their views feed into its policy advice.
3.3 Our finances

The financial management of the NBA's budget is dictated by both its responsibilities and its resource structure. As a statutory agency, the Authority has a range of corporate responsibilities under the National Blood Authority Act 2003, the Financial Management and Accountability Act 1997, the Public Service Act 1999 and a range of ministerial, parliamentary and financial reporting requirements.

Compliance with these accountability requirements was a major achievement in 2003–04, as the NBA established and implemented reporting timetables to ensure that it met its obligations for known tasks, including monthly whole-of-government reporting, tax compliance reporting, budgeting, and preparing financial statements.

During the year, the NBA put in place Chief Executive Instructions and financial delegations; managed the transition of financial management tasks from the Department of Health and Ageing; established an Audit Committee; and developed information framework (confidentiality) agreements with its partner agencies in the Australian, State and Territory governments. The NBA also developed a contracts register and worked with the Australian National Audit Office, which undertook its first audit of the financial statements in May 2004.

During 2003–04, the NBA focused its attention on tighter contract management, the quarterly reconciliation of payments for blood and blood products, and the provision of a range of contract information to its partner agencies to improve supply-planning processes.

The NBA is currently undergoing a resource review on the future funding and resources required to achieve the objectives and functions set out in the NBA Act. The review will identify all tasks required to be performed by the NBA and future funding required.

### 3.3.1 Summary resource table

Table 10 summarises the resources used to deliver the NBA's outputs in 2003–04. The NBA administered no discretionary grants during the year.

### 3.3.2 Purchasing

The NBA adheres to the principles of the Commonwealth Procurement Guidelines and Best Practice Guidance when undertaking procurement. The guidelines are applied to
the NBA’s activities through the Chief Executive Instructions and supporting guidelines.

The Authority is in the process of developing a new financial management information system and procurement manual. These are expected to be in place in 2004–05.

During its first year of operations the NBA accessed financial, payroll and corporate services from the Department of Health and Ageing, as agreed under a Memorandum of Understanding.

3.3.3 Consultants, competitive tendering and contracting

In 2003–04, the NBA provided funding of $211,000 for a total of 16 consultancies, regardless of the year in which each contract was let. This figure does not include one consultancy that has been excluded from this report (see note under Table 11).

The NBA ensured compliance with the Australian Government’s requirement that corporate services be market tested. During 2003–04 the NBA outsourced its payroll function, concluding that optimum value for money lay in using a specialist outsourcer to provide these services.

Due to the fact that this was the NBA’s first year of operation, it was able to use a number of in-house and outsourced functions provided by the Department of Health and Ageing. Once core functions have been fully established and necessary processes and procedures have been reviewed and documented, the NBA will undertake analysis and, if required, market testing of the remaining corporate functions. This is expected to commence in 2005–06.

The NBA used the panel arrangements established by the Department of Health and Ageing when selecting consultants to provide legal services during the year. The NBA had no

Table 10 Financial summary—appropriation for outcome ($’000)

<table>
<thead>
<tr>
<th>Administered expenses</th>
<th>Actual 2003–04</th>
<th>Budget 2003–04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>247,792</td>
<td>234,741</td>
</tr>
<tr>
<td>Suppliers</td>
<td>207,889</td>
<td>193,801</td>
</tr>
<tr>
<td><strong>TOTAL ADMINISTERED</strong></td>
<td><strong>455,681</strong></td>
<td><strong>428,542</strong></td>
</tr>
<tr>
<td>DEPARTMENTAL PRICE OF OUTPUTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from government</td>
<td>4,645</td>
<td>4,370</td>
</tr>
<tr>
<td>Revenue from other sources</td>
<td>2,769</td>
<td>2,567</td>
</tr>
<tr>
<td><strong>TOTAL DEPARTMENTAL</strong></td>
<td><strong>7,414</strong></td>
<td><strong>6,937</strong></td>
</tr>
<tr>
<td>AVERAGE STAFFING LEVELS</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>
expenditure on advertising or market research during 2003–04.

Table 11 provides details of consultancy contracts let by the NBA in 2003–04 and the value of each contract over its entire life. Contracts with a value of less than $10,000 have not been included, in line with the annual reporting requirements of the Joint Committee of Public Accounts and Audit.

A suite of standard form contracts has been developed for use by NBA staff in setting up most of the Authority’s consultancies. Where necessary, these standard form documents can be readily adapted by the NBA to suit individual circumstances.

Since the establishment of the NBA there has been one selective competitive tendering and contracting activity carried out for outsourcing payroll functions.

3.3.4 Asset management

Physical assets are not a significant aspect of the NBA’s strategic management. An asset replacement strategy is being developed by the NBA to ensure that it has an adequate budget in place for the replacement of assets as they come to the end of their useful lives.

3.3.5 Funding

The functions of the Authority are outlined in the NBA Act and the National Blood Agreement. During 2003–04 the NBA was unable to implement all the tasks and frameworks set out, due to the inadequacy of our resource arrangements and funding.

These resource constraints were imposed on the NBA through the budgets set by the Australian Health Ministers’ Conference in 2002.

The NBA is funded 63 per cent by the Australian Government and 37 per cent by the governments of the States and Territories. The funding is to cover the provision of the national blood supply and the operations of the Authority. Contributions are sought on a quarterly basis, in advance, based on budgets set early in 2003.

All jurisdictions must approve any changes in the projected demand for blood supply, any new products and initiatives, and any change in resources for the NBA. Once agreement is reached between the various governments, they must seek agreement from their respective treasury or finance departments. Budgets related to these funding requests must also be approved by the Australian Health Ministers’ Conference.
Table 11 Consultancy contracts let, 2003–04

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Purpose</th>
<th>Value ($)</th>
<th>Reason</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acumen Alliance</td>
<td>To provide advice on product pricing</td>
<td>10,765</td>
<td>3</td>
<td>D</td>
</tr>
<tr>
<td>Betrusted Pty Ltd</td>
<td>To provide a security risk assessment for the Authority</td>
<td>15,400</td>
<td>4</td>
<td>B</td>
</tr>
<tr>
<td>Biotext Pty Ltd</td>
<td>To conduct a literature review and report on the efficacy of product therapy and its risks</td>
<td>67,155</td>
<td>2</td>
<td>A</td>
</tr>
<tr>
<td>BK Thomas Pty Ltd</td>
<td>To provide accounting services for financial statement preparation and FMIS evaluation</td>
<td>16,495</td>
<td>1</td>
<td>E</td>
</tr>
<tr>
<td>Competitive Dynamics Pty Ltd</td>
<td>To conduct a governance study of the Australian Red Cross Blood Service</td>
<td>16,591</td>
<td>2</td>
<td>C</td>
</tr>
<tr>
<td>Phillip Fox</td>
<td>To provide legal advice on contracts and conduct various legal audits in relation to contracting</td>
<td>66,582</td>
<td>4</td>
<td>F</td>
</tr>
</tbody>
</table>

FMIS = financial management information system.

Reason
The NBA used consultants as required for a variety of tasks. The most common uses included the application of expert professional skills to:
1. investigate or diagnose a defined issue or problem
2. carry out defined research reviews or evaluations
3. provide independent advice, information or solutions to assist the NBA
or
4. provide specialised services, including assistance with the development and/or implementation of purpose-built information technology systems and legal advice.

Selection
The NBA used the following selection processes for letting contracts:
A. public tender (the consultancy is advertised in the newspaper with an invitation to submit proposals)
B. selective tender (a limited number of individuals or organisations considered to possess the necessary skills and/or expertise are invited to submit proposals)
C. direct engagement of recognised and preeminent expert
D. direct engagement of a consultant who had previously undertaken closely related work for the NBA
E. direct engagement of an individual known to have the requisite skills where value of the project did not justify the expense or delay associated with seeking tenders
F. direct engagement of a recognised legal expert with the requisite skills engaged prior to the establishment of the NBA under the provisions of a panel arrangement with the Department of Health and Ageing.

Note: One consultancy contract has been excluded from this report due to commercial sensitivity, because the disclosure of the contract may impact on the NBA’s commercial negotiating position.
The process requires full cost–benefit analysis to be undertaken by the NBA prior to its seeking an agreement for funding. Once agreement has been provided, the funding request must be implemented and performance must be monitored. The challenges for the NBA during 2003–04 have been to understand the different processes in various jurisdictions, develop models that provide full cost–benefit analyses, and implement an infrastructure that provides performance feedback against the agreed benchmarks.

Cash flow forecasting and daily monitoring of supplier obligations were major challenges for the NBA in 2003–04. As this was the Authority’s first year of operation there was very little history available to help it understand the monthly cash flow trends for the national blood supply and usage.

In order to adequately manage resources and in anticipation of funding pressures on its operational functions in future years, the NBA took extreme caution with funds received in 2003–04, so that any unused resources can be utilised in future years.
Appendixes

- Financial statements
- Freedom of information statement
INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Scope

The financial statements comprise:

• Statement by the Chief Executive and Chief Finance Officer;
• Statements of Financial Position, Financial Performance and Cash Flows;
• Schedules of Commitments and Contingencies;
• Schedule of Administered Items; and
• Notes to and forming part of the Financial Statements.

for the National Blood Authority for the year ended 30 June 2004.

The National Blood Authority’s General Manager is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister’s Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit in order to express an opinion to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management’s internal controls over financial reporting was considered when determining the nature and extent of the procedures, the audit was not designed to provide assurance on internal controls.

The audit did not involve an analysis of the prudence of business decisions made by the General Manager or management.
Procedures were performed to assess whether in all material respects the financial report presents fairly, in accordance with the Finance Minister’s Orders made under the Financial Management and Accountability Act 1997, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the National Blood Authority’s performance as represented by the statements of financial performance, financial position and cash flows.

The audit opinion is formed on the basis of these procedures, which included:
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the General Manager.

Independence
In conducting the audit, I have followed the independence requirements of the ANAO which incorporate Australian professional ethical pronouncements.
Audit Opinion

In my opinion the financial statements:

(i) have been prepared in accordance with Finance Minister’s Orders made under the Financial Management and Accountability Act 1997 and applicable Accounting Standards; and

(ii) give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister’s Orders, of the financial position of National Blood Authority as at 30 June 2004, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Richard Rundle
Delegate of the Auditor-General

Canberra

30 July 2004
National Blood Authority
Financial Statements
For the year ended 30 June 2004

Statement by the Chief Executive and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister’s Orders made under the Financial Management and Accountability Act 1997.

Signed
Chief Executive
30 July 2004

Signed
Chief Finance Officer
30 July 2004
# Financial statements
For the year ended 30 June 2004

## Statement of Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>2004 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from Government</td>
<td>4A</td>
<td>4,645</td>
</tr>
<tr>
<td>Goods and services</td>
<td>4B</td>
<td>2,769</td>
</tr>
<tr>
<td><strong>Revenues from ordinary activities</strong></td>
<td></td>
<td>7,414</td>
</tr>
<tr>
<td><strong>Expenses from ordinary activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>5A</td>
<td>3,779</td>
</tr>
<tr>
<td>Suppliers</td>
<td>5B</td>
<td>2,688</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>5C</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total expenses from ordinary activities</strong></td>
<td></td>
<td>6,502</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td></td>
<td>912</td>
</tr>
<tr>
<td><strong>Total revenues and expenses recognised directly in equity</strong></td>
<td></td>
<td>912</td>
</tr>
<tr>
<td><strong>Total changes in equity other than those resulting from transactions with the Australian Government as owner</strong></td>
<td></td>
<td>912</td>
</tr>
</tbody>
</table>
## Statement of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>6A,11</td>
<td>2,401</td>
</tr>
<tr>
<td>Receivables</td>
<td>6B</td>
<td>662</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>3,063</td>
</tr>
<tr>
<td>Non financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure, plant and equipment</td>
<td>7A, 7D</td>
<td>175</td>
</tr>
<tr>
<td>Intangibles</td>
<td>7B, 7D</td>
<td>238</td>
</tr>
<tr>
<td>Other</td>
<td>7C</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total non-financial assets</strong></td>
<td></td>
<td>466</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>3,529</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>8A</td>
<td>727</td>
</tr>
<tr>
<td><strong>Total Provisions</strong></td>
<td></td>
<td>727</td>
</tr>
</tbody>
</table>
### Statement of Financial Position continued

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>9A</td>
<td>1 662</td>
</tr>
<tr>
<td>Other</td>
<td>9B</td>
<td>228</td>
</tr>
<tr>
<td>Total payables</td>
<td></td>
<td>1 890</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>2 617</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>912</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained Surpluses</td>
<td>10A</td>
<td>912</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td>912</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td>2 068</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td>549</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>3 116</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td>413</td>
</tr>
</tbody>
</table>
## Statement of Cash Flows

<table>
<thead>
<tr>
<th>Operating activities</th>
<th>NOTES</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td></td>
<td>4,543</td>
</tr>
<tr>
<td>Goods and services</td>
<td></td>
<td>2,883</td>
</tr>
<tr>
<td>Net GST received from ATO</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Total cash received</td>
<td></td>
<td>7,444</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td></td>
<td>3,286</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td>1,309</td>
</tr>
<tr>
<td>Total cash used</td>
<td></td>
<td>4,595</td>
</tr>
<tr>
<td>Net cash from/(used by) operating activities</td>
<td></td>
<td>2,849</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash used</td>
</tr>
<tr>
<td>Purchase of infrastructure, plant and equipment</td>
</tr>
<tr>
<td>Total cash used</td>
</tr>
<tr>
<td>Net cash from/(used by) investing activities</td>
</tr>
</tbody>
</table>

| Cash at end of the reporting period | | 2,401 |

NOTES

11

6
## Schedule of Commitments & Contingencies

<table>
<thead>
<tr>
<th>Commitments</th>
<th>2004 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By type</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other commitments</strong></td>
<td></td>
</tr>
<tr>
<td>Operating leases</td>
<td>111</td>
</tr>
<tr>
<td>Goods and services contracts</td>
<td>573</td>
</tr>
<tr>
<td><strong>Total other commitments</strong></td>
<td>684</td>
</tr>
<tr>
<td><strong>Commitments receivable</strong></td>
<td></td>
</tr>
<tr>
<td>GST receivable</td>
<td>62</td>
</tr>
<tr>
<td><strong>Total commitments receivable</strong></td>
<td>62</td>
</tr>
<tr>
<td><strong>Net commitments</strong></td>
<td>622</td>
</tr>
</tbody>
</table>

**By maturity**

<table>
<thead>
<tr>
<th>Other commitments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One year or less</td>
<td>514</td>
</tr>
<tr>
<td>From one to five years</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total other commitments</strong></td>
<td>573</td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>111</td>
</tr>
<tr>
<td>Commitments receivable</td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>62</td>
</tr>
<tr>
<td><strong>Net commitments by maturity</strong></td>
<td>622</td>
</tr>
</tbody>
</table>

NB. All commitments are stated inclusive of Goods and Services Tax where relevant.
Operating leases included are effectively non cancellable and comprise:

<table>
<thead>
<tr>
<th>Nature of lease</th>
<th>General description of leasing arrangement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease for office accommodation</td>
<td>The current lease for office accommodation expires on 31 October 2004. Currently renegotiating a new lease for office space.</td>
</tr>
</tbody>
</table>

**Contingent liabilities and assets**

There are no contingent liabilities or contingent assets in this reporting period.
### Schedule of Administered Items

#### Revenues Administered on Behalf of Government for the year ended 30 June 2004

<table>
<thead>
<tr>
<th>Description</th>
<th>NOTES</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-taxation revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and Territory Contributions</td>
<td>17</td>
<td>164 627</td>
</tr>
<tr>
<td>Interest</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>Other sources of non taxation revenues</td>
<td>17</td>
<td>34 988</td>
</tr>
<tr>
<td>Total non-taxation revenues</td>
<td></td>
<td>199 665</td>
</tr>
<tr>
<td><strong>Total Revenues Administered on Behalf of Government</strong></td>
<td>1.17</td>
<td>199 665</td>
</tr>
</tbody>
</table>

#### Expenses Administered on Behalf of Government for the year ended 30 June 2004

<table>
<thead>
<tr>
<th>Description</th>
<th>NOTES</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>18</td>
<td>247 792</td>
</tr>
<tr>
<td>Suppliers</td>
<td>18</td>
<td>207 889</td>
</tr>
<tr>
<td><strong>Total Expenses Administered on Behalf of Government</strong></td>
<td></td>
<td>455 681</td>
</tr>
</tbody>
</table>

#### Assets Administered on Behalf of Government as at 30 June 2004

<table>
<thead>
<tr>
<th>Description</th>
<th>NOTES</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>19A</td>
<td>-</td>
</tr>
<tr>
<td>Receivables</td>
<td>19B</td>
<td>9 108</td>
</tr>
<tr>
<td>Other</td>
<td>19C</td>
<td>21 342</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30 450</td>
</tr>
<tr>
<td>Non Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>19D</td>
<td>34 988</td>
</tr>
<tr>
<td><strong>Total Assets Administered on Behalf of Government</strong></td>
<td></td>
<td>65 438</td>
</tr>
</tbody>
</table>
**Schedule of Administered Items continued**

<table>
<thead>
<tr>
<th>Liabilities Administered on Behalf of Government</th>
<th>NOTES</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>20A</td>
<td>15,036</td>
</tr>
<tr>
<td>Unearned income</td>
<td>20A</td>
<td>11,125</td>
</tr>
<tr>
<td><strong>Total Liabilities Administered on Behalf of Government</strong></td>
<td></td>
<td><strong>26,161</strong></td>
</tr>
<tr>
<td><strong>Net Assets Administered on Behalf of Government</strong></td>
<td>21</td>
<td><strong>39,277</strong></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td><strong>26,161</strong></td>
</tr>
<tr>
<td><strong>Non-current Liabilities</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td><strong>65,438</strong></td>
</tr>
<tr>
<td><strong>Non-current Assets</strong></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

**Administered Cash Flows for the year ended 30 June 2004**

<table>
<thead>
<tr>
<th>Operating Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash received</td>
<td></td>
</tr>
<tr>
<td>State and Territory Contributions</td>
<td>175,752</td>
</tr>
<tr>
<td>Other - GST received from ATO</td>
<td>38,622</td>
</tr>
<tr>
<td>Other - Interest received from ATO</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td><strong>214,424</strong></td>
</tr>
</tbody>
</table>
### Schedule of Administered Items continued

<table>
<thead>
<tr>
<th></th>
<th>NOTES</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash used</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td></td>
<td>293 913</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td>215 803</td>
</tr>
<tr>
<td><strong>Total cash used</strong></td>
<td></td>
<td>509 716</td>
</tr>
<tr>
<td><strong>Net cash used by operating activities</strong></td>
<td></td>
<td>(295 292)</td>
</tr>
<tr>
<td><strong>Net increase in cash held</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at the beginning of the reporting period</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Cash from Official Public Account for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Account</td>
<td></td>
<td>295 292</td>
</tr>
<tr>
<td>Cash to Official Public Account for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Account</td>
<td></td>
<td>295 292</td>
</tr>
<tr>
<td><strong>Cash at end of the reporting period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>
## Administered Commitments as at 30 June 2004

### By type

<table>
<thead>
<tr>
<th>Other commitments</th>
<th>353 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total other commitments</td>
<td>353 348</td>
</tr>
</tbody>
</table>

### Commitments receivable

<table>
<thead>
<tr>
<th>GST receivable</th>
<th>32 123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total commitments receivable</td>
<td>32 123</td>
</tr>
<tr>
<td>Net commitments</td>
<td>321 225</td>
</tr>
</tbody>
</table>

### By maturity

<table>
<thead>
<tr>
<th>One year or less</th>
<th>353 150</th>
</tr>
</thead>
<tbody>
<tr>
<td>From one to five years</td>
<td>198</td>
</tr>
<tr>
<td>Total other commitments</td>
<td>353 348</td>
</tr>
</tbody>
</table>

### Net commitments by maturity

<table>
<thead>
<tr>
<th>One year or less</th>
<th>32 123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net commitments by maturity</td>
<td>321 225</td>
</tr>
</tbody>
</table>

**NB:** All commitments are GST inclusive where relevant.

Other commitments ¹: Other commitments relate to amounts payable under agreements and contracts in respect of which the grantee or supplier has yet to provide services required under the agreement or contract.

The National Blood Authority is currently renegotiating two major contracts/agreements that expire during the next reporting period. The values disclosed are based on the current contracts/agreements assuming the current obligations are for the entire 2004–05 reporting period.
### Schedule of Administered Items continued

#### Administered Contingencies as at 30 June 2004

There were no quantifiable administered contingent liabilities as at 30 June 2004.

Unquantifiable and remote but material contingencies are disclosed in **Note 22: Administered Contingent Liabilities**

#### Statement of Activities Administered on Behalf of Government

The major activities of the National Blood Authority are directed towards managing national blood arrangements, ensuring sufficient supply and to provide a new focus on the safety and quality of blood products and services.

The NBA manages and coordinates Australia’s blood supply in accordance with the National Blood Agreement agreed by the Commonwealth, States and Territory. The National Blood Authority Act 2003. The Act also established a special appropriation held by the Department of Health and Ageing, under the Financial Management and Accountability Act 1997.

Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates for 2003–04 which have been tabled in Parliament.
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1.1 Objectives of the National Blood Authority

The National Blood Authority (NBA) was established on 1 July 2003 with the principal role of managing national blood arrangements, ensuring sufficient supply and to provide a new focus on the safety and quality of blood products and services.

The NBA manages and coordinates Australia’s blood supply in accordance with the National Blood Agreement agreed by the Commonwealth, States and Territories. Under this agreement, the Commonwealth contributes 63 per cent of overall costs in the blood sector and the States and Territories are providing 37 per cent. The funding for blood and blood products is funded from a special account established under the National Blood Authority Act 2003. This act also established a special appropriation held by the Department of Health and Ageing, under the Financial Management and Accountability Act 1997.

The Authority contributes to one outcome: Quality Health Care: Improved quality, integration and effectiveness of health care.

The Authority’s activities contributing to this outcome are classified as either Departmental or Administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled by the Authority in its own right. Administered activities involve the management or oversight by the Authority, on behalf of the Government, of items controlled or incurred by the Government.

The continued existence of the Authority in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament and States and Territories for the Authority’s administration and programs.

1.2 Basis of Accounting

The financial statements are required by Section 49 of the Financial Management and Accountability Act 1997 and are a general purpose financial report.

The statements have been prepared in accordance with:

• Finance Minister’s Orders (or FMOs, being the Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004));
• Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
• Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for
the effect of changing prices on the results of the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 15).

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items.

1.3 Changes in Accounting Policy

Some of the activities of the National Blood Authority were previously reported in the accounts of the Department of Health and Ageing. To that extent, accounting policies used in the preparation of these financial statements are consistent with those used in 2002-03.

In 2002-03, the Finance Minister’s Orders introduced an impairment test for non-current assets which were carried at cost and not subject to AAS10 Recoverable Amount of Non-current Assets.

In 2003–04, the impairment test provisions of the FMO’s have been extended to cover non-current assets carried at deprival values. There were no indications of impairment for these assets.

1.4 Revenue

Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings and reductions) are recognised as revenue, 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.

Resources Received Free of Charge

Services received free of charge are recognised as revenue 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence...
of a restructuring of administrative arrangements (Refer to Note 1.5).

Other Revenue
Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Interest revenue is recognised in accordance with the underlying balance of the cash balance to which it relates.

Section 31 Revenue
Section 83 of the Constitution, prescribes that monies are not to be drawn down from the Treasury, except under an appropriation by law. Further, under Section 31 of the Financial Management and Accountability Act 1997, an agreement may be made with the Finance Minister which specifies the type of receipts that are not included in the Appropriation Acts, but may be deemed to be appropriated.

The Authority receives monies from a number of sources, other than appropriations, and those revenues that are stipulated within the National Blood Authority Act 2003. At present, no instrument exists that allows the Authority to retain and spend these receipts. The instrument is currently with the Department of Finance and Administration for their review and agreement.

We have sought independent legal advice as to whether the National Blood Authority Act 2003 allows the National Blood Authority to retain and spend these funds under the National Blood Special Account, or whether we need to stipulate specific receipts under the Section 31 instrument.

Funds have been received by the National Blood Authority ($1,006,861) that may be covered under the Section 31 instrument have been recognised in the Financial Statements as a payable to the Commonwealth, pending a final review and decision.

1.5 Transactions with the Government as Owner

Restructuring of Administrative Arrangements
Net assets received from or relinquished to another Commonwealth agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.6 Employee Benefits
Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.
Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

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

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

**Leave**

The liability 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 Authority is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees’ remuneration, including the Authority’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 is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2004. In determining the present value of the liability, the Authority has taken into account attrition rates and pay increases through promotion and inflation.

**Superannuation**

Staff of the Authority are members of the Commonwealth Superannuation Scheme, the Australian Government Employee Superannuation Trust and the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Authority makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Authority’s employees.

**1.7 Leases**

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits. The Authority has no finance leases as at 30 June 2004.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under noncancellable lease agreements is expensed in the period in which the space becomes surplus.
1.8 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.9 Other Financial Instruments

Trade Creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Term Deposits

Term deposits are recognised at cost.

Contingent Liabilities and Contingent Assets

Contingent Liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.10 Acquisition of Assets

Assets are recorded at cost on acquisition, except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency’s accounts immediately prior to the restructuring.

1.11 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

Purchases of 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).

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Recognition Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure, Plant and Equipment</td>
<td>$2,000</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$10,000</td>
</tr>
<tr>
<td>Software</td>
<td>$5,000</td>
</tr>
</tbody>
</table>
Revaluations

Basis

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

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Fair value measured at:</th>
<th>Deprival value measured at:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>Depreciated replacement cost</td>
<td>Depreciated replacement cost</td>
</tr>
<tr>
<td>Plant &amp; equipment</td>
<td>Market selling price</td>
<td>Depreciated replacement cost</td>
</tr>
</tbody>
</table>

In accordance with AASB 1041, revaluations for each particular class of assets will only be accounted for in the financial accounts where there is a material financial impact for that class of asset. All valuations are conducted by an independent qualified valuer and were undertaken by the Australian Valuation Office at 30 June 2004.

The total financial effect for 2003–04 was not material and therefore not accounted for in the statements.

Frequency

Plant and equipment will be revalued every year in accordance with the Finance Ministers Orders.

Depreciation

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Authority using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

<table>
<thead>
<tr>
<th>Class</th>
<th>2003–04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure, Plant and Equipment</td>
<td>3 to 7 years</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Lease term</td>
</tr>
</tbody>
</table>

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5C.

1.12 Impairment of Non-Current Assets

Non-current assets carried at up to date fair value at the reporting date are not subject to impairment testing.

The non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is compared to the higher of its net selling price and depreciated replacement cost and is written down to that value if greater.
Internally developed software was identified as not being impaired.

### 1.13 Intangibles

The Authority's intangibles comprise internally developed and purchased software for internal use. These assets are carried at replacement cost.

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

<table>
<thead>
<tr>
<th></th>
<th>2003–04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased software</td>
<td>3 years</td>
</tr>
<tr>
<td>Internally developed software</td>
<td>3 years</td>
</tr>
</tbody>
</table>

All software assets were assessed for indications of impairment as at 30 June 2004 and have not been written down.

### 1.14 Taxation

The Authority is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenue, expenses and assets are recognised net of GST, except:

- where the amount of the GST incurred is not recoverable from the Australian Tax Office; and
- receivables and payables.

### 1.15 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date where material. Associated currency gains and losses are not material.

### 1.16 Insurance

The Authority is insured for risks through the Government’s insurable risk managed fund, called ‘Comcover’. Workers compensation is insured through the Government’s Comcare Australia.

### 1.17 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

**Administered Cash Transfers to and from Official Public Account**

Revenue collected by the Authority for use by the Government rather than the Authority 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 Authority on behalf of the Government and reported as such.
in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 21. Thus the Schedule of Administered Items largely reflects the Government’s transactions, through the Authority, with parties outside the Government.

Revenue
All administered revenues are revenues relating to the core operating activities performed by the Authority on behalf of the Commonwealth.

Administered fee revenue is recognised when access occurs. It is recognised at its nominal amount due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.

Grants
The National Blood Authority administers a grant on behalf of the Government. A grant prepayment is recognised as payments are made monthly in advance of the services being performed. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed.

Inventories-National Reserve of Blood Products
The Commonwealth controls the National Reserve of Blood Products (the “Reserve”). The Reserve was disclosed in the Department of Health and Aging financial statements for 2002-03 as unquantifiable as it could not be reliably measured. There are two significant input costs to the Reserve:

- Collection costs of raw plasma product provided by the Australian Red Cross Blood Service; and
- Purchase costs paid to CSL Ltd for the plasma product.

Since the establishment of the National Blood Authority, processes have been put in place that allow for the collection of more data to enable measurement of these costs. A costing methodology has now been agreed and will be reviewed annually to ensure reliability and appropriateness.

Movements in the Reserve are funded from the Commonwealth and State and Territories as per the National Blood Agreement.

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 National Managed Fund is reported by the Department of Health and Ageing under “Services for Other Governments and Non Departmental Bodies Special Account”. The National Blood Authority now manages this fund on behalf of the Government and States and Territories. To facilitate the transfer of the fund to the Authority a request to set up a special account under Section 20 of the Financial Management and Accountability (FMA) Act 1997 is required. This request has been agreed in principle by both the Health and Finance ministers. A determination will be tabled in both the House of Representatives and the Senate in accordance
with Section 22 of the FMA Act 1997 at the August 2004 sittings. On passing, this fund will be transferred to the Authority for reporting.

The fund came into effect on 1 July 2000 and to date, no claims have been made against the fund. The balance of the fund as at 30 June 2004 is $14,499,600.

Note 2

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005–06. The new standards are the AASB Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005–06, but continue to apply in the meantime.

The purpose of issuing AASB Equivalents to IFRSs is to enable Australian entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For-profit entities complying fully with the AASB Equivalents will be able to make an explicit and unreserved statement of compliance with IFRSs and well as with the AASB Equivalents.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the AASB Equivalents to IFRSs, in his Orders for the Preparation of Authority financial statements for 2005–06 and beyond.

The AASB Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the National Blood Authority will only be able to assert compliance with the AASB Equivalents to the IFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS 29 Financial Reporting by Government Departments.

Accounting Standard AASB 1047, “Disclosing the impact of Adopting Australian Equivalents to IFRSs”, requires that the financial statements for 2003–04 disclose:

• An explanation of how the transition to the AASB Equivalents is being managed, and
• A narrative explanation of the key differences in accounting policies arising from the transition.

The purpose of this Note is to make these disclosures.

Management of the transition to AASB Equivalents to IFRSs

The National Blood Authority is taking the following steps for the preparation towards the implementation of AASB Equivalents:
• The Authority’s Audit Committee will be tasked with oversight of the transition to the AASB Equivalents to IFRSs.
• The Chief Finance Officer is formally responsible for the project and will report to the Audit Committee on progress against a formal plan to be approved by the Committee.
• The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
  – Identification of all major accounting policy differences between current AAS13 standards and the AASB Equivalents to IFRSs progressively to 30 June 2004.
  – Identification of systems changes necessary to be able to report under the AASB Equivalents, including those necessary to enable capture of data under both sets of rules for 2004–05, and the testing and implementation of those changes.
  – Preparation of a transitional balance sheet as at 1 July 2004, under AASB Equivalents, within two months of 30 June 2004.
  – Preparation of a AASB Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
  – Meeting reporting deadlines set by Finance for 2005–06 balance sheet under AASB Equivalent Standards.
• The plan will also address the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.
• To date, all major accounting and disclosure differences and system changes have been identified and the system changes will be tested successfully. The changes are expected to be implemented by 15 August 2004.
• Consultants have been engaged where necessary to assist with each of the above steps.

**Major changes in accounting policy**

Changes in accounting policies under AASB Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the AASB Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards. This will enable the 2005–06 financial statements to report comparatives under the AASB Equivalents as well.

Changes to major accounting policies are discussed in the following paragraphs.

**Property plant and equipment**

It is expected that the Finance Minister’s Orders will require property plant and equipment assets carried at valuation in 2003–04 to be measured at up-to-date fair value from 2005–06. The National Blood Authority was established on 1 July 2003 and under accounting policies currently in place for these assets, was required to revalue all assets as for 2003–04 which currently include assets at cost [for purchases since the commencement of a cycle] and at deprival value [which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is available].
It is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

Intangible Assets
The National Blood Authority currently recognises internally-developed software assets on the cost basis.

The AASB Equivalent Standard on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The National Blood Authority’s internally-developed software is specific to the needs of the Authority and is not traded. Accordingly, the National Blood Authority will continue to report internally-developed software at cost on adoption of the AASB Equivalent.

Impairment of Non-Current Assets
The National Blood Authority’s policy on impairment of non-current assets is at note 1.12.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment. (Impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use.

The most significant changes are that, for the Authority’s for-profit assets, the recoverable amount is only generally to be measured where there is an indication of impairment and that assets carried at up-to-date fair value, whether for-profit or not, may nevertheless be required to be written down if costs to sell are significant.

Inventory
The National Blood Authority recognises inventory not held for sale at cost, except where no longer required, in which case, net realisable value is applied.

The new AASB Equivalent Standard will require inventory held for distribution for no consideration, or at a nominal amount to be carried at the lower of cost or current replacement cost.

Employee Benefits
The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

Under the new AASB Equivalent Standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

Note 3
Events Occurring after Reporting Date
There were no events occurring after 30 June 2004.
Note 4 Operating Revenues

### Note 4A: Revenues from Government

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations for outputs</td>
<td>4 543</td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>102</td>
</tr>
<tr>
<td><strong>Total revenues from government</strong></td>
<td><strong>4 645</strong></td>
</tr>
</tbody>
</table>

### Note 4B: Sales of goods and services

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>-</td>
</tr>
<tr>
<td>Services</td>
<td>2 769</td>
</tr>
<tr>
<td><strong>Total sales of goods and services</strong></td>
<td><strong>2 769</strong></td>
</tr>
<tr>
<td>Rendering of services to:</td>
<td></td>
</tr>
<tr>
<td>Related entities</td>
<td>-</td>
</tr>
<tr>
<td>External entities</td>
<td>2 769</td>
</tr>
<tr>
<td><strong>Total rendering of services</strong></td>
<td><strong>2 769</strong></td>
</tr>
</tbody>
</table>
## Note 5 Operating Expenses

### Note 5A: Employees

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salary</td>
<td>2110</td>
</tr>
<tr>
<td>Superannuation</td>
<td>530</td>
</tr>
<tr>
<td>Leave and other entitlements</td>
<td>651</td>
</tr>
<tr>
<td>Other employee expenses</td>
<td>437</td>
</tr>
<tr>
<td><strong>Total employee benefits expense</strong></td>
<td><strong>3,728</strong></td>
</tr>
<tr>
<td>Workers compensation premiums</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total employee expenses</strong></td>
<td><strong>3,779</strong></td>
</tr>
</tbody>
</table>

### Note 5B: Supplier expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods from external entities</td>
<td>1,699</td>
</tr>
<tr>
<td>Goods from related entities</td>
<td>-</td>
</tr>
<tr>
<td>Services from related entities</td>
<td>594</td>
</tr>
<tr>
<td>Services from external entities</td>
<td>53</td>
</tr>
<tr>
<td>Operating lease rentals *</td>
<td>342</td>
</tr>
<tr>
<td><strong>Total supplier expenses</strong></td>
<td><strong>2,688</strong></td>
</tr>
</tbody>
</table>

* These comprise minimum lease payments only.

### Note 5C: Depreciation and amortisation

The aggregate amounts of depreciation or amortisation expensed during the year for each class of depreciable asset are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation infrastructure, plant and equipment</td>
<td>24</td>
</tr>
<tr>
<td>Amortisation of intangibles</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>
## Note 6: Financial Assets

### Note 6A: Cash

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>2 401</td>
</tr>
</tbody>
</table>

### Note 6B: Receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services</td>
<td>247</td>
</tr>
<tr>
<td>less provision for doubtful debts</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>247</td>
</tr>
<tr>
<td>Goods and services tax (GST) receivable</td>
<td>194</td>
</tr>
<tr>
<td>Appropriation Receivable - Special Account</td>
<td>221</td>
</tr>
<tr>
<td><strong>Total receivables (net)</strong></td>
<td><strong>662</strong></td>
</tr>
<tr>
<td>Receivables is represented by:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>662</td>
</tr>
<tr>
<td>Non-current</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total receivables (net)</strong></td>
<td><strong>662</strong></td>
</tr>
<tr>
<td>Receivables (gross) are aged as follows:</td>
<td></td>
</tr>
<tr>
<td>Not overdue</td>
<td>221</td>
</tr>
<tr>
<td>Overdue by less than 30 days</td>
<td>441</td>
</tr>
<tr>
<td><strong>Total receivables (gross)</strong></td>
<td><strong>662</strong></td>
</tr>
</tbody>
</table>
## Note 7 Non Financial Assets

### Note 7A: Infrastructure, plant and equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure, plant and equipment - at cost</td>
<td>199</td>
</tr>
<tr>
<td>less accumulated depreciation</td>
<td>(‘24)</td>
</tr>
<tr>
<td><strong>Total infrastructure, plant and equipment</strong></td>
<td><strong>175</strong></td>
</tr>
</tbody>
</table>

### Note 7B: Intangibles

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software—internally developed—at cost</td>
<td>39</td>
</tr>
<tr>
<td>less accumulated amortisation</td>
<td>(‘6)</td>
</tr>
<tr>
<td><strong>Computer software—internally developed</strong></td>
<td><strong>33</strong></td>
</tr>
<tr>
<td>Computer software—purchased—at cost</td>
<td>123</td>
</tr>
<tr>
<td>less accumulated amortisation</td>
<td>(‘5)</td>
</tr>
<tr>
<td><strong>Computer software—purchased</strong></td>
<td><strong>118</strong></td>
</tr>
<tr>
<td>Computer software—purchased—in progress</td>
<td>87</td>
</tr>
<tr>
<td><strong>All non financial assets are non current assets</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Note 7C: Other financial assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>53</td>
</tr>
<tr>
<td><strong>All other non financial assets are current assets</strong></td>
<td></td>
</tr>
</tbody>
</table>
Note 7D: Analysis of property, plant and equipment

Table A: Reconciliation of the opening and closing balances of property, plant and equipment

<table>
<thead>
<tr>
<th>ITEM</th>
<th>INFRASTRUCTURE PLANT AND EQUIPMENT</th>
<th>COMPUTER SOFTWARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>As at 1 July 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation/amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By purchase</td>
<td>199</td>
<td>162</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net revaluation increment/(decrement)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation/amortisation expense</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From disposal of operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 30 June 2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>199</td>
<td>162</td>
</tr>
<tr>
<td>Accumulated depreciation/amortisation</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Net book value</td>
<td>175</td>
<td>151</td>
</tr>
</tbody>
</table>
### Table B: Assets at valuation

<table>
<thead>
<tr>
<th>ITEM</th>
<th>INFRASTRUCTURE PLANT AND EQUIPMENT</th>
<th>COMPUTER SOFTWARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>As at 30 June 2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation/ amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>As at 30 June 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation/ amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net book value</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Table C: Assets under construction

<table>
<thead>
<tr>
<th>ITEM</th>
<th>INFRASTRUCTURE PLANT AND EQUIPMENT</th>
<th>COMPUTER SOFTWARE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Gross value at 30 June 2004</td>
<td>-</td>
<td>87</td>
</tr>
<tr>
<td>Gross value at 30 June 2003</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Note 8 Provisions

<table>
<thead>
<tr>
<th>Note 8A: Provisions—employees</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>9</td>
</tr>
<tr>
<td>Leave</td>
<td>712</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>Aggregate employee benefits liability and related on-costs</td>
<td>727</td>
</tr>
<tr>
<td>Current</td>
<td>178</td>
</tr>
<tr>
<td>Non current</td>
<td>549</td>
</tr>
</tbody>
</table>

Note 9 Payables

<table>
<thead>
<tr>
<th>Note 9A: Suppliers payables</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>1 662</td>
</tr>
<tr>
<td>Total suppliers payable</td>
<td>1 662</td>
</tr>
<tr>
<td>All supplier payables are current liabilities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 9B: Other payables</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned revenue from States and Territories</td>
<td>228</td>
</tr>
<tr>
<td>Total other payables</td>
<td>228</td>
</tr>
<tr>
<td>All other payables are current liabilities</td>
<td></td>
</tr>
</tbody>
</table>
### Note 10A: Analysis of equity

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACCUMULATED RESULTS</th>
<th>ASSET REVALUATION RESERVE</th>
<th>TOTAL EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004 $’000</td>
<td>2004 $’000</td>
<td>2004 $’000</td>
</tr>
<tr>
<td><strong>Opening balance as at 1 July</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net surplus</strong></td>
<td>912</td>
<td>-</td>
<td>912</td>
</tr>
<tr>
<td><strong>Net revaluation increment/ (decrement)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance at 30 June</strong></td>
<td>912</td>
<td>-</td>
<td>912</td>
</tr>
</tbody>
</table>

### Note 10B: Restructuring

As a result of the National Blood Authority Act 2003, the Authority assumed responsibility for a coordinated national approach to the management of the Australian blood sector as agreed in the National Blood Agreement by the Australian Government and States and Territories. Staff officially transferred from the Department of Health and Ageing to the National Blood Authority on 2 February 2004.

In respect of functions assumed, the net book value of assets and liabilities transferred to the Agency for consideration as at the date of transfer were:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets recognised and consideration due</td>
<td>7</td>
</tr>
<tr>
<td>Employee Transfers recognised but no consideration received</td>
<td>350</td>
</tr>
<tr>
<td>Employee Entitlements receivable under S32 of the FMA Act 1997</td>
<td>229</td>
</tr>
<tr>
<td>(recorded as other receivables refer to Note 6)</td>
<td></td>
</tr>
</tbody>
</table>
Note 11 Cash Flow Reconciliation

Reconciliation of cash per Statement of Financial Position to Statement of Cash Flows

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at year end as per Statement of Cash Flows</td>
<td>2,401</td>
</tr>
<tr>
<td>Statement of Financial Position items comprising above cash:</td>
<td></td>
</tr>
<tr>
<td>Financial Asset—Cash</td>
<td>2,401</td>
</tr>
</tbody>
</table>

Reconciliation of net surplus to net cash from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net surplus</td>
<td>912</td>
</tr>
<tr>
<td>Depreciation/amortisation</td>
<td>35</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in receivables</td>
<td>(662)</td>
</tr>
<tr>
<td>Increase in other non-financial assets</td>
<td>(53)</td>
</tr>
<tr>
<td>Increase in employee liabilities</td>
<td>727</td>
</tr>
<tr>
<td>Increase in supplier liabilities</td>
<td>1,662</td>
</tr>
<tr>
<td>Increase in other liabilities</td>
<td>228</td>
</tr>
</tbody>
</table>

Net cash from operating activities | 2,849
### Note 12 Remuneration of Executives

<table>
<thead>
<tr>
<th>Remuneration Range</th>
<th>2004 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>$170,001 to 180,000</td>
<td>1</td>
</tr>
<tr>
<td>$180,001 to 190,000</td>
<td>-</td>
</tr>
<tr>
<td>$190,001 to 200,000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>$371,381</td>
</tr>
</tbody>
</table>

The aggregate amount of total remuneration of executive officers shown above.

The aggregate amount of separation and redundancy payments during the year to executive officers shown above.

Included are salary and wages, accrued leave, performance pay, accrued superannuation, cost of motor vehicles, allowances and fringe benefit tax included in remuneration agreements.

### Note 13 Remuneration of Auditors

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statement audit</td>
<td>102,400</td>
</tr>
<tr>
<td>Financial statement audit</td>
<td>102,400</td>
</tr>
</tbody>
</table>

Financial statement audit services are provided free of charge to the Authority.

The fair value of the services provided was:

No other services were provided by the Auditor-General.
Note 14 Average Staffing Levels

<table>
<thead>
<tr>
<th>2004 NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
</tr>
</tbody>
</table>

The staffing levels for the Authority as at reporting date were:

Note 15 Contingent Liabilities and Assets

Quantifiable Contingencies
There are no contingent liabilities or contingent assets in this reporting period.

Unquantifiable Contingencies
There are no contingent liabilities or contingent assets in this reporting period.

Remote Contingencies
There are no material remote contingent liabilities or contingent assets in this reporting period.
## Note 16 Financial Instruments

(a) Terms, conditions and accounting policies

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>NOTES</th>
<th>ACCOUNTING POLICIES AND METHODS (INCLUDING RECOGNITION CRITERIA AND MEASUREMENT BASIS)</th>
<th>NATURE OF UNDERLYING INSTRUMENT (INCLUDING SIGNIFICANT TERMS AND CONDITIONS AFFECTING THE AMOUNT, TIMING AND CERTAINTY OF CASH FLOW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>6A</td>
<td>Deposits are recognised at their nominal amounts.</td>
<td>Monies in the Authority’s bank accounts were from States and Territories and Government. Government contributions were swept to the Official Public Account and held as a special account.</td>
</tr>
<tr>
<td>Receivable for goods and services</td>
<td>6B</td>
<td>These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of debt is judged to be less rather than more likely.</td>
<td>All receivables are with States and Territories and the Commonwealth. Credit terms are net 30 days.</td>
</tr>
<tr>
<td>Appropriation receivable - Special account</td>
<td>6B</td>
<td>These receivables are recognised at the nominal amounts.</td>
<td>Amounts appropriated by Parliament in the current year which are available to be drawn down by the Authority.</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</td>
<td></td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>9A</td>
<td>Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent the goods and services have been received (and irrespective of having been invoiced).</td>
<td></td>
</tr>
</tbody>
</table>
### Note 16A Interest rate risk

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>NOTES</th>
<th>FLOATING INTEREST RATE</th>
<th>FIXED INTEREST RATE</th>
<th>NON INTEREST BEARING</th>
<th>TOTAL</th>
<th>WEIGHTED AVERAGE EFFECTIVE INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 YEAR OR LESS</td>
<td>1 - 5 YEARS</td>
<td>&gt; 5 YEARS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td>2004 $'000</td>
<td>2004 $'000</td>
<td>2004 $'000</td>
<td>2004 $'000</td>
<td>2004 $'000</td>
</tr>
<tr>
<td>Cash</td>
<td>6A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2401</td>
</tr>
<tr>
<td>Receivables for goods and services</td>
<td>6B</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>441</td>
</tr>
<tr>
<td>Appropriation receivable - special account</td>
<td>6B</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>221</td>
</tr>
<tr>
<td>Total financial assets (recognised)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3063</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3529</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1662</td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>9A</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1662</td>
</tr>
<tr>
<td>Total financial liabilities (recognised)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1662</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2617</td>
</tr>
</tbody>
</table>
Note 16B: Net fair value of financial assets and liabilities

<table>
<thead>
<tr>
<th>NOTE</th>
<th>TOTAL CARRYING AMOUNT $’000</th>
<th>AGGREGATE NET FAIR VALUE $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>6A</td>
<td>2 401</td>
</tr>
<tr>
<td>Receivables for goods and services</td>
<td>6B</td>
<td>441</td>
</tr>
<tr>
<td>Appropriation receivable - Special account</td>
<td>6B</td>
<td>221</td>
</tr>
<tr>
<td>Total financial assets</td>
<td></td>
<td>3 063</td>
</tr>
<tr>
<td>Financial liabilities (recognised)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>9A</td>
<td>1 662</td>
</tr>
<tr>
<td>Total financial liabilities (recognised)</td>
<td></td>
<td>1 662</td>
</tr>
</tbody>
</table>

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

Financial liabilities
The net fair values of all monetary financial liabilities are approximated by their carrying amounts.

Credit risk exposure
The Authority’s maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Authority has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.
### Note 17 Revenues Administered on Behalf of Government

<table>
<thead>
<tr>
<th>Source</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Territory contributions</td>
<td>164,627</td>
</tr>
<tr>
<td>Other sources of non taxation revenues</td>
<td></td>
</tr>
<tr>
<td>Contributions of assets</td>
<td>34,988</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>Interest from ATO</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total Revenues Administered on Behalf of Government</strong></td>
<td><strong>199,665</strong></td>
</tr>
</tbody>
</table>

### Note 18 Expenses Administered on Behalf of Government

<table>
<thead>
<tr>
<th>Category</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td></td>
</tr>
<tr>
<td>Private sector - non profit entities</td>
<td>247,792</td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
</tr>
<tr>
<td>Rendering of goods and services - external entities</td>
<td>207,889</td>
</tr>
<tr>
<td><strong>Total Expenses Administered on Behalf of Government</strong></td>
<td><strong>455,681</strong></td>
</tr>
</tbody>
</table>
Note 19 Assets Administered on Behalf of Government

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Note 19A: Cash</strong></td>
<td></td>
</tr>
<tr>
<td>Administered bank account</td>
<td></td>
</tr>
<tr>
<td><strong>Note 19B: Receivables</strong></td>
<td></td>
</tr>
<tr>
<td>Goods and services receivable</td>
<td></td>
</tr>
<tr>
<td>less provision for doubtful debts</td>
<td></td>
</tr>
<tr>
<td>Goods and services tax receivable</td>
<td>9 108</td>
</tr>
<tr>
<td><strong>Total receivables (net)</strong></td>
<td>9 108</td>
</tr>
<tr>
<td>Receivables is represented by:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>9 108</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
</tr>
<tr>
<td><strong>Total receivables (net)</strong></td>
<td>9 108</td>
</tr>
<tr>
<td>Receivables (gross) are aged as follows:</td>
<td></td>
</tr>
<tr>
<td>Not overdue</td>
<td>5 897</td>
</tr>
<tr>
<td>Overdue by:</td>
<td></td>
</tr>
<tr>
<td>Less than 30 days</td>
<td>3 211</td>
</tr>
<tr>
<td><strong>Total receivables (gross)</strong></td>
<td>9 108</td>
</tr>
</tbody>
</table>
Notes to and forming part of the Financial Statements
For the year ended 30 June 2004

### Non Financial Assets

<table>
<thead>
<tr>
<th>Note 19C: Other</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant prepayments</td>
<td></td>
</tr>
<tr>
<td>Total other</td>
<td>21 342</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 19D: Inventory</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Reserve - Inventory not held for resale</td>
<td>34 988</td>
</tr>
<tr>
<td>Total inventory</td>
<td>34 988</td>
</tr>
</tbody>
</table>

### Note 20 Liabilities Administered on Behalf of Government

<table>
<thead>
<tr>
<th>Note 20A: Payables</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>15 036</td>
</tr>
<tr>
<td>Unearned income - States and Territories</td>
<td>11 125</td>
</tr>
<tr>
<td>Total payables</td>
<td>26 161</td>
</tr>
</tbody>
</table>
Note 21 Administered Reconciliation Table

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening administered assets less administered liabilities at 1 July</td>
<td>199,665</td>
</tr>
<tr>
<td>Plus Administered revenues</td>
<td></td>
</tr>
<tr>
<td>Less Administered expenses</td>
<td>(455,681)</td>
</tr>
<tr>
<td>Administered transfers to/from Government</td>
<td></td>
</tr>
<tr>
<td>Transfers from OPA</td>
<td></td>
</tr>
<tr>
<td>Appropriation transfers from OPA - Special account</td>
<td>509,717</td>
</tr>
<tr>
<td>Transfers to OPA</td>
<td></td>
</tr>
<tr>
<td>Appropriation transfers to OPA - Special account</td>
<td>214,424</td>
</tr>
<tr>
<td>Closing Administered assets less liabilities</td>
<td>39,277</td>
</tr>
</tbody>
</table>

Note 22 Administered Contingent Liabilities

Unquantifiable Administered Contingent Liabilities

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

Under existing agreements, the Government has indemnified CSL for certain existing and potential claims made for personal injury, loss or damage suffered through therapeutic and diagnostic use of certain products manufactured by CSL.

Remote Material Administered Contingencies

There are no remote material administered contingent liabilities or contingent assets in this reporting period.
Note 23 Financial Instruments

(a) Terms, conditions and accounting policies

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>NOTES</th>
<th>ACCOUNTING POLICIES AND METHODS (INCLUDING RECOGNITION CRITERIA AND MEASUREMENT BASIS)</th>
<th>NATURE OF UNDERLYING INSTRUMENT (INCLUDING SIGNIFICANT TERMS AND CONDITIONS AFFECTING THE AMOUNT, TIMING AND CERTAINTY OF CASH FLOW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>19</td>
<td>Deposits are recognised at their nominal amounts.</td>
<td>Monies in the Authority’s bank accounts were swept nightly into the Official Public Account and held as a Special account.</td>
</tr>
<tr>
<td>Receivable for goods and services</td>
<td>19</td>
<td>These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of debt is judged to be less rather than more likely.</td>
<td>All receivables are with States and Territories and the Commonwealth. Credit terms are net 30 days.</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</td>
<td></td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>20</td>
<td>Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent the goods and services have been received (and irrespective of having been invoiced).</td>
<td></td>
</tr>
</tbody>
</table>
### Note 23A: Interest rate risk

#### Financial assets

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>FIXED INTEREST RATE</th>
<th>NON INTEREST BEARING</th>
<th>TOTAL</th>
<th>WEIGHTED AVERAGE EFFECTIVE INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 YEAR OR LESS 2004 $’000</td>
<td>1 - 5 YEARS 2004 $’000</td>
<td>&gt; 5 YEARS 2004 $’000</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivable for goods and services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9 108</td>
</tr>
<tr>
<td>Total financial assets (recognised)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9 108</td>
</tr>
<tr>
<td>Total Assets Administered on Behalf of the Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
</tr>
</tbody>
</table>

#### Financial liabilities

<table>
<thead>
<tr>
<th>Financial instrument</th>
<th>FIXED INTEREST RATE</th>
<th>NON INTEREST BEARING</th>
<th>TOTAL</th>
<th>WEIGHTED AVERAGE EFFECTIVE INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 YEAR OR LESS 2004 $’000</td>
<td>1 - 5 YEARS 2004 $’000</td>
<td>&gt; 5 YEARS 2004 $’000</td>
<td></td>
</tr>
<tr>
<td>Trade and other creditors</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15 036</td>
</tr>
<tr>
<td>Total financial liabilities (recognised)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15 036</td>
</tr>
<tr>
<td>Total Liabilities Administered on Behalf of the Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>n/a</td>
</tr>
</tbody>
</table>
## Note 23B: Net fair value of financial assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>NOTE</th>
<th>TOTAL CARRYING AMOUNT S’000</th>
<th>AGGREGATE NET FAIR VALUE S’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administered</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash 19A</td>
<td>19A</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivable for goods and services 19B</td>
<td>19B</td>
<td>9 108</td>
<td>9 108</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td></td>
<td>9 108</td>
<td>9 108</td>
</tr>
<tr>
<td><strong>Financial liabilities (recognised)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other creditors 20A</td>
<td>20A</td>
<td>15 036</td>
<td>15 036</td>
</tr>
<tr>
<td><strong>Total financial liabilities (recognised)</strong></td>
<td></td>
<td>15 036</td>
<td>15 036</td>
</tr>
</tbody>
</table>
**Note 24 Appropriations**

**Note 24A: Cash Basis Acquittal of Appropriations from Acts 1 and 3**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Administered Expenses $</th>
<th>Departmental Outputs $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted balance carried from previous period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act (No. 1) 2003-2004 - basic appropriation</td>
<td>-</td>
<td>4 543 000</td>
<td>4 543 000</td>
</tr>
<tr>
<td>Appropriation Act (No. 3) 2003-2004 - basic appropriation</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Departmental adjustments by the Finance Minister</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advance to the Finance Minister</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Refunds credited (FMAA s.30)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriations to take account of recoverable GST (FMAA s.30A)</td>
<td>38 621 731</td>
<td>18 283</td>
<td>38 640 014</td>
</tr>
<tr>
<td>Annotations to ‘net appropriations’ (FMAA s. 31)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjustment of appropriation on change of entity function (FMAA s.32)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation lapsed or reduced</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total appropriations available for payments</strong></td>
<td>38 621 731</td>
<td>4 561 283</td>
<td>43 183 014</td>
</tr>
<tr>
<td>Payments made (GST inclusive)</td>
<td>509 715 908</td>
<td>5 043 129</td>
<td>514 759 037</td>
</tr>
<tr>
<td>Appropriations credited to Special Accounts</td>
<td>488 104 607</td>
<td>2 097 198</td>
<td>490 201 805</td>
</tr>
<tr>
<td><strong>Balance carried to next year</strong></td>
<td>17 010 430</td>
<td>1 615 352</td>
<td>18 625 782</td>
</tr>
<tr>
<td><strong>Represented by</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and on hand</td>
<td>-</td>
<td>2 401 137</td>
<td>2 401 137</td>
</tr>
<tr>
<td><strong>Add: Appropriations not drawn from the OPA</strong></td>
<td>17 010 430</td>
<td>221 076</td>
<td>17 231 506</td>
</tr>
<tr>
<td>Less: Other payables S31 Receipts Payable to OPA</td>
<td>-</td>
<td>1 006 861</td>
<td>1 006 861</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17 010 430</td>
<td>1 615 352</td>
<td>18 625 782</td>
</tr>
<tr>
<td><strong>Reconciliation for Appropriation Acts (Nos. 1 and 3)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid to the entity from the OPA</td>
<td>-</td>
<td>4 543 000</td>
<td>4 543 000</td>
</tr>
<tr>
<td><strong>Total Appropriation Acts</strong></td>
<td>-</td>
<td>4 543 000</td>
<td>4 543 000</td>
</tr>
</tbody>
</table>
Note 24B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 2 and 4

The Authority did not receive Appropriations from Acts 2 and 4.

Note 24C: Cash Basis Acquittal Special Accounts

<table>
<thead>
<tr>
<th>Description</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The National Blood Account</strong></td>
<td></td>
</tr>
<tr>
<td>The National Blood Authority was established on 1 July 2003 with the principal role of managing the national blood arrangements, ensuring sufficient supply funded from a special account established under the National Blood Authority Act 2003, Section 40. The Authority’s activities contributing to its outcome are classified as either Departmental or Administered. Departmental activities involve the use of assets, I oversight by the Authority on behalf of the Government of items controlled or incurred by the Government.</td>
<td></td>
</tr>
<tr>
<td><strong>National Blood Account—Departmental</strong></td>
<td></td>
</tr>
<tr>
<td>Balance carried from previous period</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation for reporting period</td>
<td>4 543 000</td>
</tr>
<tr>
<td>Other receipts - States and Territory contributions</td>
<td>2 097 198</td>
</tr>
<tr>
<td>GST credits (FMA s30A)</td>
<td>18 283</td>
</tr>
<tr>
<td>Available for payments</td>
<td>6 658 481</td>
</tr>
<tr>
<td>Payments made</td>
<td>5 043 129</td>
</tr>
<tr>
<td><strong>Balance carried to next period</strong></td>
<td></td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
</tr>
<tr>
<td>Cash held in OPA</td>
<td>221 076</td>
</tr>
<tr>
<td>Cash in Departmental bank account</td>
<td>1 394 276</td>
</tr>
<tr>
<td>Total</td>
<td>1 615 352</td>
</tr>
</tbody>
</table>
Note 24C: Cash Basis Acquittal Special Accounts continued

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Blood Account—Administered</td>
<td></td>
</tr>
<tr>
<td>Balance carried from previous period</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation for reporting period</td>
<td>312,302,862</td>
</tr>
<tr>
<td>Other receipts - States and Territory contributions</td>
<td>175,751,782</td>
</tr>
<tr>
<td>Other receipts - Interest from ATO</td>
<td>49,963</td>
</tr>
<tr>
<td>GST credits (FMA s30A)</td>
<td>38,621,731</td>
</tr>
<tr>
<td>Available for payments</td>
<td>526,726,338</td>
</tr>
<tr>
<td>Payments made</td>
<td>509,715,908</td>
</tr>
<tr>
<td>Balance carried to next period</td>
<td>17,010,430</td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash held in OPA</td>
<td>17,010,430</td>
</tr>
</tbody>
</table>

Note 25 Specific Payment Disclosures

Administered

No Act of Grace payments were made during the reporting period.

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34 (1) of the Financial Management and Accountability Act 1997.

No ex gratia payments were made during the reporting period.

Departmental

No payments were made under the Defective Administration Scheme during the reporting period.

No payments were made under s 73 of the Public Service Act 1999 during the reporting period.
Note 26 Reporting of Outcomes

Note 26A: Net cost of outcome delivery

<table>
<thead>
<tr>
<th>Particulars</th>
<th>OUTCOME 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
</tr>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>Administered expenses</td>
<td>455 681</td>
</tr>
<tr>
<td>Departmental expenses</td>
<td>6 502</td>
</tr>
<tr>
<td>Total expenses</td>
<td>462 183</td>
</tr>
<tr>
<td>Costs recovered from provision of goods and services to the non-government sector</td>
<td></td>
</tr>
<tr>
<td>Administered</td>
<td>164 627</td>
</tr>
<tr>
<td>Departmental</td>
<td>2 769</td>
</tr>
<tr>
<td>Total costs recovered</td>
<td>167 396</td>
</tr>
<tr>
<td>Other external revenues</td>
<td>-</td>
</tr>
<tr>
<td>Total other external revenues</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue</td>
<td>167 396</td>
</tr>
<tr>
<td>Net cost to budget outcome</td>
<td>( 294 787)</td>
</tr>
</tbody>
</table>

The National Blood Authority operates under one outcome and one output and transactions reported under this output are reported in the Statement of Financial Performance and the Statement of Financial Position.
Appendix 2—Freedom of information statement

Section 8 of the Freedom of Information Act 1982 (FOI Act) requires government agencies to publish, in an annual report, information about:

- its functions and decision-making powers that affect the public
- arrangements for public participation in the formulation of policy
- the categories of documents that are held by the agency
- how these documents can be accessed by the public.

Freedom of information statistics, 2003–04

During 2003–04, the NBA:

- received no requests for access to documents under the FOI Act
- received no requests for internal review under the FOI Act
- was not involved in any Administrative Appeals Tribunal matters in respect of the FOI Act.

National Blood Authority functions and powers

Information about the structure and functions of the NBA can be found in Part 2 of the annual report, while information on the organisation’s performance of its functions is in Part 3. Information can also be found on the NBA’s internet site: www.nba.gov.au.

Ministers and NBA officers exercise decision-making powers under the National Blood Authority Act 2003. In the normal course of the NBA’s operations as an Australian Government agency, NBA officers also exercise functions and powers under Acts such as the Financial Management and Accountability Act 1997 and the Public Service Act 1999. Many NBA decisions are also given effect through contracts with suppliers of blood products, administered by the NBA.

Arrangements for public participation

Under the National Blood Agreement, the primary responsibility for policy within the national blood products sector rests with the Australian Health Ministers’ Conference, supported by the Jurisdictional Blood Committee.

In relation to the performance of its functions, the NBA will establish consultative forums in 2004, including a Professional and Community Forum and a Supplier Forum, as a means of obtaining views from stakeholders outside government. The NBA also undertakes other consultation with a range of expert bodies or interested parties when necessary.

Categories of documents

The NBA maintains various forms of records relating to the performance of its functions. Records are retained for varying periods, depending on their administrative and historical value, and are disposed of in accordance with standards and practices approved by National Archives of Australia under the Archives Act 1983. The NBA holds the following categories of documents.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program documents</td>
<td>The NBA holds documents relating to contracts and tendering processes; to dealings with Australian Government and State and Territory ministers, committees and other government agencies under the National Blood Agreement; and other documents in relation to the performance of the NBA’s functions under the National Blood Authority Act 2003.</td>
</tr>
<tr>
<td>Working files</td>
<td>The NBA holds working files including correspondence, analysis and advice by NBA staff, documents received from third parties, and drafts of these and other documents.</td>
</tr>
<tr>
<td>Internal administration</td>
<td>The NBA holds personnel records, organisation and staffing records, financial and expenditure records, and internal operating documentation such as office procedures, instructions and indexes.</td>
</tr>
<tr>
<td>Documents open to public access subject to a fee or charge</td>
<td>The NBA holds no documents in this category.</td>
</tr>
<tr>
<td>Documents available for access or purchase subject to a fee or other charge</td>
<td>The NBA holds no documents in this category.</td>
</tr>
<tr>
<td>Documents customarily available free of charge upon request</td>
<td>The NBA’s annual report and selected other documents relating to the NBA are available through the internet, at <a href="http://www.nba.gov.au">www.nba.gov.au</a>.</td>
</tr>
</tbody>
</table>

**Procedures and contact details**

A request for access to documents under the FOI Act must be in writing and enclose the $30 application fee, and must state an address in Australia to which notices can be sent. In certain circumstances the fee is not required or can be remitted.

Inquiries regarding making a formal request under the Act should be directed to the NBA’s Freedom of Information Coordinator, in writing to:

**FOI Coordinator**
National Blood Authority
Locked Bag 8430
CANBERRA ACT 2610

or by telephone to 1800 351 000.

**Facilities for access**

Physical access to documents can be arranged at the NBA’s premises. Inquiries should be directed to the Freedom of Information Coordinator at the address or telephone number above.
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- Alphabetical index
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<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter of transmittal</td>
<td>iii</td>
</tr>
<tr>
<td>Table of contents</td>
<td>vii–ix</td>
</tr>
<tr>
<td>Indexes</td>
<td>117–130</td>
</tr>
<tr>
<td>Glossary</td>
<td>iv</td>
</tr>
<tr>
<td>Contact officer</td>
<td>ii</td>
</tr>
<tr>
<td>Internet home page address and internet address for report</td>
<td>ii</td>
</tr>
<tr>
<td>Review by the General Manager</td>
<td>2–5</td>
</tr>
</tbody>
</table>

## Agency overview

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview description of agency</td>
<td>13–29</td>
</tr>
<tr>
<td>Role and functions</td>
<td>17–18</td>
</tr>
<tr>
<td>Organisational structure</td>
<td>20</td>
</tr>
<tr>
<td>Outcome and output structure</td>
<td>37</td>
</tr>
<tr>
<td>Where outcome and output structures differ from PBS format, details of variation and reasons for change</td>
<td>no variation</td>
</tr>
</tbody>
</table>

## Report on performance

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of performance during the year in relation to outputs and contribution to outcomes</td>
<td>37–54</td>
</tr>
<tr>
<td>Actual performance in relation to performance targets set out in PBS/PAES</td>
<td>37–53</td>
</tr>
<tr>
<td>Performance of purchaser/provider arrangements</td>
<td>56–57</td>
</tr>
<tr>
<td>Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change</td>
<td>no variation</td>
</tr>
<tr>
<td>Narrative discussion and analysis of performance</td>
<td>32–59</td>
</tr>
<tr>
<td>Trend information</td>
<td>not applicable</td>
</tr>
<tr>
<td>Factors, events or trends influencing performance</td>
<td>57, 59</td>
</tr>
<tr>
<td>Significant changes in nature of principal functions/services</td>
<td>not applicable</td>
</tr>
<tr>
<td>Performance against service charter customer service standards, complaints data, and the agency’s response to complaints</td>
<td>53</td>
</tr>
<tr>
<td>Social justice and equity impacts</td>
<td>not applicable</td>
</tr>
<tr>
<td>Discussion and analysis of financial performance</td>
<td>56, 57, 59</td>
</tr>
<tr>
<td>Discussion of any significant changes from the prior year or from budget</td>
<td>not applicable</td>
</tr>
<tr>
<td>Summary resource table, by outcome</td>
<td>56</td>
</tr>
<tr>
<td>Developments since the end of the financial year that have affected or may significantly affect operations or financial results in future</td>
<td>10–11, 59</td>
</tr>
</tbody>
</table>
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