



NATIONAL BLOOD
AUTHORITY



Annual Report 2004–05

*Saving and improving Australian
lives through a world class
blood supply*



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The NBA gratefully acknowledges the photos supplied by the Australian Red Cross Blood Service.

Letter of transmittal

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

Dear Minister

I am pleased to present you with the second Annual Report of the National Blood Authority, including a report of its advisory Board, for the financial year ending 30 June 2005.

The report details the National Blood Authority's performance against requirements specified under Outcome 4: Quality Health Care, of the *Health and Ageing Portfolio Budget Statements*.

The document has been prepared in accordance with sub-section 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 sub-sections 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 section 5 of the *Financial Management and Accountability Act 1997*.

Sub-section 44(3) of the *National Blood Authority Act 2003* requires you to present this report to each House of the Parliament within 15 sitting days of that House after the day you are given the report. The guidelines referred to in sub-section 70(2) of the *Public Service Act 1999* require that this presentation occurs on or before 31 October 2005.

Yours sincerely



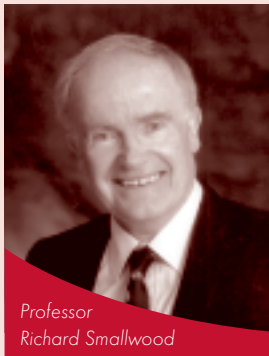
Dr Alison Turner
General Manager
National Blood Authority

13 October 2005

Glossary and Abbreviations List

AHMC	Australian Health Ministers' Conference
ANAO	Australian National Audit Office
ANZSBT	Australian and New Zealand Society of Blood Transfusion
ARCBS	Australian Red Cross Blood Service
DoFA	Department of Finance and Administration
FIX	Factor IX
FOI Act	<i>Freedom of Information Act 1982</i>
FVIII	Factor VIII
GPs	general practitioners
GNP	Gross National Product
IU	International Unit
IVIg	Intravenous Immunoglobulin
JBC	Jurisdictional Blood Committee
Jurisdictions	The Australian Government and all State and Territory governments
NBA	National Blood Authority
NBA Act	<i>National Blood Authority Act 2003</i>
SES	Senior Executive Service
Stephen Review	<i>Review of the Australian Blood Banking and Plasma Product Sector</i> , chaired by Sir Ninian Stephen and released in March 2001
TGA	Therapeutic Goods Administration

Foreword



Professor
Richard Smallwood

Professor Richard Smallwood was appointed to the position of Chair of the National Blood Authority Board in 2003. He also currently chairs the Victorian Ministerial Taskforce for Cancer and the Specialist Education Accreditation Committee of the Australian Medical Council, and is Deputy Chair of the Bio21 Scientific Advisory Council.

Professor Smallwood has had a distinguished career in medicine, most recently as Chief Medical Officer for the Australian Government Department of Health and Ageing. He has also held the roles of Vice-president of the World Health Assembly in Geneva, member of the Australian Health Ministers' Advisory Council, Chair of the National Health Information Advisory Council and Chair of the National Health Priority Action Council.

As Professor of Medicine with the University of Melbourne, Professor Smallwood was Head of the Department of Medicine, Chairman of the Division of Medicine at the Austin and Repatriation Medical Centre and Director of Gastroenterology at the Centre.

In addition to his extensive Australian and international clinical and research experience, Professor Smallwood has a longstanding association with the National Health and Medical Research Council, was Chair of Council from 1994 to 1997 and was President of the Royal Australian Council of Physicians from 1996 to 1998.

In the two years since its establishment, the NBA has made significant progress towards its vision of *Saving and improving Australian lives through a world-class blood supply*. In so doing, it has become recognised as a credible agent of change within the Australian blood sector.

During 2004-05, the NBA developed a sound understanding of the rapidly changing global industry and the needs of health service providers. It did this by building its own internal capacities as well as engaging the expertise of high level external business, financial and legal advisers. The NBA used this expertise to inform its contract negotiations with suppliers so as to achieve security of supply and to deliver good value for money for the blood and blood products that it purchases on behalf of all Australian governments.

The NBA also harnessed the expertise of its stakeholders through the establishment of a Blood Products Suppliers' Forum and a Professional and Community Advisory Forum, to ensure that its decisions were based on a sound understanding of stakeholder needs.

In the 2005-06 Budget process, the NBA received additional funding to develop its role in safety and quality issues, and in particular the management of demand for blood and blood products. There will be a focus on improving the appropriate ordering and administration of blood products by clinicians. This work will be crucial in maintaining Australia's blood supply at adequate levels into the future and will allow the NBA to help the community understand the significant effort and costs involved in producing blood products.

I am privileged to have worked, together with my fellow Board members, to assist the NBA and its General Manager, Dr Alison Turner, in an advisory capacity over the past two years, and to have witnessed first-hand the significant results that the organisation has achieved in successfully managing and coordinating Australia's blood supply.

A handwritten signature in red ink that reads "R Smallwood". The signature is stylized and written in a cursive-like font.

Professor Richard Smallwood

Chair
National Blood Authority Board

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User guide

The National Blood Authority (NBA) was established on 1 July 2003 as an independent statutory agency to manage the Australian blood banking sector including the provision of blood and blood related products to the health system on behalf of all Australian governments.

In the two years since its establishment the NBA has achieved significant savings and service improvements for Australian governments through contract negotiations with its suppliers. It has also worked with suppliers of blood and blood products, and professional and consumer organisations, to improve the security of supply for those in our community requiring blood products.

This report has been written to inform the community of our roles and responsibilities and to provide a summary of our achievements over the past year, as well as fulfilling our legislative and parliamentary reporting requirements.

We have divided the report into the following sections to help you locate the information most relevant to your needs.

Part 1—Overview provides a summary of the National Blood Authority's activities over the past year, including our major achievements and the significant challenges we have met along the way. It incorporates a review of the year by our General Manager, as well as a report from the Chair of the National Blood Authority Board, as required under section 44(2) of the *National Blood Authority Act 2003*.

Part 2—Structure and Functions gives an overview of the sector, why we were established, how we are governed, our roles and responsibilities, and how we operate.

Part 3—Our People provides information on our people and human resource management practices for 2004–05.

Part 4—Our Performance describes the achievements our people have made against the priorities for this reporting year, as specified in our 2004–05 Operational Plan. It also provides an analysis of our performance against the NBA's outputs and outcomes structure as set out in the Health and Ageing Portfolio Budget Statements.

Part 5—Our Finances provides an overview of the NBA's financial position in 2004–05, including a summary of the resources used to deliver the NBA's outputs in the reporting year.

The **Appendixes** provide the NBA's Financial Statements for the year ending 30 June 2005 and a statement addressing the requirements of the *Freedom of Information Act 1982*.

Compliance and alphabetical indexes (pages 127–139) and a glossary of acronyms and abbreviations (page iv) are provided to help make the document easy to use.

Our Annual Report and additional information on the NBA can be found at www.nba.gov.au.

PART 1—OVERVIEW

Part 1—Overview provides a summary of the National Blood Authority's activities over the past year, including our major achievements and the significant challenges we have 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, as required under section 44(2) of the National Blood Authority Act 2003.

- 1.1 General Manager's review
- 1.2 Chair of Board's report

Part 1—Overview



Dr Alison Turner

Dr Alison Turner was appointed to the position of General Manager of the NBA in August 2003, replacing the interim General Manager, Mr Brian Corcoran.

Dr Turner brings to the position a wealth of experience in public administration, health and science policy, management, and oversight of industry.

She was formerly the Chief Executive Officer of the Australian Pesticides and Veterinary Medicines Authority.

Dr Turner has postgraduate research qualifications in pharmacology from the Sydney University medical school and holds a Bachelor of Veterinary Science from Melbourne University. She is also a Fellow of the Australian Institute of Company Directors.

1.1 General Manager's review

The NBA's second year was an opportunity to consolidate the organisational capacity that we had started to develop in our first year, while delivering clear outcomes for governments from a variety of tasks we had previously commenced. The response from stakeholders to the clearly defined benefits we produced for the community from these tasks provided welcome recognition for the hard work and dedication of all NBA staff over the last twenty four months.

In 2004-05 we substantially completed our key infrastructure establishment tasks, as well as continuing to invest in ongoing organisational improvement and capacity building. As the NBA better understands the nature and structure of the national and international blood sector, the more we uncover potential opportunities to provide better value for money and to improve clinical outcomes. However despite the NBA's success in achieving price reductions for a range of products this year, the increasing use of blood products by an ageing population, and the precautionary approach to blood product safety, will continue to significantly increase the costs governments must pay for these essential products. The increase in funding provided to the NBA for 2005-06 onwards will enhance our ability to contribute to the achievement of the goals of the National Blood Agreement and to start to address issues around the appropriate use of blood products.

In our second year we sought to further work towards our goal of 'Saving and improving Australian lives through a world class blood supply'. Our priorities for the year were to continue to build and improve the national platform, achieve benefits for Australia through negotiating improved contracts with suppliers, and continue to meet current blood supply needs.

In 2004-05 we fully met our primary function of meeting current blood supply needs. The improved process for developing the National Supply Plan and Budget for 2005-06 on behalf of the jurisdictions resulted in a plan completed over a month earlier than for the previous year. Further development work on a more sophisticated demand model is planned with our increased funding in 2005-06.

Our ability to meet jurisdictional blood supply needs was again tested by shortages of two products—Biostate® and Intragam P®. At all times we were able to arrange the supply of clinically equivalent products for all jurisdictions that requested them. The NBA managed supply effectively to meet the rapid increase in demand for recombinant Factor VIII in response to the introduction by governments of a new policy for the supply of recombinant products in August 2004. The NBA successfully concluded a new agreement for the contingent supply of imported IVIg. These two measures mean that supply shortages of Factor VIII and IVIg, which have been

a problem for many years, should be a problem of the past.

The outcomes of the NBA's procurement process for IVIg resulted in a much improved price for imported IVIg and this will produce significant savings as well as a much more secure supply than we had under previous arrangements. The NBA is also looking at strategies to improve the supply security of all plasma derived and recombinant products and will roll out new risk mitigation initiatives from 2005-06 onwards.

A new Plasma Products Agreement with CSL Limited was signed on 23 December 2004, bringing to a conclusion a long and complex negotiation. Peter DeGraaff, Michael Stone, Nancy Opdyke and Leah Salo deserve much praise for the absolute professionalism and perseverance that they applied to this task. The NBA met all the policy parameters that had been set by governments as well as providing some additional benefits. These included cost savings, improved quality products at no additional cost, a more appropriate risk framework and payment regime, and improved supply security guarantees. These changes should significantly enhance blood supply security and cost efficiency.

Negotiations with the Australian Red Cross Blood Service for a new Deed of Agreement continued and good progress was made under a 'joint discovery' process. This process identified the goals of governments for the new Deed and then sought solutions that were potentially within the capacity of the Australian Red Cross Blood Service to implement.

The NBA's goal is to work cooperatively with the Australian Red Cross Blood Service to facilitate improved planning and management in all areas of their operations. At year end agreement had been reached on the main part of the Deed with negotiations on the Schedules and transition plan well underway. We hope to have a new agreement signed shortly.

During 2004-05, the Jurisdictional Blood Committee (JBC) sought the NBA's assistance to implement a new government policy for the supply of diagnostic products. The NBA undertook a procurement process for diagnostic products and was able to have new arrangements in place by 30 June 2005. David Knight and John Haines did an excellent job in undertaking a very complex task in a very short time frame. Tender processes to select managers for claims processing and management and financial functions for the National Managed Fund were also substantially completed.

In September 2004, 93 per cent of NBA staff voted in favour of the proposed Certified Agreement with staff, a reflection of the NBA's cooperative approach to workplace relations. We moved into our refurbished accommodation in late 2004 and the offices were subsequently opened by Professor Smallwood and Dr Louise Morauta. Sandra Cochrane and her finance team worked tirelessly once again to deliver an unqualified audit report at the end of the financial year and implement a new finance system. The production of our first annual report was a key milestone and Chris Finch did a simply outstanding job in producing the excellent report that celebrates our first year.

The capacity of the NBA to deliver its functions as stated in the National Blood Agreement was significantly improved in late 2004-05 through a major resource review. The outcomes of that review formed a comprehensive submission to governments, which resulted in increased funding from 2005-06 onwards.

A key priority has been to maintain our ongoing focus on performance and quality improvement. The NBA has identified nine Key Business Processes which are critical to our service delivery role, and we have begun re-designing and documenting these processes. Detailed procedures have been developed for three processes covering contract management, procurement of blood supplies and services, and

risk management. Advanced working drafts have been developed for four others, and these and the remainder will be finalised in 2005–06.

The NBA managed 13 meetings of the Jurisdictional Blood Committee during 2004–05. The NBA's capacity to deliver quality advice to JBC is growing as the NBA builds its expertise and networks. The NBA commenced both its consultative forums with suppliers and with community and professional groups during the year, and these have been very well received. The forums give stakeholders an opportunity to make suggestions for improving the NBA's programs as well as contributing their views to blood sector development. The NBA is also starting to build a network of expert advisers to enhance aspects of its program delivery.

Some progress was made on quality and safety issues. A review of the efficacy and cost effectiveness of IVIg was completed and the release of revised guidelines is anticipated in 2005–06. Evidence-based clinical guidelines for Factor VIII and IX were also completed and will be released later in 2005.

It is clear, however, that data on usage and demand must be improved if we are to develop well founded strategies, and this remains a top priority for 2005–06.

The NBA has now built itself an excellent reputation with governments for its ability to deliver competitive pricing which has already resulted in significant savings. Now that further resources have been provided, the NBA can deliver on the other expectations of governments and 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 further savings through competitive blood supply contracts.

Support for the NBA has again been essential for our success. I would like to particularly thank Peter DeGraaff, Stephanie Gunn, and Gordon Lee Koo for their support to me in leading the NBA. The Board, chaired by Professor Richard Smallwood, has provided me with excellent support and first-rate advice on many of the complex issues confronting the NBA.

I have mentioned some staff and their achievements by name. Of course these people have not worked alone and there have been many others in the NBA who have done a terrific job in supporting these achievements. As a result, the NBA has accomplished many successes which you can read about in the following pages. I look forward to 2005–06 being a year when we can build on the hard work of our first two years and perhaps even achieve a better work–life balance than we managed this year!

1.2 Chair of 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.

The NBA Board was set up under the *National Blood Authority Act 2003* to:

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

Members of the NBA Board are selected by the Australian Health Ministers' Conference and appointed by the Australian Government Minister for Health and Ageing to serve a period not exceeding four years, in line with the legislative requirements set out in the *National Blood Authority Act 2003*.

During 2004-05 the NBA Board met five times and held three out-of-session teleconferences. Professor Richard Smallwood continued as Chair; Mr Philip Davies as the Australian Government representative; Dr Chris Brook as State/Territory representative; Mr Russell McGowan as Community representative; Dr Peter Lewis-Hughes as public health expert; and Mr Ken Barker as Financial expert. One vacancy remains pending the imminent appointment of the second State/Territory representative.

Figure 1 NBA Board members



Mr Ken Barker is currently Chief Financial Officer, New South Wales Health, where he is responsible for financial management policy 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.



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 health 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.



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 Organization. He was appointed Honorary Fellow, Health Services Research Centre, at the Victoria University of Wellington, New Zealand, in 2001.



Dr Peter 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 state-wide 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 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.

As the NBA has evolved over its second year, so too has the way the Board has added value to the work of the NBA.

In 2004-05, the Board continued to oversight the overall governance and performance of the NBA and provided the Chair (Mr Barker) and a member (Mr Davies) to the Audit Committee. The Board also took an increasingly strategic approach to the way in which it advised the General Manager, focusing on the most difficult and complex issues facing the NBA.

The expertise of the Board members allowed good debate and discussion which informed the General Manager on these issues.

This development has been very beneficial to the NBA and also provided a rewarding experience for Board members.

A summary of the issues that the NBA Board has focused on during 2004-05 is provided overleaf.

Negotiation of the new Plasma Product Agreement with CSL Limited

The Board provided advice on the timing and handling of a number of aspects of the negotiations between the NBA and CSL Limited, which culminated in the signing of the Plasma Products Agreement in December 2004. Substantial price savings and other benefits have already become apparent in the new five-year Agreement.

The Agreement between the NBA and CSL Limited is complex, and its negotiation covered many areas from product specification and costs to risk management and accountability provisions.

This complexity was exacerbated by the government announcement in August 2004 to introduce a recombinant policy allowing people with haemophilia to have access to recombinant Factor VIII and Factor IX where clinically indicated. As a result of this announcement, it became apparent that the volume of two products previously purchased from CSL Limited would diminish considerably under the new arrangements. The NBA Board provided very useful advice to the General Manager on issues around the implications of the introduction of recombinants, other contract matters and the 2004 negotiations strategy.

The Deed of Agreement with the Australian Red Cross Blood Service

Negotiation of the new Deed of Agreement with the Australian Red Cross Blood Service has proved to be a complex and prolonged process due to different perspectives of the respective bodies. On a number of occasions the NBA Board has provided advice to the General Manager on issues related to the ultimate success of the negotiations.

For example, the Board provided advice to the General Manager on whether or not to extend the Interim Deed beyond 1 July 2005. The Board also supported the NBA taking a partnership approach

in its dealings with the Australian Red Cross Blood Service as a way of improving relationships and fostering their understanding of the governance and accountability requirements of contemporary government funding arrangements.

The Board's contribution to the management of these issues has been to provide advice on a number of fronts, to liaise with senior staff within the Australian Red Cross Blood Service, and to support the dissemination of appropriate information.

As a result, the NBA has made significant progress in negotiations for a new Deed of Agreement with the Australian Red Cross Blood Service, which should lead to significantly improved transparency, accountability and performance in the fresh blood sector.

New tender for defined blood products

The NBA Board also provided sound advice on potential tender options in relation to a number of contracts for defined blood products currently managed by the NBA, which are due to expire on 30 June 2006.

The Board recognised the opportunity that the new contracts provide to both the NBA and governments to develop future arrangements which best meet the objectives of the National Blood Agreement. Recommendations of the Board have been incorporated into the development of the procurement process and will be reflected in the final tender.

These recommendations include a number of sophisticated tendering options, which will make future contracts both more attractive to suppliers, as well as more beneficial to the NBA.

Risk mitigation

In 2004-05 the NBA Board undertook the role of a steering committee on the project which was set up to establish appropriate risk mitigation strategies

to address the potential supply shortfalls for plasma derived and recombinant products. The scope of the Board's advice covered the methodology, consultation, evaluation and Terms of Reference for the project.

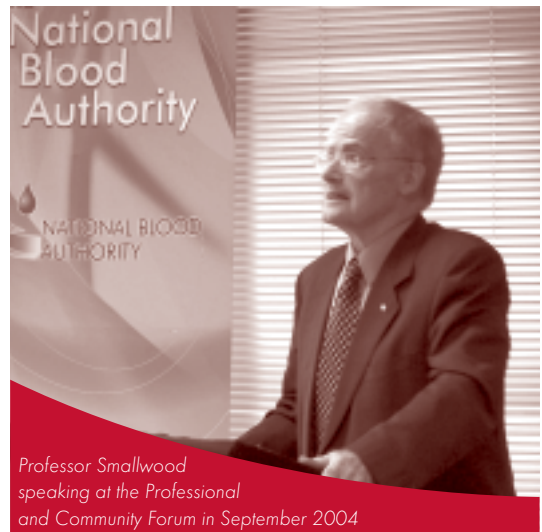
The review provided the opportunity for a comprehensive examination of the role and purpose of the various types of plasma derived and recombinant products currently supplied. A rigorous risk assessment process identified and quantified the various risks to supply security. The final stage of the project was the development of appropriate risk mitigation strategies.

Resource review of the NBA

The Board was highly supportive of the NBA's pursuit of a review of its current and future requirements. This encouragement was given in response to ongoing concern that the NBA had not been adequately resourced to fully and effectively meet its obligations under the National Blood Agreement.

The NBA undertook a comprehensive review including an activity based costing of current activities. As a result of the successful outcome of the resource review, the NBA will receive additional funding of \$11.2 million from the Australian Government over four years from 2005-06 to be matched by additional funding of \$6.5 million from States and Territories for the same period. This funding will enable the NBA to:

- continue to improve contract negotiation and management
- improve blood and blood product supply management and planning
- give governments an increased capacity to understand and manage expenditure on the blood supply
- work with the health sector to improve the quality and appropriateness of blood product use in relation to clinical outcomes.



Professor Smallwood speaking at the Professional and Community Forum in September 2004

Liaison with stakeholders

During 2004-05 Board members attended a number of functions, workshops and conferences related to the work of the NBA.

Professor Smallwood, together with the NBA General Manager, Dr Turner, gave presentations on the role of the NBA to the inaugural Professional and Community Forum held in Canberra on 20 September 2004.

Professor Smallwood, together with Dr Louise Morauta, the then Chair of the Jurisdictional Blood Committee, also officially opened the NBA office in Turner, Canberra, on 22 March 2005.

Mr McGowan attended both these events in his role as community representative on the Board.

Board members also attended a number of events and delivered a number of presentations on behalf of the NBA as follows:

- Professor Smallwood's attendance at the IVIg symposium in Singapore in November 2004
- Professor Smallwood's meeting with the Australian Red Cross Blood Service Board in January 2005

- Professor Smallwood's presentation at the Special Expert Committee on Transmissible Spongiform Encephalopathies Prionemia Conference in June 2005
- Dr Lewis-Hughes's meeting with the Australian Red Cross Blood Service Board regarding Queensland issues
- Dr Brook's presentation at the Australian Red Cross Blood Service's Transfusion Medicine Course in May 2005.

The Board commends the consultation mechanisms that have been established by the NBA in 2004-05 as an important way of obtaining a better appreciation of stakeholder concerns and an opportunity to consult on potential improvements it would like made within the blood sector.

Outlook

The NBA has continued to make significant contribution to the improved management of the blood sector. The NBA will be able to continue to make further improvements in 2005-06 as a result of the new contracts and additional funding it has now received.

The Board is still keen to see the NBA develop its role in safety and quality issues as they apply to demand management, and become a stronger influence on the quality use of blood products. Towards this end, the Board has recommended that the NBA:

- examine wastage at the inventory level
- establish stronger connections with the Therapeutic Goods Administration
- continue to facilitate the interaction between jurisdictions to determine what does and does not work (for example, through an annual conference or by bringing together existing clinical networks such as IVIg User Groups)
- be a repository of benchmarking data and higher knowledge rather than a manager of clinical usage
- clarify its role in the provision of clinical guidelines.

Now that all Australian governments have confirmed their commitment to the NBA through the provision of additional operational funding, the NBA is well positioned to progress these areas in conjunction with clinicians and others in the States and Territories. The Board looks forward to the NBA becoming a national leader in this area and has every confidence that it will bring about improvements in the quality use of and demand for blood and plasma products to the benefit of Australia's blood supply.

PART 2—STRUCTURE AND FUNCTIONS

Part 2—Structure and Functions gives an overview of the sector, why we were established, how we are governed, our roles and responsibilities, and how we operate.

- 2.1 Overview of the blood sector
- 2.2 Why we were established
- 2.3 Governance arrangements
- 2.4 Our roles and responsibilities
- 2.5 Organisational structure

Part 2—Structure and Functions

2.1 Overview of the blood sector

Australia's blood sector is funded by Australian governments to the value of over \$500 million annually. Governments have clearly stated their policy objectives for the sector in Part 1 of the National Blood Agreement, as indicated in **Figure 2**.

Figure 2 Extract from National Blood Agreement

Part 1—objectives of governments for the Australian blood sector

1. The primary policy objectives for the Australian blood sector are:
 - (a) to provide an adequate, safe, secure and affordable supply of blood products, blood related products and blood related services in Australia; and
 - (b) to promote safe, high quality management and use of blood products, blood related products and blood related services in Australia.
2. In pursuing the primary policy objectives, the Parties will have regard to the following secondary policy aims:
 - (a) to meet international obligations and standards;
 - (b) to maintain reliance on voluntary, non-remunerated donations of whole blood and plasma;
 - (c) to promote national self-sufficiency;
 - (d) to provide products to patients free of charge and based on clinical need and appropriate clinical practice;
 - (e) to promote optimal safety and quality in the supply, management and use of products, including through uniform national standards;
 - (f) to make best use of available resources, and to give financial and performance accountability for the use of resources by all entities involved in the Australian blood sector;
 - (g) to undertake national information gathering, monitoring of new developments, reporting and research in relation to the Australian blood sector;
 - (h) to maintain flexibility and capacity to respond in a timely manner to changing circumstances and needs;
 - (i) to ensure public support and confidence in the Australian blood sector; and
 - (j) to work towards optimal access to blood products and blood related products across the nation, ensuring that patients continue to access the blood products and blood related products their clinicians determine will best meet their needs so far as practicable in accordance with national best practice based on clinical guidelines. This clause does not preclude States and Territories from altering the range of blood products and blood related products that are prescribed and received in their jurisdiction.

Who does what?

The Australian Red Cross Blood Service collects and distributes all fresh blood products (red blood cells, plasma, and platelets) from voluntary blood donations. It also supplies starting plasma for fractionation, which CSL Limited manufactures into therapeutic products. It then distributes those plasma products to hospitals and other end users.

The Australian Red Cross Blood Service also provides red cells to a number of manufacturers of diagnostic reagent products.

Plasma derived products are produced in Australia by CSL Limited. In addition, there are four pharmaceutical companies which, together with CSL Limited, are responsible for the range of plasma derived and recombinant blood products imported into Australia to meet demand—Baxter Healthcare, Novo-Nordisk Pharmaceuticals, Octapharma (Australia) Pty Ltd and Wyeth Australia.

A range of diagnostic reagent products are both produced in Australia and imported into Australia, providing wide choice of products for pathology laboratories.

The products purchased by the NBA are discussed in more detail under **Section 4.1.2**.

The Therapeutic Goods Administration is the agency responsible for blood product safety and for approving manufactured blood products. The legislative basis for Australia's national standards for the safety and efficacy of blood and plasma products is the *Therapeutic Goods Act 1989*. The Therapeutic Goods Administration administers these standards, which cover donor selection, testing of donations and Codes of Good Manufacturing Practice, and which apply to the manufacture of fresh blood products, fractionated plasma products and recombinant products. Both locally produced and



Australian
Red Cross Blood
Service blood despatch



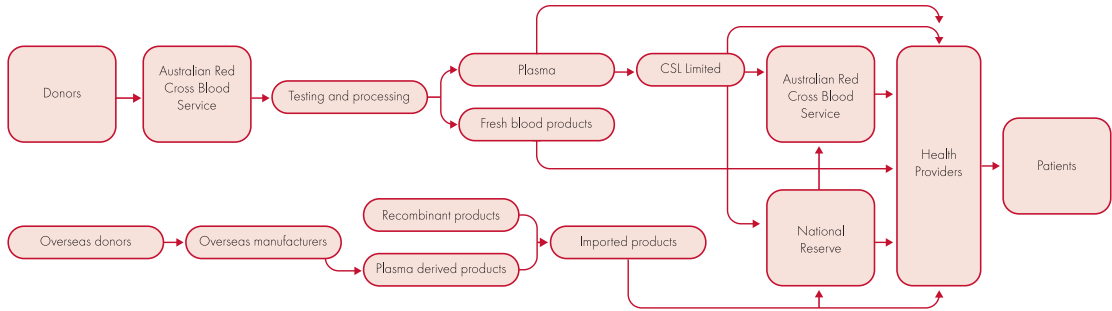
Plasma Products

imported products have to meet the same standards for safety and efficacy.

The national reserve is a reserve of plasma derived and recombinant products that has been established to mitigate the risk of supply shortfalls or sudden increases in demand.

The following figure gives an overview of Australia's blood sector.

Figure 3 Overview of the Australian blood sector



2.2 Why we were established

The NBA was established under the *National Blood Authority Act 2003* and in accordance with the National Blood Agreement to manage the Australian blood banking sector including the provision of blood and blood related products on behalf of all Australian governments.

In May 1999, the then Minister for Health and Aged Care, the Hon. Dr Michael Wooldridge, called for a *Review of the Australian Blood Banking and Plasma Product Sector* (the Review), chaired by Sir Ninian Stephen. This was primarily in response to rapidly increasing costs, administrative inefficiencies and the lack of a national focus in the blood sector. The Review's goal was to ensure that Australians continued to have ongoing access to a safe and secure supply of blood and blood products.

At that time there were over 30 agreements in existence between the various stakeholders, including governments, the Australian Red Cross Blood Service and CSL Limited. In addition, supply costs had tripled between 1991 and 1999. Australia's blood supply system was very fragmented and costly.

The Stephen Review was released in March 2001 and recommended the strengthening of the arrangements for the coordination and oversight of Australia's blood supply, including the establishment of a national blood authority to manage Australia's blood supply at the national level.

Negotiations commenced in June 2001 to develop a national management framework in consultation with the States, Territories and other key interest groups. Agreement was reached between all governments in 2003 to new national blood sector arrangements.

Legislation allowing for the establishment of the NBA passed through both Houses of Parliament unopposed, and the new Authority came into existence as an independent statutory agency within the Australian Government Health and Ageing portfolio on 1 July 2003.

2.3 Governance arrangements

The key decision makers in the Australian blood sector and their primary roles and relationships with each other are set out in the National Blood Agreement and the *National Blood Authority Act 2003*.

Although it is part of the Australian Government Health and Ageing portfolio, the NBA represents the interests of all Australian governments and is jointly funded by all governments on a cost-shared basis. In general, State and Territory governments contribute 37 per cent and the Australian Government 63 per cent.

The Australian Health Ministers' Conference is ultimately responsible for oversight and management of the sector and in conjunction with the Australian

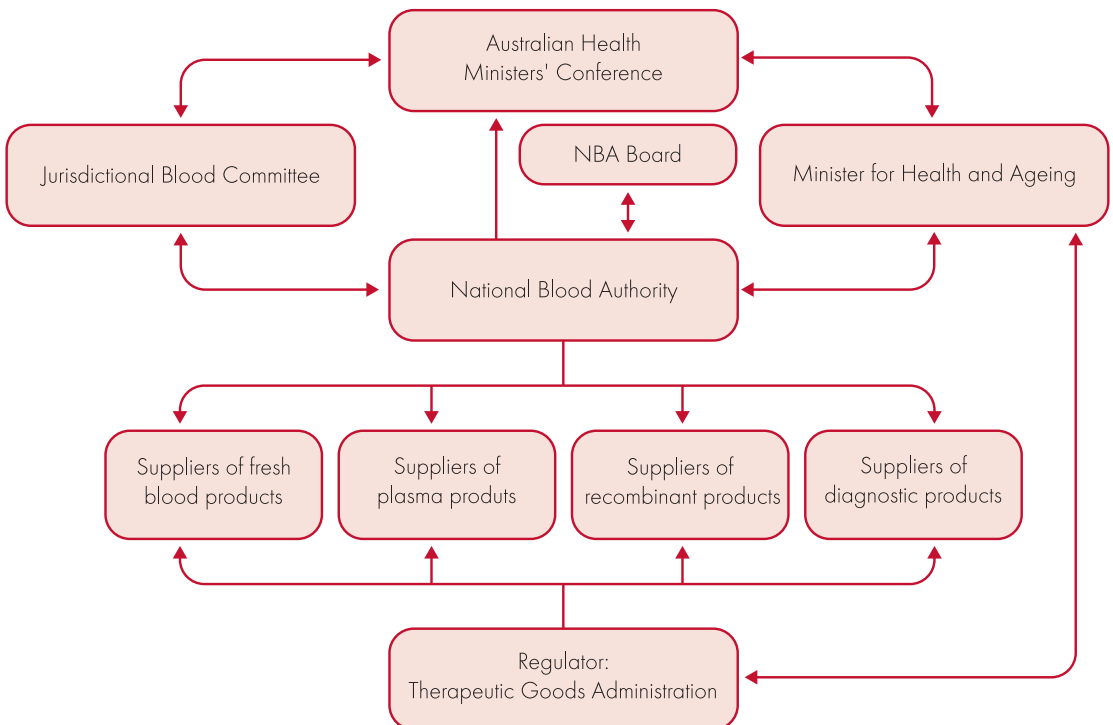
Government sets the governance, policy and financial framework under which the NBA operates.

The Australian Government and State and Territory governments are represented through the Jurisdictional Blood Committee, established as a subcommittee of the Australian Health Ministers' Advisory Council.

The Jurisdictional Blood Committee is the conduit between governments and the NBA. It oversees the NBA and represents jurisdictional positions on policy, demand, supply planning, product distribution, funding and evidence-based approaches to emerging products, services and technologies. It is also the primary body responsible for providing advice and support to the Australian Health Ministers' Conference on these matters.

The NBA is supported in its work by an advisory Board, whose primary role is to give advice to the General Manager about the performance of the NBA and to liaise with governments, suppliers and others about matters relating to the NBA's functions. 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*. These governance relationships are depicted in **Figure 4**.

Figure 4 Governance of the Australian blood sector



The NBA's General Manager is a statutory officer who reports to the Minister for Health and Ageing. The NBA also reports directly to all Health Ministers through the Jurisdictional Blood Committee.

The NBA has contracts with a number of suppliers of therapeutic and diagnostic reagent products, all of which must meet the requirements of the Therapeutic Goods Administration as the national regulator of the blood sector.

2.4 Our roles and responsibilities

The NBA is the central coordinating agency for the national planning and purchasing of blood and blood products from suppliers on behalf of all Australian governments. Its activities are determined in principle by the *National Blood Authority Act 2003* and the National Blood Agreement.

Under the National Blood Agreement, the NBA has a range of roles and responsibilities including:

- coordinating demand and supply planning for blood and blood products on behalf of all States and Territories
- negotiating and managing national contracts with suppliers of blood and blood products
- working with all governments to ensure that they get the blood and blood products they require, according to an agreed single national pricing schedule
- supporting policy development and operations within the blood sector through transparent evidence-based processes
- developing and implementing national strategies to encourage better use of blood and blood products
- promoting adherence to national safety and quality standards
- taking responsibility for national contingency planning.

The execution and timing of the commencement of these activities is governed by the Ministerially approved NBA Corporate Plan, the funding provided

by governments, the endorsement of priorities by the Jurisdictional Blood Committee and decisions by the Australian Health Ministers' Conference.

The NBA, in conjunction with the jurisdictions, plays a critical role in coordinating an annual National Product List and National Supply Plan and Budget for approval by Health Ministers. As part of its role in managing the supply of blood and blood products, the NBA is responsible for:

- collecting data on products issued and reporting to jurisdictions against the approved supply plan
- making improvements to the national supply planning process
- monitoring the balance between supply and demand throughout the year
- intensively managing products in short supply.

Towards this end, the NBA currently manages ten major agreements with suppliers of blood and blood products valued at around \$500 million in 2004-05. Additionally, the NBA is responsible for the negotiation of new contractual arrangements, extensions of supplier arrangements and reviews of arrangements in accordance with government policy.

As an Australian Government agency, the NBA is required to operate within the Australian Government financial management and accountability framework. In addition to the policy objectives of all governments under the national blood arrangements, the NBA must therefore comply with the objectives and requirements of the *Commonwealth Procurement Guidelines* and associated policies and rules.

The NBA also provides full-time support to the Jurisdictional Blood Committee, not only in terms of secretariat assistance but also in the provision of:

- research and policy advice across a number of issues
- data and financial analysis to support decision making
- support for workshops, working and expert groups
- process improvement activities to support the new blood arrangements.

As a newly created Authority with limited resources, the NBA has taken a staged approach to meeting its responsibilities. Its initial focus was on establishing infrastructure, managing supply and negotiating and managing contracts. However, with the announcement of additional resources in the last Federal Budget and in line with the requirements of the National Blood Agreement, the NBA has begun to position itself to undertake tasks to facilitate improved clinical use of blood and blood products and to provide a national focus on the management of blood sector information and data. The framework for how these tasks will be undertaken and the roles and responsibilities of the various sector participants are still to be determined.

The NBA also expects to contribute to the development of national information systems for the quality and appropriate use of blood products, and to participate in the development and implementation of clinical practice guidelines and other demand management strategies in conjunction with a variety of professional and blood user groups.

2.5 Organisational structure

The NBA's General Manager, Dr Alison Turner, is supported in her role by an Executive Team of three—two Deputy General Managers and General Counsel, Mr Michael Stone.

Mr Peter DeGraaff is the current Deputy General Manager, Contract Management and Supply Planning. He also has responsibilities in financial and budget management and information management. Mr Gordon Lee Koo was appointed in March 2005 as Deputy General Manager, Fresh Blood Supply and Corporate Management for a period of 12 months while Ms Stephanie Gunn is on maternity leave.

In December 2004 the NBA implemented a new structure based on its key supplier relationships to ensure that key NBA relationships with suppliers are maintained and strengthened over time. Each Deputy General Manager was charged with the responsibility of overseeing a set of key supplier relationships. This supplements the activities of the Contract Managers, who are responsible for more day-to-day communication and action on contract related issues.

Ms Gunn, and subsequently Mr Lee Koo, have been the relationship managers for the Australian Red Cross Blood Service, while Mr DeGraaff has been the relationship manager for the commercial suppliers.



Mr Lee Koo is the NBA's current relationship manager for the Australian Red Cross Blood Service. His background includes health services policy, planning and purchasing, managing the delivery of hospital and health services and corporate management of finance, human resources and information. He has held management and leadership positions in Commonwealth, Northern Territory, Queensland and ACT Government agencies at the senior executive level and has particular strengths in financial management.



Ms Gunn was the NBA's Corporate Manager and relationship manager with the Australian Red Cross until April 2005 before taking 12 months maternity leave. Her expertise includes extensive experience in program and project management in assisting and promoting regional, community, industry and local government development. Ms Gunn joined the Commonwealth Department of Health and Ageing in 1996 working in the Minister's office, then moved to senior management roles in Ageing and Community Care and Corporate Management. Ms Gunn brings particular strengths in organisational and service efficiency, strategic and corporate planning, people and project management.

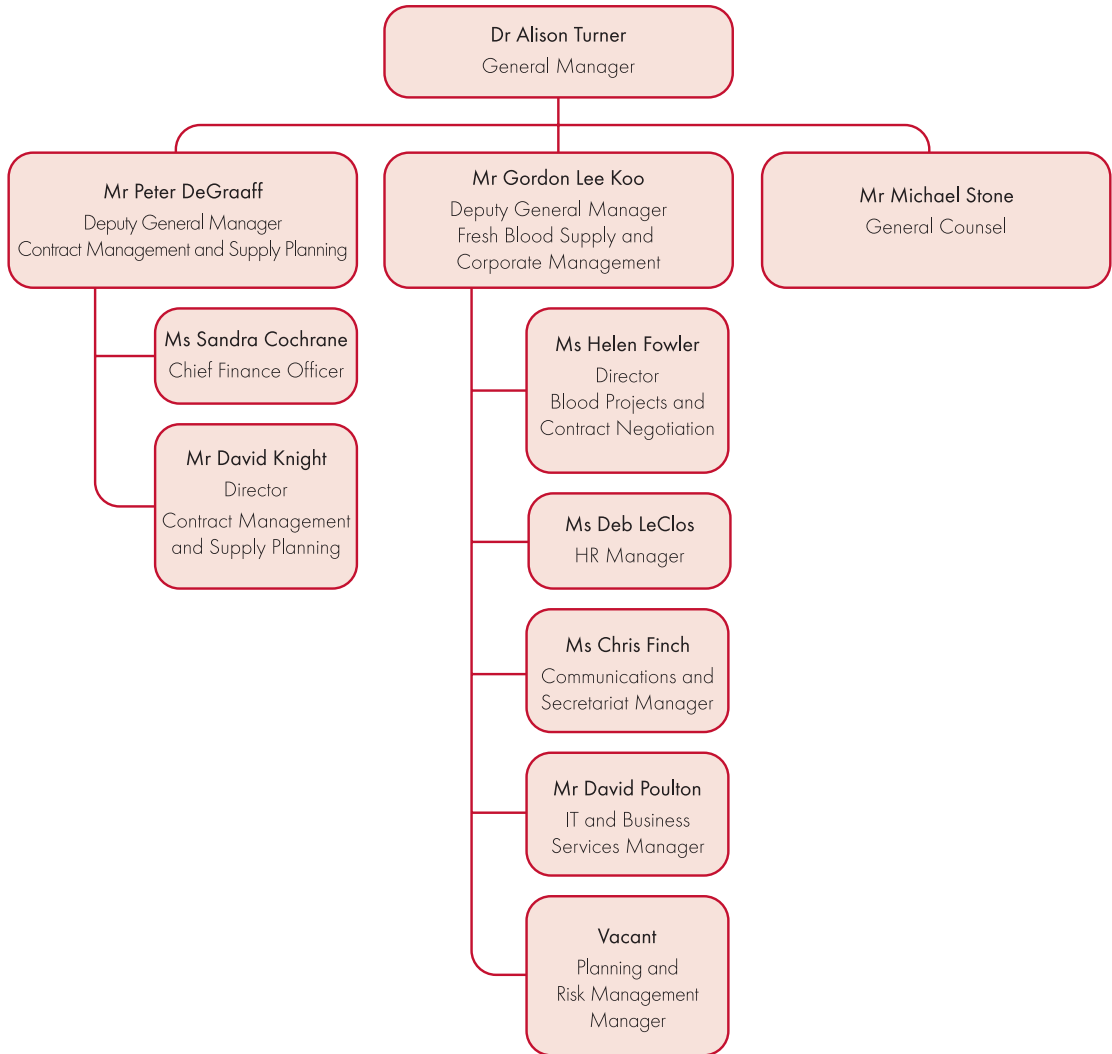


Mr DeGraaff is the NBA's relationship manager with commercial suppliers Baxter Healthcare, CSL Limited, Octapharma (Australia) Pty Ltd and Wyeth Australia. Following his first career as an officer in the Australian Army, he has had significant experience in Defence procurement and other senior management roles in the Industry Commission (now the Productivity Commission), the Commonwealth Department of Housing and Regional Development and in Health and Ageing. He has four years' experience in the Australian blood sector at the senior executive level with program and project management and major government procurements being amongst his strengths.

The main method of ensuring cross-NBA involvement in all tasks has been through weekly executive meetings, where important strategies and plans, performance improvement, reporting and corporate issues are considered.

The NBA's organisational structure as at 30 June 2005 is illustrated in **Figure 5**.

Figure 5 Organisational structure, 30 June 2005



PART 3—OUR PEOPLE

Part 3—Our People provides information on our people and human resource management practices for 2004–05.

- 3.1 Staffing
- 3.2 A positive working culture
- 3.3 Personal and professional development
- 3.4 Employment conditions

Part 3—Our People

3.1 Staffing

The NBA is a small workforce of 34 ongoing staff supplemented by six non-ongoing employees as at 30 June 2005. Eighteen new staff members commenced during 2004–05 with eight of these being ongoing staff members and ten being employed in a non-ongoing capacity.

Prior to the May 2005 budget, the forward staff budget was expected to decrease so the NBA employed a number of non-ongoing staff to provide future flexibility. Non-ongoing staff provided support in roles such as network administration, executive support and the establishment of a data library. Non-ongoing staff were also employed for short-term projects such as a stand-alone contract review, business analysis of economic information on blood products and the development of Key Business Processes. In addition, non-ongoing staff were used to back-fill for three ongoing staff who took maternity leave.

Advertisements for NBA staff attracted a diverse field of skilled candidates. The average time from the date of advertising to completion of the recruitment for the eight new ongoing staff members was nine weeks. Three of the eight resulted in the promotion of an employee from within the Australian Public Service, with the remaining five being appointed from outside the Australian Public Service. Ongoing staff joined the NBA in the budget and finance, legal, contract management, fresh blood projects, supply planning, executive assistant to the General Manager and records management areas.

During the year, the NBA made considerable progress in workforce analysis and undertook key performance monitoring in areas such as employee turnover and retention, absentee rates and high recreation leave balances. Future workforce analysis activities will focus on identifying current and desired skills through the development of a capabilities framework.

The following tables summarise the profile of the staffing complement.

Table 1 Staff classification and full-time/part-time status, 30 June 2005

Classification	Female		Male		Total
	Full-time	Part-time	Full-time	Part-time	
Statutory Office Holder	1				1
Senior Executive Service	1		2		3
Executive Level 2	2		1		3
Legal 2			1		1
Executive Level 1	9	1	5		15
Legal 1	1				1
APS Level 6	4	2	2		8
APS Level 5	2	1			3
APS Level 4	3		1		4
APS Level 3				1	1
Total	23	4	12	1	40

Table 2 Staff classification and permanency type, 30 June 2005

Classification	Ongoing	Non-ongoing	Total
Statutory Office Holder	1	0	1
Senior Executive Service	2	1	3
Executive Level 2	3	0	3
Legal 2	1	0	1
Executive Level 1	14	1	15
Legal 1	1	0	1
APS Level 6	7	1	8
APS Level 5	2	1	3
APS Level 4	3	1	4
APS Level 3	0	1	1
Total	34	6	40

The NBA's turnover of ongoing employees was 19 per cent for the reporting year.

3.2 A positive working culture

The NBA continued to build a strong team culture in its second year of operation, with the Staff Participation Forum and Social Club providing key opportunities to achieving positive outcomes in this area.

The NBA's combined Staff Participation and Occupational Health and Safety Committee Forum met six times in 2004-05 to:

- identify and provide advice on occupational health and safety issues
- provide advice and guidance to the General Manager concerning issues raised by staff
- consider issues referred to it by staff
- consult with staff on workplace issues that affect them
- assist the dissemination of information to staff
- help develop and implement staffing/human resource policy and organisational policies/procedures manuals.

Monthly All-Staff Meetings were also a successful way of keeping staff updated on major issues, allowing opportunities for input, participation and feedback. All-Staff Meetings provided information to staff on the outcomes of the Board and Jurisdictional Blood Committee meetings, NBA performance, projects underway and other operational issues of interest to staff. The NBA also commenced producing *Heart Beat*, a fortnightly report supplementing the All-Staff Meetings by informing staff of workflow issues and major milestones on a more regular basis.

2004-05 also saw the training and finalisation of our emergency control team consisting of one chief warden, a deputy chief warden, two fire wardens and two first aid officers. Members of the emergency control organisation are self-nominated and on completion of the required training receive an allowance of \$22 per fortnight.

Staff also benefited from accommodation refurbishment which was completed in November 2004. Office space was rationalised to bring staff

together into a more cohesive group, ergonomic workstations were erected, the kitchen was remodelled and a break-out room was established for recreational use. The Executive area also received a face-lift, with conference and interview rooms strategically located for the benefit of the many meetings held at the NBA.

Staff moved into their improved office space in early December 2004, prior to the official opening by the Chair of the NBA Advisory Board, Professor Richard Smallwood, on 22 March 2005.



Dr Turner, NBA GM,
Dr Morauta, the then JBC Chair and
Prof. Smallwood at the official opening of the NBA's
office in Moore Street, Turner

The engagement of IPS Worldwide to operate the NBA's Employee Assistance Program also provided access for NBA employees and their immediate family members to free short-term counselling. This service provided support to help staff cope with any personal or work-related problems that could impinge on the achievement of a productive and happy working environment.

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.

3.3 Personal and professional development

Employees of the NBA access professional development opportunities through the Personal Development Scheme. At the beginning of each 12-month cycle, each employee and manager agree on the key commitments the employee will undertake, the performance measures and the development requirements necessary to complete the commitments.

The NBA is fortunate to have good and free access to experts on the blood sector, so a significant amount of training is able to be provided at no additional cost. For example, in 2004-05 we received a series of presentations conducted in-house for all employees by the Australian Red Cross Blood Service, Baxter Healthcare Pty Ltd, the Therapeutic Goods Administration, the New Zealand Blood Service, the United Kingdom Blood Service and Wyeth Australia Pty Limited.

In addition, \$22,242 was spent on external course fees and conferences. Of this expenditure, 32 per cent was blood-related learning.

3.4 Employment conditions

The *National Blood Authority Certified Agreement 2004-2007* was certified in the Australian Industrial Relations Commission on 15 October 2004. The agreement was made under s170LK of the *Workplace Relations Act 1996*, that is, an agreement made directly between the employees of the NBA and the General Manager.

The Staff Participation Forum, consisting of two management representatives and five employee representatives, was the primary consultative forum for the development of the new agreement. The Staff Participation Forum adopted an approach whereby all issues were discussed with Forum members, who in



Staff members
Jason Brooks and Deb LeClos
who attended the NBA's Certified Agreement hearing at
the Australian Industrial Relations Commission on 15 October 2004.

turn flagged issues that were likely to be contentious or in which they were unsure of employees' opinions. Following each Staff Participation Forum meeting an information session was held for all staff and issues raised by the Staff Participation Forum were discussed with all employees.

Employees expressed their views on these issues by way of mini-surveys. The results of the surveys were discussed at the following Staff Participation Forum session and, where the majority of employees did not endorse an approach, management reconsidered the issue.

At the time of certification, the Certified Agreement covered 32 staff, 90.6 per cent of these staff voted on the agreement and of these, 93.0 per cent voted in support of it.



Staff Participation Forum
members Jason Brooks, Gordon Lee Koo, Michelle Norris,
Susan James, Dave Poulton, Deb LeClos and Tracey Rand

Table 3 indicates the salary ranges of staff contained in the Certified Agreement Applicable at 2004-05.

Table 3 Salary ranges available to staff contained in the Certified Agreement, 2004-05

Classification	Minimum	Maximum
Executive Level 2	\$ 77,619	\$ 92,247
Legal 2	\$ 89,340	\$ 97,579
Executive Level 1	\$ 68,598	\$ 75,140
Legal 1	\$ 45,209	\$ 83,053
APS Level 6	\$ 55,821	\$ 62,974
APS Level 5	\$ 50,601	\$ 53,407
APS Level 4	\$ 46,523	\$ 49,156
APS Level 3	\$ 41,062	\$ 45,514

Performance payments were paid to five employees following the completion of the assessment of performance levels specified in the individual performance agreements. In 2004-05 performance payments totalled \$46,826.

As shown in **Table 4**, in 2004-05 there were nine employees, or 22.5 per cent of the NBA's workforce, employed on an Australian Workplace Agreement—three employees at the SES classification level and six at classifications below the SES.

Table 4 Classification and number of staff on Australian Workplace Agreements

Classification	No. of staff
Senior Executive Service employees	3
Executive Level employees	5
APS Level employees	1
Total	9

PART 4—OUR PERFORMANCE

Part 4—Our Performance describes the achievements our people have made against the priorities for this reporting year, as set out in our 2004–05 Operational Plan. It also provides an analysis of our performance against the NBA's outputs and outcomes structure as set out in the Health and Ageing Portfolio Budget Statements.

- 4.1 Managing and coordinating Australia's blood supply
- 4.2 Improving the performance of the blood sector
- 4.3 Ensuring the NBA is a high performing organisation

Part 4—Our Performance

The NBA has put in place a performance framework to support performance improvement in the organisation. The main elements are:

- identification and documentation of Key Business Processes to document and capture learning for our most crucial business operations
- development of a central repository of all Key Business Processes, plans and policies
- consideration of performance improvements at a dedicated monthly executive meeting
- performance reporting on a monthly basis to the executive meeting, with performance measures which continue to evolve as the NBA matures
- regular reporting to the NBA Board and the Jurisdictional Blood Committee of the NBA's performance.

The new performance framework also established key process owners responsible for:

- documenting the steps of that process
- improving that process under the oversight of the executive performance improvement monthly meeting
- ensuring the process is updated to reflect any changes to government policies and standards
- providing advice on that process to other staff members who are using it.

4.1 Managing and coordinating Australia's blood supply

The NBA achieved significant results in its second year of operation, successfully planning, managing and coordinating Australia's blood supply in accordance with the National Blood Agreement and satisfying jurisdictional requirements for availability and sufficiency of supply. In doing so, the NBA has met the requirements specified in the Department of Health and Ageing's Portfolio Budget Statements.

Table 5 Outcome and output structure, 2004–05

Output Group 1. A safe, secure, adequate and affordable supply of blood and blood products in Australia	
Output	Performance indicator
Manage and coordinate Australia's blood supply in accordance with the National Blood Agreement agreed by the Australian Government, States and Territories.	<p>Quality Satisfaction from all jurisdictions and stakeholders on the planning, management and coordination of the blood supply in accordance with the National Blood Agreement.</p> <p>Quantity Number of supply contracts varied or negotiated.</p> <p>Quantity Number of contracts being managed.</p> <p>Quality Satisfaction from all jurisdictions and stakeholders that there is sufficient and available supply of blood and blood products to meet jurisdictional defined demand levels.</p>
Price: \$6.592 million	

The NBA's priorities for 2004–05 as specified in the *Department of Health and Ageing's Portfolio Budget Statements* were the:

- finalisation of a new contract with CSL Limited
- finalisation of a deed with the Australian Red Cross Blood Service
- management of transition arrangements with the Australian Red Cross Blood Service that will lead to pricing arrangements with payment according to volume/mix of products and services
- implementation of information management systems, especially for financial management and supply/demand planning
- introduction of new cost effective supplier arrangements including arrangements for the supply of diagnostic products.

This section reports against the NBA's results in these and other areas over the 2004–05 reporting period.

4.1.1 National Supply Planning

The development of the annual National Supply Plan for blood products, and its approval by all Australian Health Ministers, is a critically important function for the blood sector as a whole, and especially for the NBA. Accordingly the NBA has devoted substantial effort during 2004–05 to improving the supply planning process for 2005–06.

The process is illustrated in **Figure 6** (see page 32), and covers the total national volume, mix, and cost of fresh, plasma-derived, and recombinant and diagnostic blood products to be ordered in the year. Supply planning must commence 12 months prior to the next supply year, and be endorsed by the Jurisdictional Blood Committee and approved by Australian Health Ministers to allow continued funding of blood products to health care providers.

Improvements made in the supply planning process in 2004–05 include:

- detailed process mapping and re-design of the activities involved in national blood supply planning
- development of timelines for the key activities
- the introduction of a more systematic approach to data gathering and data manipulation as inputs to the process
- a more tightly managed process for consultation with Australian governments and suppliers.

The NBA also improved its information systems to compile detailed information on historical consignment levels over the previous two years for all product types contained in the annual National Supply Plan and Budget. This information was used to assist in more accurate demand forecasting, for the compilation of the annual National Supply Plan and Budget, and for quarterly estimates of orders for Plasma Products Agreement products.

While the work done on supply planning in 2004–05 yielded worthwhile improvements in the process and outcome for 2005–06, it is clear that there is further scope to improve, particularly in the timeliness and completeness of information on demand trends and forecasts. Work on this will continue in 2005–06.

4.1.2 Contractual arrangements with suppliers

To implement the annual National Supply Plan, the NBA has supply contracts with various suppliers of blood and blood-related products which it manages closely to ensure that demand for blood and blood products is always met.

As shown in **Table 6** during 2004–05 the NBA purchased \$504.64 million worth of blood and blood related products from the following suppliers.

Figure 6 National Supply Planning process

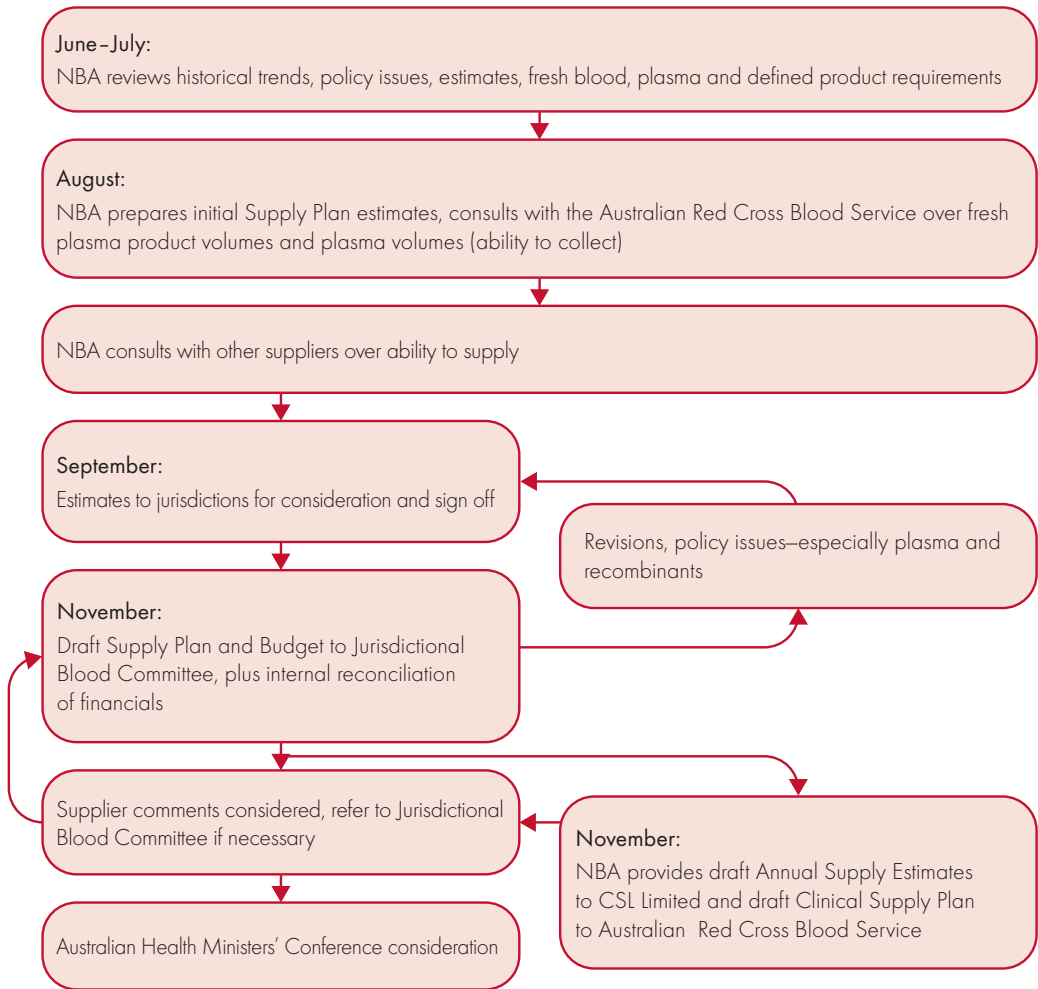


Table 6 Products purchased from suppliers, 2004–05

Supplier	Products purchased	Amount (\$ millions)
CSL LIMITED	Plasma Products <ul style="list-style-type: none"> - albumin products - immunoglobulin products (including IVIg and hyperimmune products) - plasma-derived clotting factors Diagnostic Reagent Products <ul style="list-style-type: none"> - blood grouping sera - reagent red cell products Defined Blood Products <ul style="list-style-type: none"> - Rh(D) immunoglobulin - Factors XI and XIII - IVIg Standing Offer 	148.96
AUSTRALIAN RED CROSS BLOOD SERVICE	Fresh Blood Products <ul style="list-style-type: none"> - whole blood - red blood cells - platelets - clinical fresh frozen plasma - cryoprecipitate - buffy coat (white cells) - plasma for fractionation 	267.78
BAXTER HEALTHCARE PTY LTD	Defined Blood Products <ul style="list-style-type: none"> - Recombinant Factor VIII - Protein C - Factor VII concentrate - Factor Eight Inhibitor Bypass Agent (FEIBA) 	52.85
WYETH AUSTRALIA PTY LTD	Defined Blood Products <ul style="list-style-type: none"> - Recombinant Factor IX 	10.91
NOVO NORDISK PHARMACEUTICALS PTY LTD	Defined Blood Products <ul style="list-style-type: none"> - Recombinant Factor VIIa 	18.96
OCTAPharma (AUSTRALIA) PTY LTD	Defined Blood Products <ul style="list-style-type: none"> - IVIg Standing Offer 	5.18
		504.64

All amounts exclude GST

In 2004–05 the NBA managed a total of 12 supply contracts and agreements. Of these, four were newly negotiated. A further five contracts were negotiated in 2004–05 for implementation in 2005–06. The NBA also managed 12 variations to new and existing supply contracts.

Table 7 New contracts negotiated, 2004-05

Supplier	Implementation	Description of Contract
CSL limited	From January 2005	Supply of Plasma products
Australian Haemophilia Centre Directors' Organisation Inc. (AHCDO)	From November 2004	Funding agreement for Australian Haemophilia Centre Directors' Organisation operations
CSL limited	From December 2004	Supply of Imported IVIg by Standing Offer
Octapharma Pty Ltd	From December 2004	Supply of Imported IVIg by Standing Offer
CSL limited	From July 2005	National Reserve Management
CSL limited	From July 2005	Supply of Diagnostic Reagent Products by Standing Offer
DiaMed Australia Pty Ltd	From July 2005	Supply of Diagnostic Reagent Products by Standing Offer
Ortho-Clinical Diagnostics (Johnson & Johnson Company)	From July 2005	Supply of Diagnostic Reagent Products by Standing Offer
Australian Laboratory Services Pty Ltd	From July 2005	Supply of Diagnostic Reagent Products by Standing Offer

The NBA also managed 46 corporate operational contracts for the delivery of outsourced arrangements, consultancies and other professional goods or services.

The NBA has continued to develop and improve the effectiveness and robustness of its approach to the negotiation of blood supply contracts, based on a detailed procurement process and a blood supply contract template.

Important objectives of the NBA's contracting approach are:

- ensuring that contract arrangements respond and give effect to centralised government arrangements under the National Blood Agreement including, where appropriate, provisions dealing with supply planning and review, product list changes, eligibility of recipients and criteria for product supply and implementation of government approved policies or guidelines
- ensuring value for money including, where appropriate, provisions dealing with price setting or adjustment, verification of supply and adjustment of payment, and supplier performance requirements
- ensuring security of supply including, where appropriate, provisions dealing with in-coming revenues, loss of products or starting material, provision of alternative products and obligations to maintain Therapeutic Goods Administration compliance
- safeguarding the interests of governments including, as appropriate, provisions dealing with indemnities and warranties, recovery of money, confidentiality and privacy, conflict of interest, risk management, financial and performance guarantees, insurance, force majeure, step-in or termination by the NBA, handover, securities and dispute resolution
- meeting contemporary standards of government procurement and contracting, and complying with relevant Australian Government procurement policies, guidelines and rules.

In 2004–05 the NBA developed a Key Business Process for contract management to ensure that:

- the NBA complies with its legislative obligations and the policy directions and guidelines of government
- the contractual obligations of both the NBA and its contracted partners are fulfilled in all respects
- reliable delivery of the full range of blood products and services to approved recipients occurs
- the 'value for money' sought for Australian governments in the contracts is achieved in practice
- the best corporate knowledge on contract management is captured and accessible for all NBA staff.

Fresh blood products



Funding to the Australian Red Cross Blood Service increased from \$247 million per annum in 2003–04 (\$243 million in operating and capital payments and \$4 million for the implementation of new regulatory standards for donor haemoglobin levels) to \$267.8 million in 2004–05. The Australian Red Cross Blood Service had 491,906 whole blood donors who donated blood, and 25,851 apheresis (plasma) donors who donated plasma in 2004–05. The Australian Red Cross Blood Service sent 308 tonnes of starting plasma to CSL Limited as a result of these donations.

As has been previously reported, 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 arrangement that was put in place by the Department of Health and Ageing prior to 1 July 2003.

The interim arrangements were extended several times in order to allow time for the development of a new four-year Deed of Agreement with the Australian Red Cross Blood Service.

The Jurisdictional Blood Committee, on advice from the NBA, found that a number of major issues still required resolution, and that the interim arrangement was inadequate in a number of areas in meeting current government procurement and legislative requirements.

The interim arrangement was therefore allowed to lapse on 30 June 2005 and a contingency contract for July and August 2005 was entered into on 30 June 2005. It is planned that a new Deed of Agreement with the Australian Red Cross Blood Service will be executed in October 2005.

The clinical use of fresh blood products purchased from the Australian Red Cross Blood Service is illustrated in **Table 8**.

Table 8 Clinical use of fresh blood products

Product	Clinical use
Red cells	Used in the replacement of blood lost in trauma and surgery, and in the treatment of chronic anaemia. RBCs primarily restore oxygenation to organs and tissues.
Platelets	Used in the control of haemorrhage, leukaemia and patients undergoing cancer treatment, and for people with a platelet dysfunction.
Clinical fresh frozen plasma	Used in the treatment of bleeding problems following trauma, surgery or chemotherapy.
Cryoprecipitate	Used in the treatment of clotting factor and fibrinogen deficiencies during trauma and surgery.
Buffy coat (white cells)	Used for patients who are not producing their own white cells or who have very low white cell counts and serious bacterial infections. There are very limited uses for leucocytes in Australia.
Plasma	Used by CSL Limited for fractionation into plasma products (308 tonnes were supplied in 2004-05).

Plasma derived products

The NBA successfully negotiated a new Plasma Products Agreement with CSL Limited which came into effect from 1 January 2005. The new Agreement meets the policy objectives that were agreed by governments and includes:

- top quality products manufactured using the latest technologies (with some products improved from the previous Agreement)
- guaranteed availability of products so that orders from approved recipients can always be met
- a competitive pricing structure resulting in better value for money
- contemporary performance-based terms reflecting government requirements for transparency, accountability and appropriate risk-sharing
- the flexibility to respond to any future government policy changes.

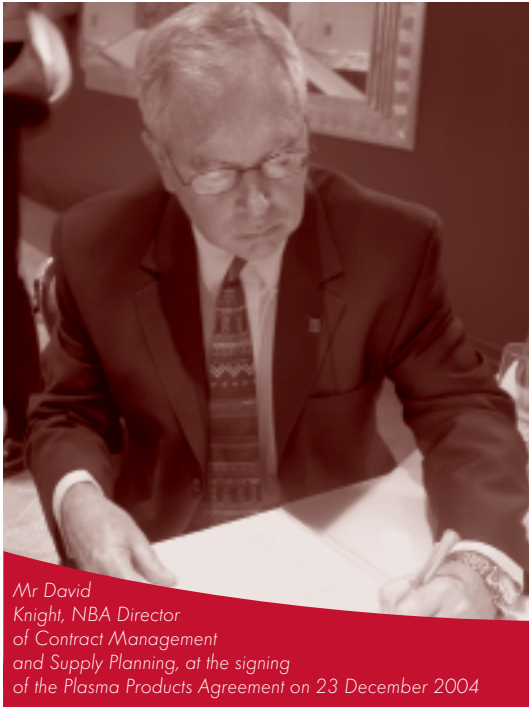
Transition arrangements with CSL Limited, operational from 1 January 2005 and extending to 30 June 2005, allowed the NBA to effectively manage changes in important areas such as pricing, invoicing, supply planning and monitoring, and ordering and delivery.

The formal transition agreement included mechanisms such as the formation of an NBA/CSL Limited Joint Transition Group, which met fortnightly throughout the transition period resulting in excellent communication and cooperation between the NBA and CSL Limited, and in a successful transition to the new arrangements.

During the course of the Plasma Products Agreement negotiations, two additional government policy decisions were announced. The Free Trade Agreement with the United States of America was finalised, and Australian governments announced a policy and funding for the introduction of increased access to recombinant products for haemophilia treatment.

The Free Trade Agreement was signed on 18 May 2004 and came into effect from 1 January 2005. Provisions which affect the procurement of blood products are in a side letter to the Free Trade Agreement confirming understandings reached by the governments of Australia and the United States regarding future procurement of products derived from blood plasma and the plasma fractionation services for the production of such products.

In particular, both countries agreed that any contract with a central government entity of Australia for blood fractionation services in effect on the date



Mr David Knight, NBA Director of Contract Management and Supply Planning, at the signing of the Plasma Products Agreement on 23 December 2004

of entry into force of the Agreement shall conclude no later than 31 December 2009, or earlier if Australia deems it appropriate. Further, it was required that the Australian Government undertake a review of arrangements for the supply of blood fractionation services that shall conclude no later than 1 January 2007.

The conditions of the Free Trade Agreement meant that the duration of the Plasma Products Agreement needed to be more flexible to allow any outcomes of the Review to be implemented—policy restrictions which required some changes to the NBA’s negotiating strategy and objectives.

In August 2004 the NBA was tasked with implementing an important policy change resulting from all Australian governments agreeing to provide significant additional funding (\$80.7 million over four years from the Australian Government alone) for people with haemophilia to have access

to recombinant Factor VIII and Factor IX where clinically indicated.

Although some people with haemophilia in Australia have had access to recombinant Factor VIII since 1995 and recombinant Factor IX since 2000, this move has increased the availability of recombinant products for wider use amongst the haemophilia community.

The introduction of increased access to recombinant Factors VIII and IX commenced from early October 2004, requiring the NBA to negotiate revised supply requirements for plasma-derived Factor VIII and Factor IX in its supply contract with CSL Limited.

In December 2004 the NBA also signed a Standing Offer contract with CSL Limited (for the supply of Sandoglobulin), as well as with Octapharma Australia Pty Ltd (for the supply of Octagam) for a two-year period in order to allow access to imported IVIg as a contingency supply if and when needed to supplement shortfalls in the domestic IVIg supply. These contracts provide no guarantee to suppliers that any volume of imported IVIg will be purchased.

The IVIg Standing Offer comprises two components—a National Blood Supply component whereby imported IVIg is procured by the NBA for use under the National Blood Agreement (i.e. for those conditions covered under the nationally agreed cost sharing arrangements) and a Jurisdictional Direct Order component which allows approved recipients to access imported IVIg for all other conditions.

The National Blood Supply component can only be utilised with the approval of the Jurisdictional Blood Committee to meet any shortfall in the domestic supply of IVIg. Any purchase from this component of the Standing Offer will be paid by the NBA, under the 63:37 per cent Australian Government–State and Territory government cost sharing arrangements. Purchases under this component must be in accordance with IVIg Guidelines as amended from time to time.

Table 9 Clinical use of plasma products produced by CSL Limited in Australia

Supplier	Product type/trade name	Clinical use
CSL LIMITED	Albumin	
	Albumex 4	Used to treat patients with kidney or liver disease
	Albumex 20	Used to treat patients suffering burns or shock due to blood loss
CSL LIMITED	Immunoglobulins	
	Hyper immune globulins	Used to prevent a specific infection such as tetanus, Hep B, Zoster or cytomegalovirus
	Intragam P	Used to reduce susceptibility to infections and manage many immune system disorders
	Rh(D)	Used to prevent a potentially fatal form of anaemia in newborn babies of Rh(D) negative mothers
CSL LIMITED	Clotting Factors	
	Biostat [®]	Used to manage haemophilia A (Factor VIII)
	MonoFIX-V [®]	Used to manage haemophilia B (Factor IX)
	Prothrombinex-HT [®]	Used to manage some bleeding disorders (concentrated clotting factors)
	Thrombotrol-VF [®]	Used to manage an inherited condition wherein a patient's blood clots too quickly

Under the Jurisdictional Direct Order component, approved State or Territory recipients may place an order directly with the supplier for the IVIg product/s. Any purchase from this component of the Standing Offer are outside the National Blood Supply arrangements and will be paid for in full by the approved recipient (i.e. the requesting hospital or health authority).

Defined Blood Products

The NBA also manages a group of contracts for imported products known as Defined Blood Products which are used in the treatment of haemophilia and other rarer bleeding disorders, haemolytic disease of the newborn and Protein C deficiency. Defined blood products are recombinant (laboratory engineered) and plasma-derived products which are needed to either supplement Australia's current supply of domestic blood products, or supply products which are not currently manufactured in Australia.

Australia is self sufficient in terms of plasma derived Factor VIII and Factor IX, but is totally reliant on imported recombinant products (i.e. recombinant Factor VIIa, recombinant Factor VIII and recombinant Factor IX), as well as plasma derived Factor XI and Factor XIII, anti-inhibitor coagulant complex concentrates and Protein C. In addition, an Rh(D) immunoglobulin product is imported to supplement supplies of Australian domestic Rh(D) immunoglobulin. These imported products are collectively referred to as 'Defined Blood Products' by the NBA.

In 2004-05 the NBA, through its contracts with Baxter Healthcare Pty Ltd and Wyeth Australia Pty Ltd, negotiated increased supplies of recombinant Factor VIII and recombinant Factor IX respectively to meet the increased demand. This increase was driven mainly by the policy change described above, as well as an increase in the contractual reserve levels of each product, to ensure there are adequate stocks of both products to meet the clinical needs of all patients in a timely fashion.

The NBA successfully negotiated a decrease in the price of recombinant Factor VIII above a volume trigger level of product, which will apply for the remainder of the contract with Baxter Healthcare.

The Defined Blood Products currently purchased by the NBA are listed in **Table 10**.

Table 10 Clinical use of defined blood products

Supplier	Product type/trade name	Clinical Use
NOVO NORDISK PHARMACEUTICALS PTY LTD	rFVIIa/NovoSeven®*	Used to treat bleeding episodes including surgical intervention in haemophilia A or B patients with inhibitors to Factor VIII or Factor IX
BAXTER HEALTHCARE PTY LTD	rFVIII/Recombinate®*	Used to treat Factor VIII deficiency, known as haemophilia A
WYETH AUSTRALIA PTY LTD	rFIX/BeneFIX®*	Used to treat patients who have Factor IX deficiency, known as haemophilia B or Christmas disease
BAXTER HEALTHCARE PTY LTD	Anti Inhibitor Coagulant Complex Concentrates/FEIBA®**	Used to treat bleeding episodes including surgical interventions in haemophilia A and B patients with inhibitors
BAXTER HEALTHCARE PTY LTD	Protein C/Ceprotin®*	Used to treat congenital Protein C deficiency
BAXTER HEALTHCARE PTY LTD	FVII concentrate	Used to treat Factor VII deficiency
CSL LIMITED	FXI/BPL Factor XI LFB Hemoleven®	Used to treat people with Factor XI deficiency (sometimes called Haemophilia C)
CSL LIMITED	FXIII/Fibrogammin P®	Used to treat people with Factor XIII deficiency
CSL LIMITED	Rh (D) Immunoglobulin/WinRho®*	Used to prevent a potentially fatal form of anaemia in newborn babies of Rh(D) negative mothers

* Included on the Australian Register of Therapeutic Goods (ARTG)

** FEIBA is listed on the ARTG for export only. It is not registered on the ARTG for marketing in Australia

As current contracts for the supply of these products expire on 30 June 2006, the NBA will commence a tender process in early 2005–06 to determine new purchasing arrangements for the future supply of the products.

Diagnostic reagent products

Diagnostic reagent products purchased from CSL Limited in 2004–05 under the Diagnostic Products Agreement are listed in **Table 11**. Under previous government policy, diagnostic products produced under the Diagnostic Product Agreement with CSL Limited were provided free of charge to all laboratories.

Table 11 Clinical use of diagnostic reagent products

Product	Clinical use
Abtectcell II 3% Abtectcell III 3%	Used for patient and donor antibody screening
Phenocell 3%	Used for determining the clinical significance of unexpected antibodies that may have been detected
Revercell 3% Revercell 15%	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
Controcell 15%	Used as Rh positive and Rh negative controls to control antiglobulin and enzyme tests
Cord cells 3%	Used to identify atypical antibodies, in particular anti-I
Antiglobulin control cells	Used to validate test results
Anti K (Kell) BG serum	Used to type red cells for the presence of the K (Kell) antigen
Human thrombin (dried)	Used in emergency situations to speed up compatibility testing

In May 2004 Australian Health Ministers agreed to change these supply arrangements from 1 July 2005, to provide public pathology laboratories, including teaching institutions, with greater choice of diagnostic reagent products and the ability to procure the most appropriate diagnostic reagent product at competitive prices and quality and service levels.

Laboratories use these reagents for ante-natal antibody screening and pre-transfusion testing (blood grouping, antibody screening and cross matching) to ensure compatibility between donor blood and the patient requiring a blood transfusion.

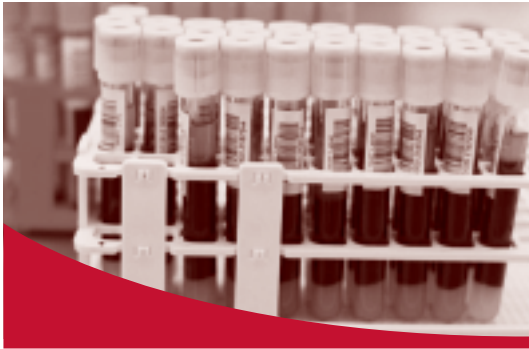
In June 2005 the NBA established national Standing Offer arrangements for the supply of diagnostic reagent products for public pathology laboratories with four suppliers, which came into effect from 1 July 2005 when the current arrangements with CSL Limited expired. The successful tenderers were:

- Australian Laboratory Services Pty Ltd
- CSL Limited
- DiaMed Australia Pty Ltd
- Ortho-Clinical Diagnostics.

The move introduced a competitive environment that will allow laboratories and research and teaching institutions to purchase diagnostic reagent products from the supplier of their choice. Governments will provide funds to public hospitals and public laboratories in line with previous expenditure levels to enable them to purchase the diagnostic reagent products that best suit their needs. Australia's public laboratories will now be able to have access to a wide range of diagnostic reagent products. Private pathology laboratories will continue to purchase diagnostic reagent products from suppliers through non-NBA based arrangements.

Public laboratories will benefit from partial subsidisation for diagnostic reagents purchased from the Standing Offer by way of capped funding, agreed to by Australian governments, which first takes effect from 1 July 2005 and again from 1 July 2006. Such laboratories and tertiary institutions will need to fully fund all purchases after the funding cap for each financial year is reached.

Over 80 red cell diagnostic reagent products are available under the Standing Offer. The product



and price list is available on the NBA web site at <http://www.nba.gov.au>.

4.1.3 New products and services

As part of the national arrangements between all Australian governments, the National Blood Agreement outlines the approach to policy setting, governance and management for the Australian blood sector, including administrative and financial arrangements. Schedule 4 of the Agreement provides for appropriate evidence-based evaluation and advice to governments to support decisions about changes to products or services funded under the national blood supply.

The NBA has been working with a Jurisdictional Blood Committee Working Group to formalise the process to support Schedule 4 of the Agreement. One important objective of this work is to make the process transparent to those who bring new products and services forward for funding, and to help them understand what information will be required to support their proposals.

Guidelines and an application form have been drafted and it is expected that the process will be trialled and adopted early in 2005-06. In the meantime, experience in the evaluation of funding proposals is being gained with the Australian Red Cross Blood Service business cases reported in **Section 4.2.4.**

4.1.4 Managing supply levels

In 2004-05 the NBA achieved significant results for its second year of operation, successfully planning, managing and coordinating Australia's blood supply to the satisfaction of all jurisdictions.

A combination of improved reporting mechanisms, increasing product knowledge, and monthly consignment data over a longer timeframe has ultimately led to a greater level of product trend analysis. The NBA, together with jurisdictions and suppliers, has become better positioned to more accurately predict jurisdictional product requirements.

Following the mid-year review of the 2004-05 Supply Plan against actual deliveries, the NBA revised the 2004-05 Supply Plan to reflect both actual deliveries and meet revised jurisdictional demand data. On a national basis in 2004-05 total platelets issued were within three per cent of target, total clinical fresh frozen plasma was within four per cent and, most noticeably, total cryoprecipitate from a potential variance of over 30 per cent was within one per cent by year end.

The Australian Red Cross Blood Service met the total fractionation requirement of 308 tonnes plasma for the 2004-05 Supply Plan. The realisation of this target along with the improved processes mentioned above led to the annual delivery of several plasma derived products (which included CMV Immunoglobulin, MonoFIX and Rh(D) Immunoglobulin 625IU) being within two per cent of the revised 2004-05 Supply Plan.

The supply of recombinant Factor IX (BeneFIX) came to within four per cent of the revised 2004-05 Supply Plan and recombinant Factor VIII exceeded the 2004-05 Supply Plan by less than four per cent. Demand for recombinant Factor VIIa (Novoseven®) was 12 per cent below the Supply Plan.

Demand for Biostate® has fallen steadily during 2004-05 as a result of the introduction of recombinant

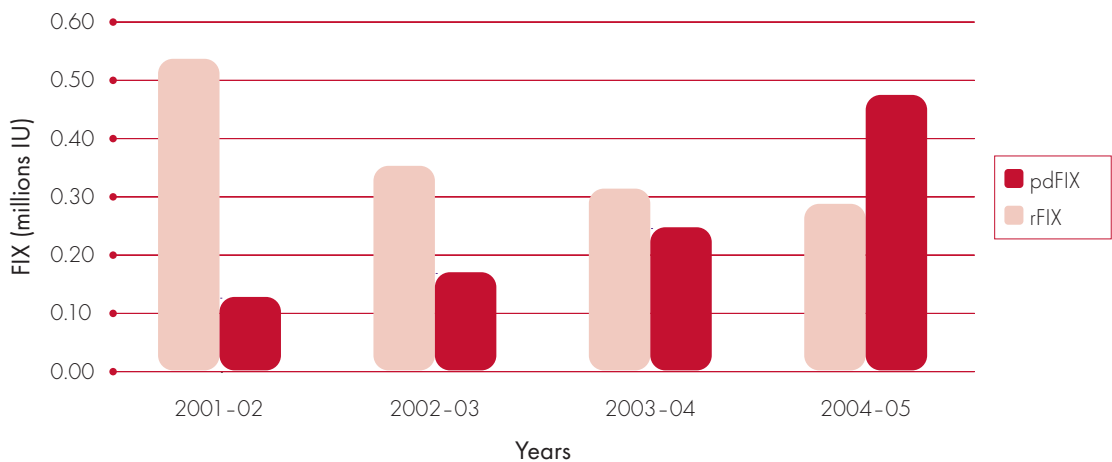
policy by Australian governments in late 2004. There is no longer a need for the NBA to intensively manage Biostate® inventory levels as Australia now produces sufficient volumes to meet its needs.

Figure 7 illustrates the trend in plasma derived and recombinant Factor VIII usage in Australia with time, expressed as consumption per head of population. **Figure 8** demonstrates a similar trend in relation to plasma derived and recombinant Factor IX.

Figure 7 Plasma derived and recombinant Factor VIII usage in Australia



Figure 8 Plasma derived and recombinant Factor IX usage in Australia



IVIg (Intragam P[®]) supply, on the other hand, fell below the 2004-05 Supply Plan targets. These shortfalls were met with Sandoglobulin[®].

IVIg has had to be intensively managed again in 2004-05 due to ongoing increases in demand and indications for its clinical use for over 60 clinical syndromes and conditions, including:

- replacement of immunoglobulins in congenital or acquired immunodeficiency syndromes
- immunomodulation in autoimmune disorders of neurological, haematological and immunological origin.

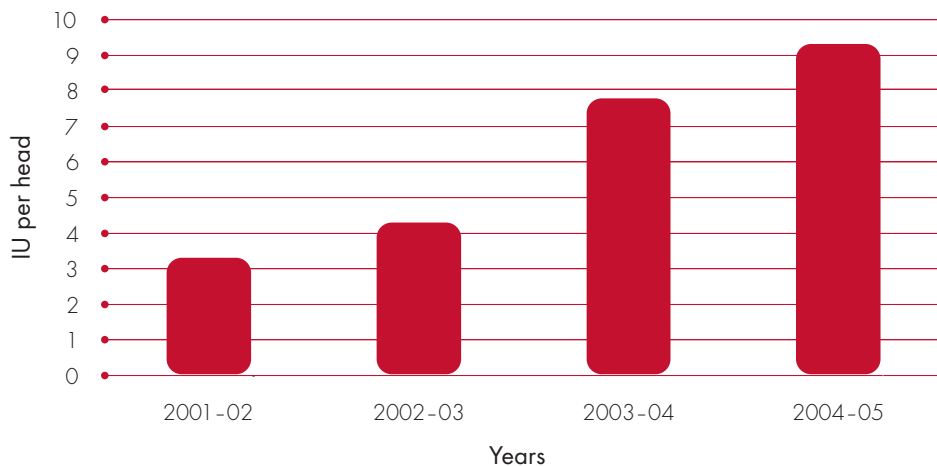
In recent years international demand for IVIg has risen sharply, and all developed countries are struggling to contain costs associated with both increasing demand and increasing product prices.

Usage in Australia has also increased significantly in recent years. In 2004-05 1,455,910g of IVIg



was purchased, which is 71.4g per 1000 head of population. **Figure 9** below graphically depicts the growth in supply of IVIg per 1000 head of Australian population since 2000-01.

Figure 9 IVIg issued in Australia (g/1000 head of population)



As part of a strategic solution to the shortage of IVIg, governments purchased imported IVIg (Sandoglobulin®) in 2003 and placed it in the National Reserve of Plasma Products. In order to optimise the use of these stocks in the National Reserve, the NBA in conjunction with jurisdictions, the Australian Red Cross Blood Service and CSL Limited, developed and implemented a plan to rotate the Sandoglobulin® stocks out of the National Reserve. This rotation commenced in October 2004, and is due to be completed by October 2005.

In addition, in December 2004, following Jurisdictional Blood Committee agreement, the NBA put in place a Standing Offer for the contingent supply of overseas sourced IVIg to supplement domestic supplies of IVIg as and when shortfalls occur (see also **Section 4.1.2**).

In the second part of the year, a serious situation arose with a severe shortage of red cells in the blood supply system. The Australian Red Cross Blood Service first alerted the NBA to this situation in March 2005, and the Australian Red Cross Blood Service immediately responded with an intensive national media campaign to attract donors. Unfortunately, this product shortage occurred about the same time as the Australian Red Cross Blood Service had decided to close a number of collection centres in Victoria and Queensland. While not directly related to the red blood cell shortages, the perceived relationship between the closures and the shortages received considerable attention in the media and in the Victorian Parliament.

The NBA is working with the Australian Red Cross Blood Service to determine the cause/s of the shortage of red cells and to assist them to put in place longer term strategies to prevent such situations from recurring.

Following the publication of an article in the *Medical Journal of Australia* in December 2004 on Warfarin Reversal Guidelines, the NBA also

became aware of a substantial increase in usage of Prothrombinex® during the latter part of 2004-05. This increased use appears to have been related to guidelines developed by the Australian Society for Thrombosis and Haemostasis for Warfarin Reversal, as published in the *Medical Journal of Australia* article. In response to the anticipated increased usage of Prothrombinex®, the NBA had to build revised volumes of this product into the 2005-06 Annual Supply Plan and Budget.

4.1.5 Keeping States and Territories informed

The NBA provided comprehensive reports on fresh, plasma derived and recombinant products to States and Territories on a monthly basis throughout the supply year in order to support jurisdictions in estimating their requirements for blood products. These reports provided information for each blood product on monthly consignments and variations, year-to-date consignments and variations, and annual consignment estimates and variations. These reports are supplied to the NBA by our suppliers in a raw form and then reviewed to ensure they reconcile, and for more detailed analysis. The reports are then reformatted and sent to States and Territories for their review and information. This process is completed in a more timely manner than in the previous financial year, and is now being achieved in two to three days.

In addition, the NBA also incorporated a formal review process to provide an update to jurisdictions mid-way through the supply year. The information provided to jurisdictions included volumes consumed by each jurisdiction, by product and month for the first six months of the financial year and the performance against the budget in dollars. This information was used by both the NBA and the States and Territories to reforecast the consumption of blood and blood related products for the remaining six months of the financial year. The review concluded that the total funds required from jurisdictions for the full financial year were in line with previous estimates. Predictions

in the second year of operation have been, from a financial perspective, within the original budget and the policy for the introduction of recombinants.

Regular Jurisdictional Blood Committee meetings and teleconferences have also been held throughout 2004-05 to keep States and Territories informed on a number of issues including the management of products in short supply, national plan for the introduction of recombinant policy, and national reserve orders for overseas IVlg.

4.2 Improving the performance of the blood sector

During 2004-05 the NBA has worked steadily towards improving its own performance and that of the blood sector through the identification of efficiencies and the implementation of better work practices. It has done this by starting to identify the data and information it needs to gain a thorough understanding of the sector, through consultation with its stakeholders, and through a focus on risk mitigation to ensure continuity of supply.

The NBA recently engaged an expert consultant to assist with the task of identifying how information and knowledge about the blood sector should be acquired and managed, with a view to integrating such information with our supply chain partners to bring about improvements in the sector as a whole.

4.2.1 Performance improvement and efficiencies

In 2004-05 the NBA has used its contract negotiating and implementation experience to begin to increase its knowledge base of the sector, accumulate data and improve deliverables in its contracts with suppliers.

Some of the key achievements for 2004-05 in this area have been:

- improved plasma product supply arrangements through the signing of the Plasma Fractionation Agreement with CSL Limited
- significant progress on negotiations with the Australian Red Cross Blood Service towards a new improved Deed of Agreement for fresh blood products
- improved contingency arrangements for the supply of IVlg through the establishment of a Standing Offer agreement with Octapharma (Australia) Pty Ltd and CSL Limited.

The NBA's development of a Key Business Process for the procurement of blood products and services has been central to its success in bringing about contractual improvements with suppliers. The NBA also applied its newly established Key Business Process for contract management to the first year review of the Defined Blood Products contracts between the NBA and CSL Limited, Baxter Healthcare, Wyeth Australia and Novo Nordisk Pharmaceuticals. These processes have better aligned the contracts to obtain clear outputs.

Plasma Products Agreement

As part of the preparation for the Plasma Products Agreement negotiation, the NBA engaged high level financial, economic and business expert advisers to provide advice which informed the negotiation strategy on plasma fractionation economics, international price and other financial benchmarks, and to develop financial and economic models in conjunction with the NBA to analyse international and domestic plasma fractionation scenarios. This background review assisted the NBA to achieve a fair price for plasma products with reference to international benchmarks, long-run marginal costs and CSL Bioplasma estimated cost base.

The NBA also included contract performance requirements such as financial penalties for non-performance and incentives for innovation, research and development, efficiency gains and risk sharing. The new Plasma Products Agreement has addressed

these issues by including key performance measures and other mechanisms to allow the NBA to monitor, and if necessary influence, performance under the contract.

Contractual arrangements with the Australian Red Cross Blood Service

Interim arrangements

Financial and blood supply arrangements between the Australian Red Cross Blood Service and the NBA during 2004–05 were governed by an interim contract negotiated between the Australian Department of Health and Ageing and the Australian Red Cross Blood Service in June 2003.

During 2004–05, the NBA put into place mechanisms to improve the contract reporting and overall contract compliance of the Australian Red Cross Blood Service under the Interim Deed. For example, the NBA required the provision of a monthly Clinical Supply Report detailing the supply of each of the plasma fractionated and fresh blood products distributed by Australian Red Cross Blood Service against the Annual Supply Plan by State and Territory for the current month and for the financial year-to-date. This report also included information on the supply of plasma to CSL Limited.

A further initiative under the Interim Arrangements related to the Australian Red Cross Blood Service's capital planning processes. The Australian Red Cross Blood Service presented its draft five-year Strategic Capital Investment Plan to the Jurisdictional Blood Committee in April 2005. The Jurisdictional Blood Committee has supported the provision of expert advice to the Australian Red Cross Blood Service to assist them in the development of a methodology for capital planning. While the final document is not expected to be completed until October 2005, the methodology and process for the development of the Plan was sufficiently robust for the Jurisdictional Blood Committee to approve year one of the Strategic

Capital Investment Plan as the Australian Red Cross Blood Service annual Capital Plan for 2005–06.

Negotiations for a new Australian Red Cross Blood Service Deed of Agreement

In June 2004, the Jurisdictional Blood Committee agreed that the NBA should negotiate a new Agreement that fully meets government accountability and transparency requirements, while making provision for:

- a robust and enforceable 'best practice' governance and performance regime
- ensuring the interests of governments and the community are protected through continued supply in the event that the Australian Red Cross Blood Service does not meet its obligations under the Agreement
- value for money
- acknowledging the valuable services provided by the Australian Red Cross Blood Service.

In order to facilitate the development of the new Deed, a series of discussions and workshops known as the 'Joint Agreement Discovery and Investigation Process' allowed sharing of information—not only to inform the drafting of the Contract, but also to provide the NBA with a far better understanding of the organisation's operations at national and operational levels. The process also allowed for increased understanding by the Australian Red Cross Blood Service of the operational and governmental environment in which the NBA operates and the requirements of contemporary government contracts. In particular, a goal was to find ways where relevant accountability requirements could be met which were potentially within the capacity of the Australian Red Cross Blood Service.

While the new Australian Red Cross Blood Service Deed has yet to be signed, the negotiations on the Agreement have been successful in reaching agreement on a number of areas that will result in improved data and reporting on a range of

information on product orders, reconciliation of receipt of products by end-users, risk management requirements, key performance indicators, and unit payments for products delivered.

An important development in the relationship between the NBA and the Australian Red Cross Blood Service has been the commitment on both sides to work together to develop a higher level of information sharing and cooperation in influencing end users such as hospitals to develop and maintain appropriate inventory levels and to develop future strategies for the reduction of wastage of products.

To this end and in recognition of the reliance of the Australian Red Cross Blood Service on the cooperation of Approved Health Providers (end users), the NBA has agreed to work with the Australian Red Cross Blood Service to develop an agreement to supply that would apply to all Approved Health Providers.

Contingency arrangements—July and August 2005

As indicated earlier, the Interim Arrangements put in place between the Department of Health and Ageing and the Australian Red Cross Blood Service in 2003 expired on 30 June 2005. In June 2005, the NBA and the Australian Red Cross Blood Service signed a Contingency Supply and Funding contract as a temporary arrangement pending finalisation of the new Australian Red Cross Blood Service Deed. The contingency arrangement covers the months of July and August 2005 predicated on the basis that the new Deed would be executed in October 2005.

Improving our understanding of the Australian Red Cross Blood Service

During 2004–05, the NBA has sought to improve its understanding of the fresh blood sector issues, and in particular Australian Red Cross Blood Service operations. Towards this end, the NBA has been assisted by a series of presentations by Australian Red Cross Blood Service staff including:

- Dr Robert Hetzel (CEO) and Dr Philippa Hetzel (National Operations Manager) on the 2003–04 Australian Red Cross Blood Service Annual Report
- Dr Anna Lavelle (National Knowledge and Information Manager) on the Australian Red Cross Blood Service’s Research and Development Program
- Ms Alison Kenwood (Business Planning Coordinator) on business planning and development in the Australian Red Cross Blood Service
- Mr Joel Reachard (Government and International Relations Manager) on the Australian Red Cross Blood Service’s international benchmarking project
- Dr Philippa Hetzel on iron deficiency in the Australian population
- Dr Joanne Pink (National Transfusion Medicine Services Manager) on the Australian Red Cross Blood Service’s Transfusion Medicine Services.

A number of familiarisation visits to the ACT Red Cross Blood Service were also made to acquaint NBA staff with operational level activities carried out at its collection centre, including donor activities, collection, storage and distribution. The NBA would like to express its sincere appreciation to Mr Colin Webster and his staff at the ACT Centre.

IVIg Standing Offer

This successful project was supported by the engagement of expert procurement advisers and a number of practising clinicians in the relevant fields to ensure the development of robust and comprehensive requirements in the Requests for Tender and sound tender evaluations.

The prices obtained by the NBA also mean that governments may save at least 24.5 per cent on the prices they have previously paid for imported IVIg. In addition, the arrangement also provides for jurisdictions to purchase IVIg outside the national blood arrangements at the same prices, if they so choose. This initiative can also provide significant

savings to State and Territory Health budgets where additional IVIg is purchased.

4.2.2 Strengthening stakeholder relationships

International relationships

As part of its efforts to strengthen relationships with international organisations, the NBA negotiated and signed an agreement with the New Zealand Blood Service which allows for the confidential exchange of information and learning between the two organisations. The NBA also established a less formal arrangement with the Canadian Blood Service.

In addition, senior NBA staff visited senior government officials involved in the blood sector in England, Canada, and Germany. We have also been fortunate to be visited by government officials from New Zealand and England.

Stakeholder engagement

In 2004-05 the NBA developed a draft communications strategy to engage stakeholder involvement in sector improvement initiatives, guide ongoing operations and strengthen public confidence in the blood supply by supporting the efforts of its stakeholders.

The strategy has a number of objectives, including obtaining information from sector stakeholders to ensure that NBA and government decisions are based on sound facts and with a full understanding of the implications and implementation issues associated with those decisions.

It also enabled the NBA to ensure that stakeholders were well-informed about its achievements, gained stakeholder confidence in the quality of NBA work, gained credibility for its program and policy advice, and encouraged stakeholders to volunteer information.

Towards this end, the NBA promoted its achievements publicly through its web site, media releases, stakeholder correspondence and the provision of written articles in

industry magazines. NBA staff members also presented at a number of conferences throughout the year, both within Australia and overseas in the USA and Europe. The NBA has developed a customer service charter which will be implemented in 2005-06.

During 2004-05 the NBA also continued to engage with jurisdictional stakeholders through the management of 13 meetings (six face-to-face and seven teleconferences) of the Jurisdictional Blood Committee. At these meetings a number of important issues were addressed, including:

- the establishment of contingency arrangements with regard to the shortage of Biostate® and IVIg
- the review of existing national contingency arrangements and the development of risk mitigation strategies
- implementation of the newly announced government recombinant policy
- the evaluation of products for possible addition to the National Product List
- 2005-06 Budget Package and New Policy Proposals
- progress on negotiations with the Australian Red Cross Blood Service and CSL Limited
- the respective decision-making roles of the NBA and the Jurisdictional Blood Committee
- improving the accuracy of estimates of demand in the National Supply Plan
- Therapeutic Goods Administration compliance issues
- draft guidelines and tolerisation protocols for Factor VIII and Factor IX
- jurisdictional work on the safe and appropriate use of blood and blood products
- implementation of the Australian Red Cross Blood Service's National Blood Management System
- Australian Red Cross Blood Service Business Cases
- future purchasing arrangements for diagnostic blood products.

In addition, the NBA provided administrative support to a number of Jurisdictional Blood Committee working parties, including three meetings of the Schedule 4 Working Group, one meeting of the IVlg Working Group and three meetings of the Factor VIII/Factor IX Working Group.

During 2004–05 the NBA established two sector forums—the Professional and Community Advisory Forum and the Blood Products Suppliers’ Forum—to improve information exchange between blood sector stakeholders and assist the NBA in the performance of its functions.

The Professional and Community Advisory Forum consists of representatives drawn from a range of professional and community organisations that have an interest in the blood sector. At the inaugural meeting held in Canberra in September 2004 participants were invited to participate in an open forum discussion on *Options for the management of products produced from Australian plasma that are surplus to Australia’s needs*. The second Professional and Community Advisory Forum will be held in August 2005.

The Blood Products Suppliers’ Forum was established to provide an environment for regular and effective communication between the NBA and current or potential suppliers of therapeutic blood products to the Australian market. The Forum has facilitated discussion of common supply themes, NBA processes and relevant government policies as well as providing opportunities for suppliers to contribute their views. The Forum also provided an opportunity for the NBA to seek feedback on its procurement activities so they can be improved in future. The NBA intends to continue to hold the Suppliers Forum on a bi-annual basis, as was done in 2004–05.

The NBA holds regular formal meetings with all parties involved in each key relationship—for example, the Australian Red Cross Blood Service, together with representatives from CSL Limited,

participate in a regular forum, first established in March 2005, at which issues in relation to supply planning, product guidelines and clinical education, and the products themselves are discussed.

The NBA has also continued to seek advice from its Government Blood Advisory Committee on operational and financial issues relating to Australia’s blood sector. The Government Blood Advisory Committee comprises representatives from each government jurisdiction. In the past 12 months the Committee has provided the NBA with jurisdictional perspectives on supply planning, operational and financial issues, and the implementation of new government arrangements on the supply of diagnostic reagent products and imported IVlg products.

4.2.3 Risk and Crisis Management

Under the *National Blood Authority Act 2003* and National Blood Agreement the NBA has responsibility for:

- security of the blood supply (that is, ensuring a range of blood and blood products are available to meet the community demand approved by Australian governments)
- the establishment and management of risk mitigation and contingency measures in relation to the national blood supply.

Risk Management Plans

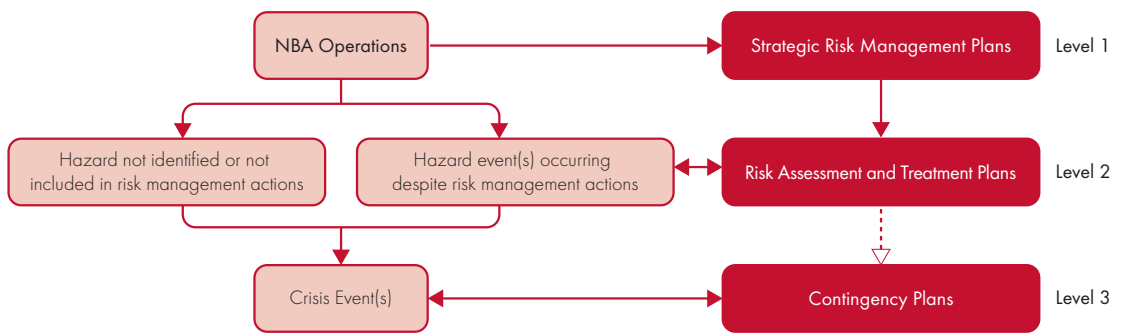
Risk management is an important and integral part of all the activities conducted by the NBA.

During 2004–05 the NBA successfully implemented its Interim Strategic Risk Management Plan, which covered the activities of the NBA as a whole. Specific Risk Management Plans associated with activities such as procedures; projects or procurement activities related to the provision of blood products to the Australian community, were also developed and executed.

The NBA also required and monitored, as part of its supply contracts, that suppliers of blood and blood products have comprehensive risk management measures in place.

The scope of the risk mitigation activities was divided into three levels of planning and management, as indicated in **Figure 10**.

Figure 10 Risk mitigation strategy



Level 1—Strategic Risk Management Plans

The risk management plans developed in the NBA identified hazards, evaluated their risk, assessed controls available and determined high risk areas, that is, those requiring active management.

Level 2—Risk Assessment and Treatment Plans

The NBA developed and implemented plans, linked to their ‘parent’ Risk Management Plan, to address those risks identified as requiring immediate attention (that is, hazards identified as requiring active management). These Risk Assessment and Treatment Plans were proactive, seeking to reduce or eliminate the likelihood and/or impact of the event.

Level 3—Crisis or Contingency Plans

Contingency Plans are a reactive management tool, designed to come into operation after an event has occurred, whatever its origin. The NBA plays a lead role in the coordination of blood sector contingency activities, in conjunction with other organisations involved in the National Blood Supply system.

Although the NBA plans to refine the contingency or crisis arrangements in the future, in 2004 the NBA developed an interim crisis management plan to offer a formal framework for the management of crises in the blood sector.

To ensure that contingency arrangements for the blood sector are appropriate and continue to evolve, the NBA will continue to work on better integrating this process with that of suppliers during 2005-06.

Improvements to Risk Management

As part of the continuous improvement process within the NBA, the Interim Strategic Risk Management Plan was reviewed in early 2005. This review enabled the NBA to develop a new risk management process in accordance with the revised *Australian and New Zealand Risk Management Standard (AS/NZS 4360:2004)* that creates an integrated risk management approach to all the NBA activities.

This new risk management framework will be implemented during 2005-06, with the status of all its risk management plans and blood sector risks being reviewed and monitored at least on a quarterly basis.

Supply Risk and Risk Mitigation Project

As part of the NBA obligations there is a requirement to ensure sufficient supply to meet demand, both on a daily basis and in contingency scenarios. There is also a requirement to maintain some flexibility in supply and to provide optimal access for patients to the products and services prescribed by their clinicians.

Security of blood supply is a key risk area for the NBA; therefore during 2004-05 the NBA commenced a project to examine appropriate mechanisms for handling potential crises that could lead to either an acute increase in demand or a sudden decrease in supply of plasma and recombinant products.

The overall goal of the Supply Risk and Risk Mitigation project is to provide Australian governments, through the Jurisdictional Blood Committee, with recommendations on measures that will enhance security of supply for all plasma and recombinant products.

The project required the development of a comprehensive risk assessment and strategy development methodology. To achieve this, the NBA drew extensively on the technical knowledge and experience of other participants in the blood sector, and outside experts with relevant knowledge to refine or confirm risk analyses methodology and process.

During 2005-06 further consultation will be undertaken and the implementation of agreed strategies for ensuring security of supply of products will have commenced. It is anticipated that a similar review of risk mitigation measures for fresh blood products will be undertaken at a later stage.

National Managed Fund

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 from 1 July 2000 (prior to the establishment of the NBA) and is overseen by the National Indemnity Reference Group, a technical advisory sub-committee to the Jurisdictional Blood Committee. The NBA provides secretariat support to the 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. The NBA took over the administrative responsibility of the National Managed Fund on 1 July 2003.

The NBA has been involved in finalising amendments to the Memorandum of Understanding for the Fund. This process has involved consultations on the revised document, prior to its presentation by the Jurisdictional Blood Committee to the Australian Health Ministers' Advisory Council for ratification.

In December 2004, Parliament approved a Determination for the establishment of a Special Account for the Fund. In addition, the Department of Finance and Administration approved a business case for the appropriation of interest to the National Managed Fund Special Account in March 2005. This decision means that interest will be appropriated to the Fund based on an estimate of the Special Account balances throughout 2005-06 and future financial years.

Another significant achievement for the National Managed Fund in 2004-05 was the release of two Requests for Tender in early 2005. These tenders are for the appointment of a Claims Manager and a Fund Manager for the National Managed Fund.

The NBA expects to award both contracts in the third quarter of 2005.

4.2.4 Influencing the demand and quality use of blood products and services

Submission to the ACSQHC Review

In 2004–05 the NBA provided a submission to the Review of Future Governance Arrangements for Safety and Quality in Health Care. The submission identified blood as a key action area to be put on the national agenda for safety reform and called for a strengthening of the existing relationship between the NBA and the Australian Council for Safety and Quality in Health Care.

The NBA's submission outlined concerns identified during its first 18 months of operation, as well as those raised by other organisations such as the Australian Red Cross Blood Service and the Australian and New Zealand Society of Blood Transfusion (ANZSBT).

In particular, the submission highlighted stakeholder frustration over the lack of progress in relation to blood sector safety and quality initiatives at a national level, which had fallen short of expectations generated both as the result of the recommendations of the Stephen Review and the establishment of the National Blood Agreement.

The NBA acknowledged the Council's expertise in driving safety and quality reform over the past five years as well as its track record of bringing about systemic safety and quality improvements at the hospital interface. The NBA further advised that the Council would be well placed to continue work already undertaken by a number of different jurisdictions in relation to better transfusion practices and appropriate use of blood products, and to work with other appropriate bodies to ensure these initiatives are transformed into national policy funding and regulatory frameworks.

Influencing product usage

Increased product usage has been one of the key causes of the rapidly increasing cost of blood products in Australia. While some growth reflects improvements in clinical practice, it is unknown to what extent product use may not reflect best practice. While the NBA has started to develop and implement good strategies for managing price growth, volume growth remains poorly understood.

In 2004–05 the NBA conducted a review of the resources it requires to meet current operational tasks, as well as those needed to implement all its functions under the National Blood Agreement. This resulted in a bid for extra funds not only to allow it to build on its achievements and continue to improve contract management, but also to improve the management of blood products, allow all governments an increased capacity to understand and manage outlays on the blood sector, work with the health sector to improve the quality and safety of blood product usage and contribute towards improved clinical outcomes for patients through better use of blood products.

Historically, the Australian Red Cross Blood Service has played a significant role in determining both the supply of blood and blood related products and the provision of clinical advice on their use. The new arrangements being put in place will more appropriately reflect the role for governments in determining the products to be provided under the Annual Supply Plan, while still placing a high level value on the considerable expertise of the Australian Red Cross Blood Service in providing advice in this area.

The decisions by governments to increase NBA funds for 2005–06 means that the NBA will be able to significantly improve its level of activity in future years.

Demand management activities and quality initiatives undertaken in 2004–05 include the following.

Safer haemoglobin levels for blood donors

In 2004–05 governments provided \$3.7 million to the NBA to fund the Australian Red Cross Blood Service for the implementation of safer increased levels of blood donor haemoglobin thresholds, as prescribed by the Therapeutic Goods Administration.

Commencing in January 2004 this measure allowed for staff training and education, donor counselling and the introduction of strategies for the recruitment and processing of a higher number of donors. This should address the expected initial reduction in suitable donors resulting from the increased haemoglobin thresholds to qualify for donation.

FVIII & FIX guidelines

Over the past decade Australian governments have developed a number of policies to increase both the safety and security of supply of FVIII & FIX for Australians with haemophilia. In August 2004, governments agreed that recombinant products should be made freely available wherever clinically appropriate. Additionally, best practice clinical guidelines should be developed and promulgated.

In 2004–05 the NBA commissioned evidence-based guidelines, which will provide an important national approach for clinicians to align clinical practice with the evidence. The guidelines will represent the latest clinical research on the safest and most effective treatment strategies available for treating people with haemophilia. The guidelines will also support national policy under which recombinant products are available and can be used where appropriate. In developing the guidelines, there was consultation with key stakeholders including the Australian Haemophilia Foundation representing people with haemophilia, the Australian Haemophilia Centre Directors' Organisation representing the clinical community, Australian governments through the Jurisdictional Blood Committee, and suppliers of products to treat haemophilia.

The NBA is continuing to progress a number of actions including developing and disseminating a communications plan to maximise the reach of the guidelines and achieve clinical buy-in, understanding the potential impact of the guidelines, and arranging for the publication of the guidelines under the appropriate auspices.

IVIg guidelines

In response to increasing demand for IVIg, the Jurisdictional Blood Committee has considered what actions Australia should take to ensure that available IVIg is used in the appropriate circumstances. The NBA, at the request of the JBC:

- commissioned reviews of the clinical evidence and cost effectiveness of IVIg
- conducted a stakeholder workshop
- established a working party to progress the development of clinical practice guidelines.

The *Systematic Literature Review into the Efficacy and Safety of IVIg* found that many of the clinical syndromes treated by IVIg in Australia fell into categories where evidence of efficacy was either inconclusive or contradictory despite widespread use.

The NBA provided secretariat support to the IVIg Working Party, which held its inaugural meeting in April 2005 to establish its terms of reference, consider the type of guidelines that should be developed, and explore consultative processes with the clinical community.

Because IVIg is a key treatment for many autoimmune and immune deficiency disorders, the development of guidelines is expected to be complex and involve interaction with a large number of stakeholder groups. The NBA is committed to consultation at multiple levels as an important contributor to guideline development, change management and ultimately better outcomes.

Leucodepleted blood products



Since the commencement of the National Blood Agreement on 1 July 2003, the extent of usage of leucodepleted blood products has been dictated by the policies applied at a State or Territory or local basis, or otherwise on clinical judgments and/or management decisions made at the health provider level. Nevertheless, the supply for leucodepleted blood between 2003-04 and 2004-05 has increased by 10 per cent for platelets and 30 per cent for red cells.

Business cases

The NBA received a number of business cases for additional funding from the Australian Red Cross Blood Service in 2004-05.

A summary of each of the business cases was considered by the Jurisdictional Blood Committee members, who agreed that the NBA should analyse

the business cases for a national sample archiving system and measures to limit and detect bacterial contamination of platelets.

To assist in the analysis of these business cases, an Expert Advisory Group was established comprising representatives from the Australian Government, State and Territory governments and the Therapeutic Goods Administration.

The relevant code of the Therapeutic Goods Administration's Good Manufacturing Practice requires that a retention of blood samples be stored for a period of at least 15 months at or below temperatures of -15°C from all donations destined for clinical supply. The Australian Red Cross Blood Service has put forward a case for additional funds to meet this regulatory requirement, as well as putting forward its views on optimal sample storage time and alternative locations.

The second proposal under consideration is the introduction of a range of processes to further limit and detect bacterial contamination in platelets. These processes include measures to avoid bacterial contamination through improved skin disinfection and environmental control measures, by diverting the initial blood taken from donors away from the collection bag into a pouch; and by detecting bacteria, using a universal pre-release platelet testing system.

The NBA is continuing to work with the Australian Red Cross Blood Service and the Expert Advisory Group to finalise recommendations.

National Blood Management System

The National Blood Management System is a national computer system that the Australian Red Cross Blood Service has been implementing since 1996 to deliver a networked system across all its business units and its national office.

The Australian Red Cross Blood Service intends that the system will be used for donor management including data on donor attendance; production,

inventory and distribution management; production process management and data security.

The NBA, together with the Therapeutic Goods Administration, is responsible for managing governments' interests in the implementation of the system.

Following the successful implementation in South Australia, New South Wales, Tasmania and the Australian Capital Territory, the National Blood Management System was successfully implemented in Victoria in February 2005. The Australian Red Cross Blood Service intends to implement the system in remaining States (Queensland, Western Australia and Northern Territory), subject to Therapeutic Goods Administration clearance, by early 2006.



Anti-Rh(D) immunoglobulin

Rh(D) immunoglobulin is a plasma-derived product used to prevent haemolytic disease of the newborn. On 1 January 2005, Stage II of a three-part project to meet the needs of Rh(D) negative women with anti-Rh(D) immunoglobulin sourced entirely from Australian donors commenced.

-
- Stage I** Introduction of antenatal prophylaxis with Australian product for Rh(D) negative women during their first pregnancy at 28 and 34 weeks, followed by the administration of the imported product at post partum
2002-03
-
- Stage II** Extension of antenatal prophylaxis with Australian product to Rh(D) negative women in their second or later pregnancies, but with a continuation of imported product post partum
2004-05
-
- Stage III** Universal antenatal prophylaxis using only Australian products
2005-06
-

The NBA, in conjunction with the Australian Red Cross Blood Service and CSL Limited, provided extensive educational materials to a wide range of medical personnel such as clinicians, nurses and midwives through their professional colleges to support Stage II. Materials were also provided to medical scientists through the ANZSBT, hospital blood banks and transfusion services, termination clinics and to GPs Australia-wide.

The Australian Red Cross Blood Service and CSL Limited have commenced a survey of end-users to

measure the success of Stage II by gauging national uptake. They are also investigating the supply of hyperimmune plasma, and the resources required to progress to Stage III should governments decide to proceed. Stage III represents the final stage of self-sufficiency where all anti-Rh(D) immunoglobulin used in Australia is made from Australian donor plasma.

The NBA anticipates that Australia may become self-sufficient for Rh(D) immunoglobulin during 2005-06, potentially negating the requirement to import ongoing supplies of WinRho.

Australian Haemophilia Centre Directors' Organisation

The Australian Haemophilia Centre Directors' Organisation is the national medical body for haemophilia in Australia and is funded to conduct its operations which include advice to governments in relation to the treatment of bleeding disorders and the development and promulgation of clinical practice guidelines for treatment in Australia.

The Australian Haemophilia Centre Directors' Organisation is also funded under the same contract to maintain the Australian Bleeding Disorder Registry because of its central role in the treatment of bleeding disorders in Australia. The Australian Bleeding Disorder Registry collects data from haemophilia treatment centres on the number of people with haemophilia, their severity and demographic characteristics, treatment regimes and outcomes, products used and so on. The objectives of the Australian Bleeding Disorder Registry are to:

- provide data for research into bleeding disorders and facilitate the compilation and analysis of statistics in the public interest
- provide demand and supply planning data in an aggregated and de-identified manner, related to the use of blood products
- assist Haemophilia Treatment Centres by providing evidence-based data with which to develop strategies for the management of haemophilia services.

The NBA is currently examining whether the government objectives in funding the Australian Bleeding Disorder Registry are being achieved.

4.3 Ensuring the NBA is a high performing organisation

4.3.1 Compliance with organisational requirements

As an independent statutory authority the NBA is responsible for development and maintenance of the full suite of corporate, governance and reporting arrangements that need to comply with the requirements for a stand-alone government agency.

Information Systems and Technology



Mr David Poulton, then NBA Assistant Director, Business Services and IT, briefing industry representatives about an IT tender

During 2004–05 the NBA's Information Technology Steering Committee continued to provide guidance on continuous improvement for the NBA's information requirements. Following the successful changeover from the Department of Health and Ageing's (DoHA) infrastructure, hardware and network in June 2004, the NBA introduced stand-alone financial systems in 2004–05. The first phase in this process was to implement the Financial Management Information System (FMIS) and in August 2004 the NBA successfully implemented Microsoft Great Plains.

The second phase of the process involved a review of all operational functions within the NBA, including finance, budget, supply planning and contract

administration and to ensure continuous improvement opportunities were taken.

The NBA employed a business process improvement consultant to undertake the review. The objectives were to:

- identify opportunities for replacing manual processes with systems
- ensure the controlling framework complied with better practice
- identify integration opportunities with current systems.

A key deliverable from the review was a solutions design document that would be used to implement a systems solution together with an implementation plan for business process redesign. The additional funding that the NBA will receive in 2005-06 will assist in the implementation of both these solutions and should be completed by the end of 2005-06.

The NBA will be going out to the market in the first quarter of 2005-06 for a solution to develop and implement these key functions.

The additional funding obtained from all governments for 2005-06 and beyond will also allow the NBA to implement a knowledge management system. In order for this to be developed and implemented the NBA has employed a consultant to review the information and knowledge requirements of the NBA to fulfil its core functions under the National Blood Agreement. The deliverable from this review will be a strategic knowledge management plan that will enable the NBA to identify the key areas to develop and implement over the next three years.

NBA Audit Committee

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

The Audit Committee meets four to five times a year and assists the NBA in meeting its corporate governance responsibilities. The committee is chaired by NBA Board member Mr Ken Barker. The membership of the Audit Committee includes another NBA Board member (Mr Philip Davies) and an independent member (Ms Jenny Morison). Representatives from the Australian National Audit Office (ANAO) currently attend the Audit Committee as observers. The chair of the Audit Committee reports to the NBA Advisory Board on the actions of the committee.

The Audit Committee has developed a charter in line with the ANAO better practice guidelines and the secretariat is currently developing a compliance checklist for members of the committee to ensure they can meet the requirements of the charter.

In 2004-05 the Audit Committee provided advice on:

- a review of the restatement of the 2003-04 financial statements to comply with the Australian Equivalent on International Financial Reporting Standards
- the appointment of an internal auditor
- the NBA's annual financial statements
- compliance with legislative obligations.

Relationship with Australian National Audit Office

The NBA acknowledges the assistance provided in its second year of operations by ANAO, which has enabled it to build on a number of opportunities for improvement.

Internal audit and fraud control

In 2004-05 the NBA entered into an outsourced arrangement with Protiviti Pty Ltd for the provision of internal audit services. A full risk assessment is currently being undertaken by Protiviti Pty Ltd in order to develop an internal audit plan that will be agreed by the Audit Committee in October 2005.

Internal Audit will provide assurance and advice to the General Manager and senior management

regarding the NBA's business processes and internal controls. The Internal Audit will also provide quality assurance to the General Manager on our Key Business Processes.

In 2003-04 the NBA prepared an Interim Fraud Control Plan as part of the organisation's responsibilities to protect the public interest. It was noted that the NBA's substantive Fraud Control Plan could not be finalised until:

- the proposed new contracts with the Australian Red Cross Blood Service for the support of ongoing services and with CSL Limited for fractionated blood products were finalised and could be fraud risk assessed
- the Financial Management Information System was in operation and could also be fraud risk assessed.

The interim plan is fully operative as the NBA's current Fraud Control Plan until it is replaced with the substantive Plan in 2005-06. The NBA has also entered into an outsourced arrangement with Ernst and Young to update the interim Fraud Control Plan developed in 2003-04.

The NBA has provided internal workshops for staff on contracts and probity during 2004-05. The first phase of updating the NBA's Fraud Control Plan will be to provide fraud awareness training for all staff.

Corporate governance initiatives

In 2004-05 the NBA commenced a full review of its Chief Executive Instructions and Delegation Schedules required under the *Financial Management and Accountability Act 1997*. The review was to refine and ensure consistency in procedures and processes with the implementation of the new financial management information system in August 2004.

A draft set of revised Chief Executive Instructions and Delegation Schedules is currently being reviewed by the executive and will be implemented in 2005-06.

In conjunction with the review of the Chief Executive Instructions, the NBA has been developing financial

procedures for all functions. It is expected that these will be completed by the end of 2005.

External scrutiny

The Australian Taxation Office undertook a Business Activity Statement Integrity Audit on the NBA in 2004-05. The audit identified three issues that needed to be resolved for the future. The ATO indicated that the NBA had achieved a satisfactory level of GST preparedness towards ensuring voluntary compliance was maintained, subject to the resolution of the outstanding issues. The issues identified have now been resolved.

Business Continuity Plan

During 2003-04 the input from the Risk Management Strategy and the Crisis Management Plan formed 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 was scheduled for completion in 2005.

The NBA has requested quotes for the provision of services in the preparation of a Business Continuity Plan. The successful provider will commence this work by the end of the second quarter 2005-06, and it is expected that the plan will be promulgated by the end of 2005-06.

Critical elements of the NBA business continuity plan relating to information technology backup and storage and restoration were implemented in the second half of 2004 ahead of more detailed planning for business continuity initiated mid 2005.

Physical security has been upgraded to provide additional monitoring and remote control of the security system.

Following the successful introduction of the new information technology environment in 2003-04, the NBA has completed the establishment of technical and user support services. Substantial progress has

been made in providing documentation and training for the new services provided in this environment. A comprehensive review of the NBA website has been completed and the website redesigned, improving both presentation and accessibility.

Further progress has been made on compiling a full set of Management Instructions, covering all ongoing administrative activities required to support NBA operations. The Instructions will standardise and control these activities, to ensure they follow good business practice and comply fully with government policies and standards. It is expected these Instructions will be in place, with staff appropriately trained, during 2005–06. Audits will then be undertaken as necessary to encourage and monitor compliance and implement improvement opportunities as the NBA strives for better practice processes.

Records management

During 2004–05 the NBA undertook a Designing and Implementing a Recordkeeping System project. The objective of the project was to analyse the functions undertaken by the NBA in order to develop a Business Classification Scheme and Function Source Documents. These, in turn, have been used to develop the NBA's existing thesaurus in the TRIM recordkeeping system and provide source documentation as the basis for negotiation with National Archives of Australia to grant a Records Disposal Authority.

The NBA has provided public accountability in relation to its operations and programs of activity, including meeting reporting obligations to parliament. During the year, the NBA provided support services to the Minister and Parliamentary Secretary, both directly and also as contributions to the Department of Health and Ageing. These services and contributions related to ministerial correspondence, question time briefs, answers to Parliamentary Questions on Notice and ministerial requests for briefing.

The NBA also provided secretariat and administrative support to the NBA Board, which held five face-to-face meetings and three teleconferences in 2004–05. The Board's achievements are discussed in further detail under Section 1.2.

Ecologically sustainable development

The NBA continued to consider ecologically sustainable development as part of its continuous improvement objectives by:

- using 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.

4.3.2 Systems and processes supporting our functions

Strategic and operational planning

The NBA's first Corporate Plan, covering the three years 2004–07 and outlining the objectives and business strategies of the NBA, was submitted to the Minister for Health and Ageing and approved by him in June 2004. This plan was developed from a staff workshop held in April 2004, drawing on the experience of staff to identify issues and strategies within the plan, and in consultation with the Board and other stakeholders. Subsequently, the 2004–07 Corporate Plan was approved by all Health Ministers in October 2004.

The April staff workshop, along with inputs and advice from the Jurisdictional Blood Committee and NBA Board, also contributed to the development of the NBA's Operational Plan for 2004–05. This plan, within the framework of the Corporate Plan, comprises more detailed and specific priority actions and targets (key success measures) for the current

year and against each strategy in the Corporate Plan. The Operational Plan for 2004-05 was submitted to the Minister for Health and Ageing shortly after approval of the Corporate Plan.

The Operational Plan has guided all NBA operations in the current year, and has been used by management to monitor progress and achievement in those operations and as a basis for reporting in this year's Annual Report.

Key Business Processes

The NBA has identified major Key Business Processes to ensure skills transfer, consistency of practice and appropriate ethics and probity within the organisation. The NBA has begun the task of designing and documenting these processes to ensure consistent, high quality outputs serving blood sector objectives.

The Key Business Processes identified at this stage are:

- procurement of blood products and services—tendering and contract negotiation
- procurement—contract management and review
- risk management
- supply planning
- national blood supply change proposals—application and evaluation
- Jurisdictional Blood Committee services and administration
- project management.

Detailed procedures have been developed and adopted for the first three of the above processes, while advanced working drafts have been developed for the remainder. These will be finalised and adopted in 2005-06.

Expanded functions being undertaken by the NBA as a result of additional funding announced in the 2005 Federal Budget will require that the portfolio of Key Business Processes be expanded to include knowledge management and demand management.

Executive Committee Forum

The NBA internal governance arrangements reflect the commitment of the NBA to continuous planning, reporting, evaluation and improvement. This arrangement allows the executive team to consider a number of issues on a rolling monthly basis such as:

- performance improvement measures
- emerging strategic issues
- priorities for improvement based on criteria such as staffing, stakeholder needs and the organisation's ability to further advance the objectives of the National Blood Agreement
- progress against key corporate and internal strategies.

This allows the NBA to manage limited resources as effectively as possible and has provided the discipline in our decision making to allow the achievement of results to date.

PART 5—OUR FINANCES

Part 5—Our Finances provides an overview of the NBA's financial position in 2004–05, including a summary of the resources used to deliver the NBA's outputs in the reporting year.

- 5.1 Summary resource table
- 5.2 Purchasing
- 5.3 Competitive tendering and contracting
- 5.4 Asset management
- 5.5 Advertising and market research
- 5.6 Consultants
- 5.7 Our finances

Part 5—Our Finances

5.1 Summary resource table

The total value of the NBA's outputs in 2004-05 was \$8.0 million. **Table 12** summarises the resources used to deliver the NBA's output in 2004-05.

Table 12 Total Resources for Outcome 1 (\$'000) 2004-05

	(1) Actual 2004-05 (\$'000)	(2) Budget 2004-05 (\$'000)	Variation (1) - (2) (\$'000)	Budget 2005-06 (\$'000)
ADMINISTERED EXPENSES				
Grants	267 776	269 393	(1 617)	284 045
Suppliers	245 113	276 815	(31 702)	281 436
TOTAL ADMINISTERED EXPENSES	512 889	546 208	(33 319)	565 481
DEPARTMENTAL PRICE OF OUTPUTS				
Output 1: Manage and coordinate Australia's blood supply in accordance with the National Blood Agreement agreed by the Australian Government, States and Territories.	6 253	7 294	(1 041)	10 208
Revenue from Government (Appropriation) for Departmental Outputs	4 826	4 739	87	6 226
Revenue from Other Sources	3 218	2 555	663	4 543
TOTAL DEPARTMENTAL PRICE OF OUTPUTS	8 044	7 294	750	10 769
TOTAL FOR OUTCOME 1 (Total Price of Outputs and Administered Expenses)	520 933	553 502	(32 569)	576 250
STAFFING	36	29	7	40
		(a)		(b)

(a) This column shows the full year budget including additional and supplementary estimates.

(b) This column shows the budget estimates prior to additional estimates.

5.2 Purchasing

The NBA adheres to the principles of the *Commonwealth Procurement Guidelines & Best Practice Guidance* when undertaking procurement. The guidelines are applied to the NBA's activities through the Chief Executive's Instructions, Management Instructions and Key Business Processes.

During 2004-05 the NBA developed and implemented Key Business Processes for 'Risk Management', 'Contract Management' and 'Procurement'. The core policies and principles in the Key Business Processes within the NBA are based on Commonwealth principles and the NBA's own requirement for continual improvement in the management of its core business functions.

The NBA has outsourced all air travel bookings. As part of our service delivery requirements with our provider the NBA requires 'best fare of the day' when procuring air travel for all NBA employees, having regard to any other travel requirements.

The NBA administered no discretionary grants during the 2004-05.

5.2.1 Exempt contracts

The Chief Executive Officer did not issue any exemptions from the required publication of any contract or standing offer in the Purchasing and Disposal Gazette during 2004-05.

5.3 Competitive tendering and contracting

The NBA adheres to Australian Government policy in seeking value for money in service delivery. Building on the selection of an outsourced payroll function in 2003-04, the NBA outsourced its information technology support and maintenance services and some of its governance activities such as Internal Audit and Fraud Control in 2004-05.

The NBA still manages the process but, due to the size of the NBA, it has been decided that optimum value for money would be gained by using a specialist outsourced service provider in the provision of these services.

A number of functions have been fully established in the first two years of NBA operation. However, with the additional funding the NBA will receive in 2005-06, the NBA will be establishing new positions and processes to ensure that the NBA fulfils its obligations and functions under the Act. This increase in resourcing will mean that all the necessary processes and procedures will be fully documented by 2006-07. Once this is completed the NBA will undertake analysis and, if required, market testing of the remaining corporate functions. This is now expected to commence in 2006-07.

The NBA used the panel arrangements established by the Department of Health and Ageing and the open market when selecting consultants to provide legal services during the year. It is intended that the NBA establish its own panel arrangements for legal services, and other consulting services in 2005-06.

The NBA also reviewed its contract administration processes and developed and implemented a new 'Contract Register' ensuring that all relevant data was captured in one database. This enables the NBA to meet all compliance and reporting obligations for the Commonwealth and allows the NBA to meet its core functions under the *National Blood Authority Act 2003*.

5.4 Asset management

Physical assets are not a significant aspect of the NBA's strategic management. An asset replacement strategy has been developed by the NBA to ensure that it has adequate funding in place for the replacement of assets as these come to the end of their useful lives.

5.5 Advertising and market research

During 2004-05, the total expenditure for payments over \$1,500 on all advertising, market research and direct mail services amounted to \$39,982. There was no advertising, market research and direct mailing services reported in 2003-04. Details of payments of \$1,500 and above, as required under section 311A of the *Commonwealth Electoral Act 1918*, are contained in Table 13. All amounts are GST inclusive.

Table 13 Total expenditure for payments over \$1,500 on advertising, market research and direct mailing services, 2004-05

Organisation	Purpose	Expenditure (\$)
HMA Blaze Pty Ltd	Tendering	\$14,181
HMA Blaze Pty Ltd	Recruitment	\$21,628
National Mailing and Marketing	Distribution of Anti-D documentation to clinicians and the public	\$4,173
Total expenditure for payments over \$1,500 (GST inclusive)		\$39,982

5.6 Consultants

In 2004-05, 15 new consultancy contracts were entered into involving total actual expenditure of \$439,907 (GST inclusive). In addition, two ongoing consultancy contracts were active during the 2004-05 year, involving total actual expenditure of \$172,219 (GST inclusive).

The policies and procedures for selecting consultants, and approving the required expenditure, is set out in Chief Executive Instructions, Management Instructions and Key Business Processes. These processes adhere to the principles of the *Commonwealth Procurement Guidelines & Best Practice Guidance*.

A suite of standard form contracts has been developed for use by NBA staff in setting up most of its consultancies. Where necessary, these standard form documents are adapted by the NBA to suit individual circumstances.

Table 14 shows total expenditure on all consultancy services by year, covering both new contracts let in the applicable year and ongoing contracts let in previous years.

Table 14 Total expenditure on consultancy services, 2003-04 and 2004-05

2004-05		2003-04	
No. Let	Total Expenditure on new and existing consultancies (\$)	No. Let	Total Expenditure on new and existing consultancies (\$)
15	612,126	16	211,000

The following table provides details of consultancy contracts let by the NBA in 2004-05 and the value of the contract over its entire life. Contracts with a value of less than \$10,000 have not been included, in line with Annual Reporting requirements of the Joint Committee of Public Accounts and Audit.

All figures are GST inclusive.

Table 15 Consultancy services let during 2004-05 of \$10,000 or more

Consultant Name	Description	Contract Price (\$)	Selection Process (1)	Justification (2)
Departmental				
Australian Health Care Associates Pty Ltd	To review the cost effectiveness of intravenous immunoglobulin use in Australia and the cost effectiveness of selected clinical uses of intravenous immunoglobulin	80,282.40	Open Tender	B
Adelaide Research & Innovation Pty Ltd.	Development of national clinical guidelines and tolerisation protocols	77,450.00	Select Tender	A
Acumen Alliance Pty Ltd	Review of 'Guide to Fractionation Economics' paper	17,952.00	Direct Sourcing	B
Paxton Partners Pty Ltd	Expert advice concerning methodology for development of a rolling 5 year Strategic Capital Investment Plan for the Australian Red Cross Blood Service	81,339.86	Select Tender	A
MM Services Pty Ltd	To provide advice on various projects including the Diagnostic Products Project, National Reserve Project, Intensive Product Management and Implementation Strategies in relation to the National Blood Agreement	27,598.00	Direct Sourcing	C
Pricewaterhouse Coopers	Advice on the GST implications of funding contributions received by the NBA	10,615.00	Select Tender	B
Resolution Consulting Services Pty Ltd	Preparation of a robust and substantiated business case to present to DOFA to support the NBA case for additional funding	66,660.00	Direct Sourcing	A
Acumen Alliance (ACT) Pty Ltd	Review cost documentation and the provision of advice on the reasonableness of the documentation and associated conclusions	22,355.08	Direct Sourcing	B
Paxton Partners Pty Ltd	Provision of advice and support for the development of strategy to resolve costing issues	34,723.15	Direct Sourcing	A
Mine Development Services Pty Ltd T/A Siller Systems Administration	Siller Systems Administration Design and implement a record keeping system (DIRKS) to meet National Archives of Australia requirements.	27,600.00	Direct Sourcing	A
Protiviti Pty Ltd	Provision of Internal Audit Services	17,842.00	Open Tender	A
Ernst & Young	Provision of a fraud control plan and fraud awareness training	20,510.00	Select Tender	A
Administered				
Sheldon-Collins Advisors Pty Ltd	Provision of insurance and related technical advice concerning the National Managed Fund	25,000.00	Direct Sourcing	A

* All amounts are GST inclusive

(1) Explanation of selection process terms:

Open Tender: A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders.

Select Tender: A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders in accordance with the mandatory procurement procedures.

Direct Sourcing: A procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which conditions for direct sourcing apply under the mandatory procurement procedures.

(2) Justification for decision to use consultancy:

A—Requirement for specialist expertise not available within the NBA

B—Requirement for independent assessment of research considered desirable

C—Requirement for skills currently unavailable within the NBA.

5.7 Our finances

The financial management of the NBA's budget is driven both by our responsibilities and by our resource structure. As a material statutory agency, the NBA has a range of corporate and compliance responsibilities under the *National Blood Authority Act 2003*, the *Financial Management and Accountability Act 1997*, the *Australian Public Service Act 1999* and a range of Ministerial, Parliamentary and financial reporting requirements.

5.7.1 Funding

The NBA is funded 63 per cent by the Australian Government and 37 per cent by States and Territories (the jurisdictions). The funding is for both the national blood supply and the operations of the NBA. All jurisdictions must approve any changes in the supply plan for products in the blood supply, new products and initiatives and any change in resources for the NBA. Once agreement is reached by the jurisdictions, they must then seek agreement for the funds from their individual Treasury or Finance departments. Budgets related to these funding requests must then be approved by the Australian Health Ministers' Conference. Once agreement is provided the funding request must be implemented and performance monitored.

As stated in last year's Annual Report, one challenge for the NBA again in 2004–05 was to understand all the different approval processes in jurisdictions and implement an infrastructure that provided performance feedback against the agreed benchmarks. Work continues on this, and the NBA is currently reviewing and scoping a solution that will replace a number of spreadsheet models and integrate with the Financial Management Information System. The proposed solution will allow the NBA to track inventory for the National Reserve of blood products, verify invoice data for payments to suppliers, integrate actual performance against budgets and forecasts, and provide trend data for further planning and analysis.

In 2003–04 the NBA developed cash flow forecasting models and monitored supplier obligations on a daily and weekly basis. As 2003–04 was the first year of operation there was very little history available to understand the monthly cash flow trends for the national blood supply and product usage. We found that having at least one year of data in 2004–05 allowed us to better manage and understand cash flow trends, and in 2004–05 we were able to rely on our cash flow models for forecasting and managing our inflows and outflows and resources.

The functions of the NBA are outlined in the *National Blood Authority Act 2003* and the National Blood Agreement.

The resource constraints imposed on the NBA through the budgets set by the Australian Health Ministers' Conference in 2002 meant that the NBA was unable to meet all statutory responsibilities due to available resources and funding. Because of funding pressures for our operational functions in future years we took extreme caution with funds received in 2004-05, so that we could utilise some of these funds in later years if our financial position did not improve.

In response to our financial position, in early 2004-05 the NBA decided to undertake a resource review in order to fully cost the business and to identify those functions under the *National Blood Authority Act 2003* and the National Blood Agreement that were not being performed due to under-funding, and to determine the best use of funds going forward.

The NBA, with the assistance of a consultant, prepared a robust and substantiated business case to present to all governments to explain the need for additional funding for the NBA from 2005-06 and onwards. This business case was subsequently agreed by all funding governments.

As part of its commitment to the new blood sector arrangements, the Australian Government will provide \$11.2 million additional funding over four years for the NBA (\$3.2 million in 2005-06). This money will allow the NBA to maintain its current commitment to improved contract management while expanding its capacity to deliver all of its functions mandated by the National Blood Agreement. The NBA anticipates that the State and Territory jurisdictions will match this funding in accordance with the cost share arrangements under the National Blood Agreement.

In particular, public confidence in the blood supply will be maintained through the establishment of risk and contingency plans to address possible threats to the safety, security and availability of blood products.

For this ongoing funding to be effective, the NBA will also receive funding for a range of one-off investments for the 2005-06 and 2006-07 years to establish in particular, the data and system infrastructure that will be required to drive and inform strategies for demand management. The Information Strategy is expected to be completed over two to three years; initial phases include scoping as well as consulting with stakeholders and examining systems and structures used in other countries. Based on this work, the NBA will then need to undertake detailed design and stakeholder consultation and implementation of the solution.

This funding provided by governments will also give a capacity within the NBA to meet all legislated and mandated requirements and to drive demand management strategies to influence the rate of growth of administered outlays. This will be achieved by the NBA developing a structure which:

- allows for dedicated focus at a senior level on both streams of contracts required, that is fresh and plasma based products
- provides for direct engagement of medical expertise to advise on demand management, clinical use and options to influence day to day use of products
- maintains a chief legal counsel in recognition of the international context in which contracts will need to be negotiated and managed
- specifically creates a capacity for demand management activities based on strong policy advice and desktop research into emerging issues and trends
- specifically creates a dedicated focus on inventory management, product usage and improved supply forecasting and modelling to drive efficiency in supply management
- provides for fully compliant corporate functions
- allows the General Manager time to develop and maintain industry and stakeholder networks to gather support for changing behaviour practices in the sector.

5.7.2 Financial performance in 2004–05—overview

This section provides a summary of the NBA's financial performance for 2004–05. Departmental and administered results are shown in the audited financial statements, and this summary should be read in conjunction with those statements.

Audit report

The NBA received an unqualified audit report for 2004–05.

Operating result

The NBA's Statement of Financial Performance reports an operating surplus for 2004–05 of \$1.8 million. (In 2003–04 a \$0.9 million operating surplus was reported.)

The increase in the operating surplus was due to management decisions on deferring spending due to the uncertainties that faced the NBA in the levels of funding that would be provided in 2005–06 and future years.

Table 16 demonstrates the NBA's key results for the financial years 2003–04 and 2004–05.

Special accounts

The NBA manages the National Blood Account and National Managed Fund Special Accounts.

The NBA was established on 1 July 2003 with the principal role of managing the national blood arrangements, ensuring sufficient supply and to provide a new focus on the quality and appropriate use of blood and blood products. The funding for blood and blood products is funded from a special account (The National Blood Account) established under section 40 of the *National Blood Authority Act 2003*. The NBA's activities contributing to its outcome are classified as either Departmental or Administered Expenses. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled by the agency in its own right, that is, for the operations of the NBA. Administered activities involve the management or oversight by the NBA on behalf of the government of activities and expenses controlled or incurred by Australian governments, that is, mainly procurement of the products and services which make up the blood supply.

The National Managed Fund (Blood and Blood Products) Special Account established under section 20 of the *Financial Management and Accountability*

Table 16 Key results in financial performance

	2004–05 \$'000	2003–04 \$'000	Movement (per cent)
Contributions from the Australian Government	4 826	4 645	4%
Contributions from States and Territories and Other Revenue	3 218	2 769	16%
Total Revenue	8 044	7 414	9%
Employee Expenses	4 248	3 779	12%
Supplier Expenses	1 783	2 688	-34%
Other Expenses	222	35	534%
Total Expenses	6 253	6 502	-4%
Operating Result	1 791	912	96%

Act, 1997 was set up for the purpose of receipting monies and payment of all expenditure related to the management of blood and blood products liability claims against the Australian Red Cross Society in relation to the activities undertaken by the operating division of the Society known as the Australian Red Cross Blood Service.

The Account was transferred from the Department of Health and Ageing during 2004-05. Contributions to the Account are from all governments and the Australian Red Cross Blood Service, in accordance with the Memorandum of Understanding establishing the National Managed Fund.

5.7.3 Statement of financial performance

Revenue

Total revenue received in 2004-05 was \$8 million, made up of \$4.7 million from appropriations for outputs, \$0.1 million from resources received free of charge, \$2.7 million from contributions received from States and Territories and \$0.5 million revenue from other sources. This represented an increase of \$0.6 million over the revenue for 2003-04.

Revenue from other sources are contributions received under the Net Appropriation Instrument (S31 Receipts) due to an increase in the number of officers transferred from other agencies and receipts for one off projects undertaken by the NBA in meeting its objectives. The delay in implementing the S31 agreement has meant that we were unable to proceed with all projects for which funding had been received and therefore we have recorded \$1.2 million as unearned S31 revenue.

Expenses

The NBA's expenses for 2004-05 were \$0.2 million less than in 2003-04. This was due to the deferral of projects pending the outcome from our request to governments for additional funding in 2005-06. If the funding request had been unsuccessful the NBA wanted to be in a position for 2005-06 to at least

maintain current activities with the resources available. (The funding for 2005-06 was expected to be \$5 million from all governments.)

5.7.4 Statement of financial position

Assets

The NBA's assets may be divided into four main categories:

- cash
- infrastructure, plant and equipment
- intangibles (non-physical assets such as software)
- receivables (amounts due to be paid to the NBA).

The proportions of each category of asset held during 2004-05 are illustrated in **Figure 11**.

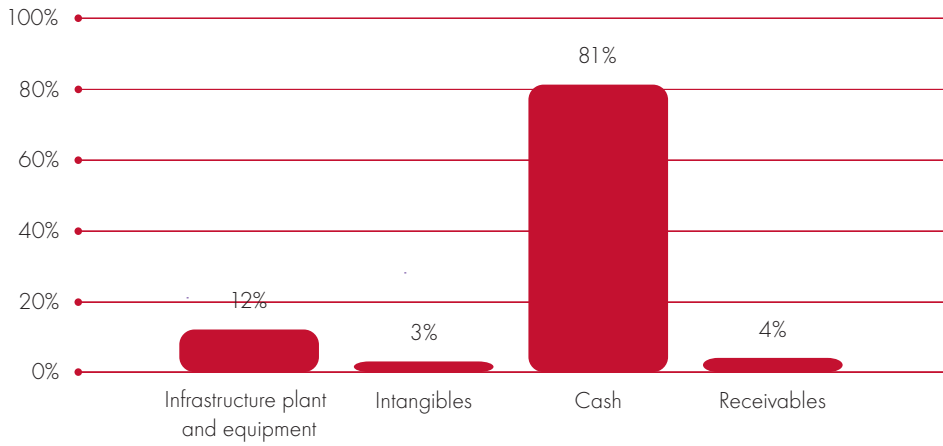
The NBA had \$4.5 million in cash as at 30 June 2005. The increase in cash from 2003-04 is due to receipts not yet earned due to the late establishment of the S31 instrument and management's decision to defer projects pending the outcome of the bid from the NBA for additional funding in 2005-06 and future years. Now that governments have agreed to fund the NBA at the levels required to perform mandated functions, a schedule of projects that will occur in 2005-06 and 2006-07 is being implemented.

The NBA's total assets increased from \$3.5 million in 2003-04 to \$5.6 million. This increase was made up of \$2.1 million in cash.

Liabilities

The NBA's total liabilities increased by \$0.3 million to \$2.9 million from \$2.6 million in 2003-04.

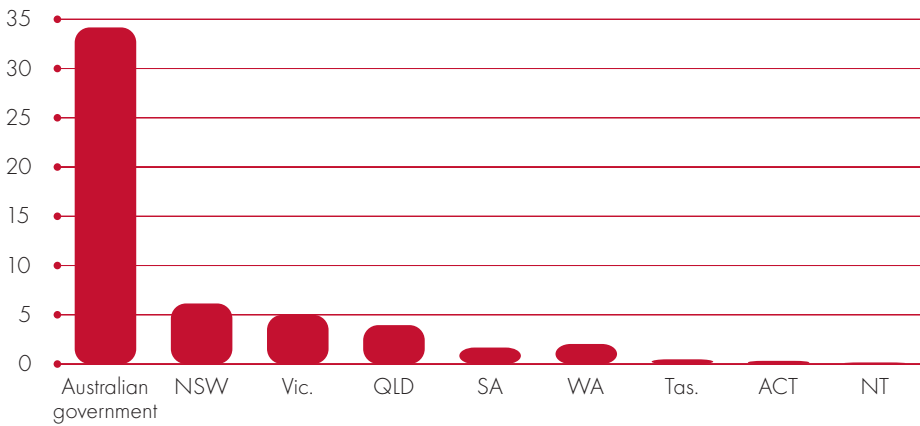
Figure 11 Composition of NBA assets at 30 June 2005



Administered items

The NBA is funded by States and Territories and the Australian Government for the supply of blood and blood related products in Australia. The total funding received for 2004-05 is depicted in the following figure.

Figure 12 Composition of contributions from all governments for 2004-05



Administered expenses

Table 17 provides for comparison between the NBA's 2003-04 and 2004-05 administered expenses.

Table 17 Key results of administered expenses

Administered expense	2004-05 \$'000	2003-04 \$'000	Movement (per cent)
Grants to the private sector—non profit organisation	267 776	247 792	8%
Rendering of goods and services—external entities	237 100	207 889	14%
National Reserve inventory writedown	8 013	-	N/A
Total Administered expenses	512 889	455 681	13%

Administered expenses are below budget for 2004-05 due to improved contract negotiations with a major supplier and the slower than expected take up of the introduction of recombinants in Australia.

Administered assets

Administered assets are comprised of inventory held for resale and inventory not held for resale (the National Reserve of blood products).

These inventories are under the control of the NBA but held by a major supplier and managed by them on behalf of the NBA.

PART 6—APPENDIXES

Appendix 1 Financial Statements

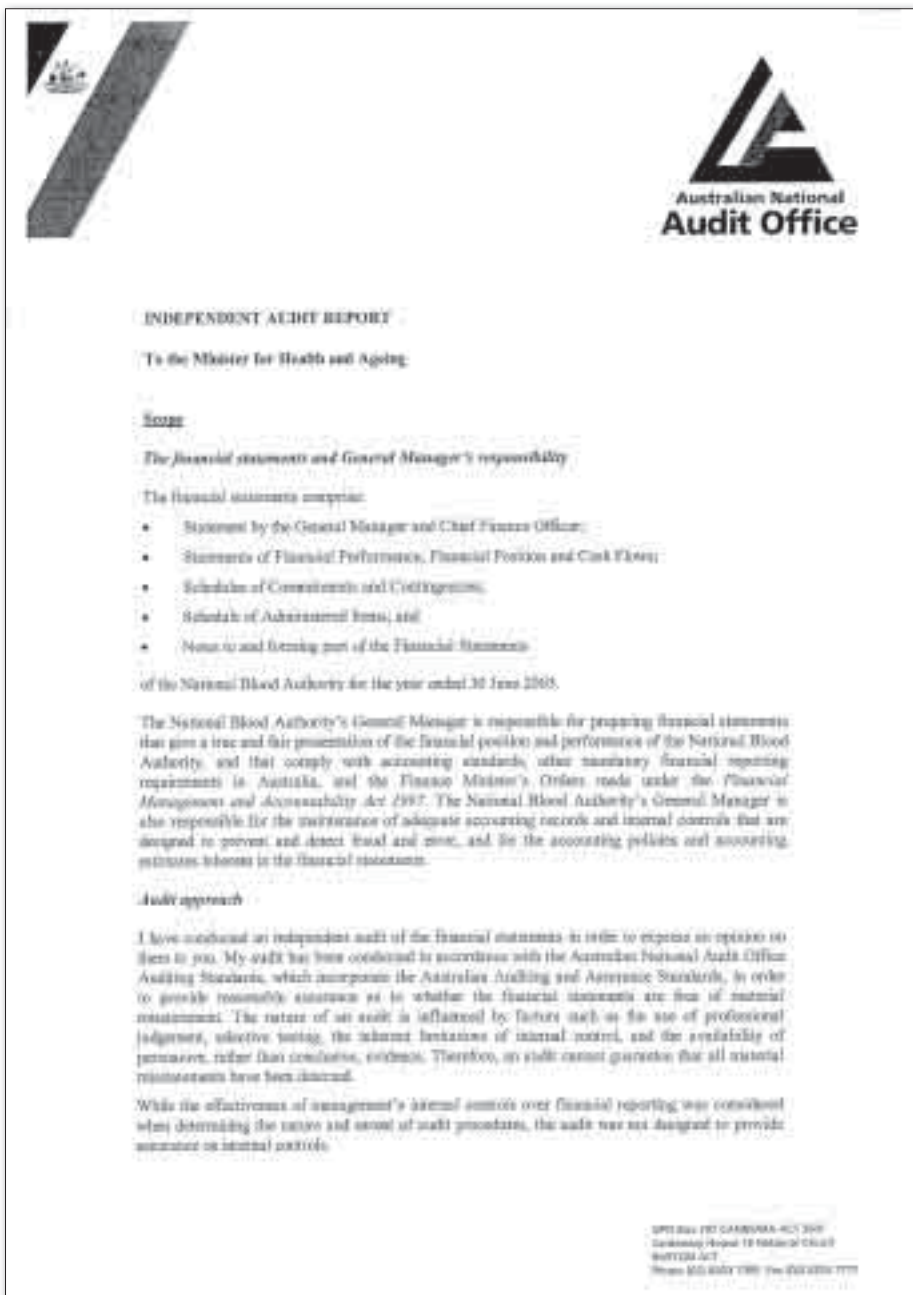
Appendix 2 Freedom of Information Statement

Appendix 3 Historical Government Expenditure in the Blood Sector

Appendix 4 Historical Demand Data for Selected Blood Products

Appendix 1—Financial Statements

Auditor General’s Report



I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1987*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the National Blood Authority's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of those 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 Australian National Audit Office, which incorporates the ethical requirements of the Australian accounting profession.

Audit Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1987*; and
- (b) give a true and fair view of the National Blood Authority's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
 - (i) the matters required by the Finance Minister's Orders; and
 - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Richard Rundle
Executive Director

Deputy of the Auditor-General

Canberra
1 August 2005

Statement by the General Manager and Chief Finance Officer

**National Blood Authority
Financial Statements
For the year ended 30 June 2005**

Statement by the General Manager and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2005 have been prepared 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, as amended.

Signed 
A. J. Turner
General Manager
1 August 2005

Signed 
S. J. Cochrane
Chief Finance Officer
1 August 2005

Statement of Financial Performance

for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
REVENUES FROM ORDINARY ACTIVITIES			
Revenues from Government	4A	4 826	4 645
Goods and services	4B	3 214	2 769
Revenue from sale of assets	4C	4	-
Revenues from ordinary activities		8 044	7 414
EXPENSES FROM ORDINARY ACTIVITIES			
Employees	5A	4 248	3 779
Suppliers	5B	1 783	2 688
Depreciation and amortisation	5C	217	35
Value of assets sold	4C	5	-
Total expenses from ordinary activities		6 253	6 502
Net surplus		1 791	912
Net credit to asset revaluation reserve	10A	34	-
Total revenues, expenses and valuation adjustments recognised directly in equity		1 825	912
Total changes in equity other than those resulting from transactions with the Australian Government as owner		1 825	912

Statement of Financial Position

as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
ASSETS			
Financial assets			
Cash	6A, 11	4 485	2 401
Receivables	6B	250	662
Total financial assets		4 735	3 063
Non financial assets			
Buildings—leasehold improvements	7A, 7E	451	-
Infrastructure, plant and equipment	7B, 7E	207	175
Intangibles	7C, 7E	184	238
Other non-financial assets	7D	23	53
Total non-financial assets		865	466
Total assets		5 600	3 529
LIABILITIES			
Provisions			
Employees	8A	1 041	727
Total Provisions		1 041	727
Payables			
Suppliers	9A	448	1 662
Other payables	9B	1 374	228
Total payables		1 822	1 890
Total liabilities		2 863	2 617
NET ASSETS		2 737	912
EQUITY			
Contributed equity	10A	-	-
Reserves	10A	34	-
Retained Surpluses	10A	2 703	912
TOTAL EQUITY		2 737	912
Current assets		4 758	3 116
Non-current assets		842	413
Current liabilities		2 153	2 068
Non-current liabilities		710	549

Schedule of Cashflows

for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		4 732	4 543
Goods and services		3 639	2 883
Net GST received from ATO		156	18
Total cash received		8 527	7 444
Cash used			
Employees		3 707	3 286
Suppliers		2 072	1 309
Total cash used		5 779	4 595
Net cash from or (used by) operating activities	11	2 748	2 849
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		4	-
Total cash received		4	-
Cash used			
Purchase of infrastructure, plant and equipment		668	448
Purchase of intangibles			
Total cash used		668	448
Net cash from or (used by) investing activities		(664)	(448)
FINANCING ACTIVITIES			
Cash received			
Appropriations—contributed equity			
Total cash received		-	-
Net cash from or (used by) financing activities		-	-
Net increase or (decrease) in cash held		2 084	2 401
Cash at the beginning of the reporting period		2 401	-
Cash at end of the reporting period	6	4 485	2 401

Schedule of commitments and contingencies

for the year ended 30 June 2005

Commitments	2005 \$'000	2004 \$'000
BY TYPE		
Other commitments		
Operating leases	1 540	111
Goods and service contracts	549	573
Total other commitments	2 089	684
Commitments receivable		
GST receivable	190	62
Total commitments receivable	190	62
Net commitments by type	1 899	622
BY MATURITY		
Other commitments		
One year or less	462	514
From one to five years	87	59
Total other commitments	549	573
Operating lease commitments		
One year or less	344	111
From one to five years	1 196	-
Total operating lease commitments	1 540	111
Commitments receivable		
One year or less	73	62
From one to five years	117	-
Total commitments receivable	190	62
Net commitments by maturity	1 899	622

NB. All commitments are stated inclusive of Goods and Services Tax where relevant.

Operating leases included are effectively non cancellable and comprise:

Nature of lease	General description of leasing arrangement
Lease for office accommodation	The current lease for office accommodation expires on 31 October 2009.
Agreements for the provision of motor vehicles to senior executive officers	Non contingent rentals exist. There are no renewal or purchase options available to the Authority

CONTINGENT LIABILITIES AND ASSETS

Remote Contingencies

The Australian Government has indemnified the lessor of the National Blood Authority's premises for negligent acts committed by the National Blood Authority up to the value of \$1,000,000.

Schedule of administered items

for the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
REVENUES ADMINISTERED ON BEHALF OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2005			
Non-taxation revenues			
State and Territory Contributions	17	189 217	164 627
Interest	17	9	50
Other sources of non taxation revenues	17	30 963	34 988
Total non-taxation revenues		220 189	199 665
Total Revenues Administered on Behalf of Government		220 189	199 665
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT FOR THE YEAR ENDED 30 JUNE 2005			
Grants	18	267 776	247 792
Suppliers	18	237 100	207 889
Inventory adjustment	18	8 013	-
Total Expenses Administered on Behalf of Government		512 889	455 681
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT AS AT 30 JUNE 2005			
Financial Assets			
Cash	19A	-	-
Receivables	19B	7 081	9 108
Other	19C	23	21 342
		7 104	30 450
Non Financial Assets			
Inventory	19D	57 938	34 988
Total Assets Administered on Behalf of Government		65 042	65 438
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT AS AT 30 JUNE 2005			
Payables			
Suppliers	20A	18 148	15 036
Unearned income	20B	17 432	11 125
Total Liabilities Administered on Behalf of Government		35 580	26 161
Net Assets Administered on Behalf of Government	21	29 462	39 277
Current Assets		65 042	65 438
Non-current Assets		-	-
Current Liabilities		35 580	26 161
Non-current Liabilities		-	-

Schedule of administered items *continued*

	2005	2004
	\$'000	\$'000
ADMINISTERED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005		
OPERATING ACTIVITIES		
<i>Cash received</i>		
State and Territory Contributions	210 256	175 752
Other—GST received from ATO	36 681	38 622
Other—Interest received from ATO	9	50
Total cash received	246 946	214 424
<i>Cash used</i>		
Grants	271 078	293 913
Suppliers	257 720	215 803
Other—GST paid to ATO	1 033	-
Total cash used	529 831	509 716
Net cash used by operating activities	(282 885)	(295 292)
Net increase in cash held	(282 885)	(295 292)
Cash at the beginning of the reporting period	-	-
Cash from Official Public Account for:		
**Special Account	529 831	509 716
	529 831	509 716
Cash to Official Public Account for:		
**Special Account	246 946	214 424
	246 946	214 424
Cash at end of the reporting period	-	-

** The amounts reported above for 2003-04 were incorrect (Reported \$295,292 respectively). The figures for 2003-04 have been adjusted.

Schedule of administered items *continued*

	2005	2004
	\$'000	\$'000
ADMINISTERED COMMITMENTS AS AT 30 JUNE 2005		
BY TYPE		
<i>Other commitments</i> ¹		
Other commitments	171 077	353 348
Total other commitments	171 077	353 348
<i>Commitments receivable</i>		
GST receivable	15 552	32 123
Total commitments receivable	15 552	32 123
Net commitments	155 525	321 225
BY MATURITY		
<i>Other commitments</i>		
One year or less	88 973	353 150
From one to five years	82 104	198
Total other commitments	171 077	353 348
<i>Commitments receivable</i>		
One year or less	8 088	32 123
From one to five years	7 464	
Total commitments receivable	15 552	32 123
Net commitments by maturity	155 525	321 225

NB: All commitments are GST inclusive where relevant

¹OTHER COMMITMENTS

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 one major agreement that expired on 30 June 2005.

A contingency arrangement has been put in place for the next reporting period pending outcome of negotiations.

The values disclosed are based on the current contracts/agreements assuming the current obligations are for the entire 2005-06 reporting period.

Schedule of administered items *continued*

ADMINISTERED CONTINGENCIES AS AT 30 JUNE 2005

There were no quantifiable administered contingent liabilities as at 30 June 2005.

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 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*. 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 2004-05 which have been tabled in Parliament.

Notes to and forming part of the financial statements

for the year ended 30 June 2005

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Note 1 Summary of Significant Accounting Policies

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 Australian Government, States and Territories. Under this agreement, the Australian Government 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 Australian Government, of items controlled or incurred by the Australian 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 2005)*);
- 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 or 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 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 1.4).

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*. The Authority has a Net Appropriation instrument that allows the Authority to retain and spend these receipts.

Funds were received in 2003-04 for the National Blood Authority (\$1,006,861) that were recognised in the Financial Statements as a payable to the Australian Government pending the Section 31 instrument being duly authorised. A portion of these receipts will be recognised as revenue in 2004-05. Additional S31 receipts have been received in 2004-05 and \$548,175 has been recognised as revenue with a balance of \$1,233,984 being recorded as unearned revenue. Refer to Note 9B.

Note 1 Summary of Significant Accounting Policies *continued*

1.4 Transactions with the Government as Owner

Restructuring of Administrative Arrangements

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

1.5 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 2005. 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 Australian Government Superannuation Scheme, the Australian Government Employee Superannuation Trust, the Public Sector Superannuation Scheme and other private sector schemes. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government (excluding the other private sector schemes) and will be 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.

1.6 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 2005.

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.

1.7 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.

1.8 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. The Authority has no term deposits as at 30 June 2005.

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.

1.9 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.

1.10 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold

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

Asset class	Recognition Threshold
Infrastructure, Plant and Equipment	\$2,000
Leasehold improvements	\$10,000
Software	\$5,000

Note 1 Summary of Significant Accounting Policies *continued*

Revaluations

Basis

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 2005.

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

Asset class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Frequency

Infrastructure, plant and equipment and Leasehold improvements 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 amortised 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:

	2004-05
Infrastructure, Plant and Equipment	3 to 7 years
Leasehold improvements	Lease term

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

1.11 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.

1.12 Intangibles

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

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

	2004-05
Purchased software	3 years
Internally developed software	3 years

All software assets were assessed for indications of impairment as at 30 June 2005 and have not been written down.

1.13 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 Taxation Office; and
- receivables and payables.

1.14 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.

1.15 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.

1.16 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 Australian Governments.

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.

Note 1 Summary of Significant Accounting Policies *continued*

Inventories—National Reserve of Blood and Blood Related Products and Post Payment Inventory of Blood Products

The Australian Government controls the National Reserve of Blood and Blood Related Products (the "Reserve"). The Reserve was disclosed in the 2003–04 and 2004–05 financial statements for the Authority. There are three significant input costs to the Reserve:

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

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

The Authority negotiated and implemented new arrangements with CSL Ltd during April to December 2004. These arrangements formalised the control of an inventory buffer held at CSL Ltd for use by governments. Under the new arrangements the inventory held at CSL is known as Post Payment Inventory of Blood Products ("POPI") and is under the control of the Authority and recognised as Inventory held for resale.

The Australian Government now controls POPI and from 2004–05 is disclosed in the financial statements for the Authority. There are three significant input costs to POPI:

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

A costing methodology has been agreed and will be reviewed annually to ensure reliability and appropriateness.

Movements in both the Reserve and POPI are funded from the Australian Government and State and Territories in accordance with 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 was reported in 2003–04 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 Australian Government and States and Territories. To facilitate the transfer of the fund to the Authority a special account under Section 20 of the Financial Management and Accountability (FMA) Act 1997 was established, and this fund was 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 2005 is \$22,274,206. Refer to Note 24.

Indemnities

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

Note 2 Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006.

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005–06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS) 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 AEIFRS 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 AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions that will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRS, and therefore the National Blood Authority will only be able to assert that the financial report has been prepared in accordance with Australian Accounting Standards.

AAS 29 Financial Reporting by Government Departments will continue to apply under AEIFRS.

Accounting Standard AASB 1047, "Disclosing the impact of Adopting Australian Equivalents to IFRS", requires that the financial statements for 2004–05 disclose:

- An explanation of how the transition to AEIFRS is being managed;
- A narrative explanation of the key policy differences arising from the adoption of AEIFRS;

- Any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- If the impacts of the above are not known or reliably estimable, a statement to the effect.

The purpose of this Note is to make these disclosures.

Management of the transition to AEIFRS

The National Blood Authority is taking the following steps for the preparation towards the implementation of AEIFRS:

- The Authority's Audit Committee will be tasked with a review of the transition to the implementation of AEIFRS.
- The Chief Finance Officer is formally responsible for the project reports to the Audit Committee on progress against a formal plan.
- The plan requires the following key steps to be undertaken and sets deadlines for their achievement:
 - All major accounting policy differences between current AASB standards and AEIFRS.
 - System changes necessary to be able to report under AEIFRS, including those necessary to enable capture of data under both sets of rules for 2004–05.
 - A transitional balance sheet as at 1 July 2004, under AEIFRS was completed and presented to the Audit Committee.
 - The 2004–05 Balance Sheet under AEIFRS will be reported to the Department of Finance and Administration in line with their reporting deadlines.
- Consultants were not engaged to assist with the above steps.

Major changes in accounting policy

The National Blood Authority believes that the first financial report prepared under AEIFRS as at 30 June 2006, will be prepared on the basis that the

Note 2 Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 continued

Authority will be a first-time adopter under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Changes in accounting policies under AEIFRS are applied retrospectively i.e. as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB 1. This means that an AEIFRS compliant balance sheet has been prepared as at 1 July 2004. This will enable the 2005–06 financial statements to report comparatives under AEIFRS.

A first-time adopter of AEIFRS may elect to use exemptions under paragraphs 13 to 25E. When developing the accounting policies applicable to the preparation of the 1 July opening balance sheet, no exemptions were applied by the National Blood Authority.

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

Management's review of the quantitative impacts of AEIFRS represents the best estimates of the impacts of the changes as at reporting date. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- Continuing review of the impacts of AEIFRS on the National Blood Authority's operations;
- Potential amendments to the AEIFRS and AEIFRS Interpretations; and
- Emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.

Property plant and equipment

It is expected that the 2005–06 Finance Minister's Orders will continue to require property plant and equipment assets to be valued at fair value in 2005–06.

Intangible Assets

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

The Australian 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 Australian Equivalent.

Impairment of intangibles and Property, Plant and Equipment

The National Blood Authority's policy on impairment of non-current assets is at Note 1.11.

Under the AEIFRS these assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of 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 cash generating units, the recoverable amount is only generally to be measured where there is an indication of impairment. Previously all assets' recoverable amount was tested.

Decommissioning, Restoration and Make-good

When assessing accommodation leases for the preparation of the opening balance sheet, no obligation under the leases for make-good were determined.

Note 2 Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 *continued*

Inventory

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

The new Australian 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.

An assessment was made and it was found that in some cases the current replacement cost of inventory was less than the original cost and an adjustment was required for 2003–04 of \$7,673,817.

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.

The 2003–04 Financial Report noted that the AEIFRS standards may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. After assessing the staff leave profile, the National Blood Authority expects that there will be amounts of the annual leave balance that will not be taken in the next 12 months and an adjustment for non-current annual leave was required for 2003–04 of \$9,454.

Note 2 Adoption of Australian Equivalents to International Financial Reporting Standards from 2005–2006 continued

Departmental Reconciliation of Impacts—AGAAP to AEIFRS

	30 Jun 05* \$'000	30 Jun 04 \$'000
RECONCILIATION OF DEPARTMENTAL EQUITY		
Total Departmental Equity under AGAAP	2 746	912
Adjustments to accumulated results	-	9
Total Equity under AEIFRS	2 746	921
RECONCILIATION OF DEPARTMENTAL ACCUMULATED RESULTS		
Total Departmental Accumulated Results under AGAAP	2 712	912
Adjustments:		
Non Current Employee Entitlements	-	9
Total Accumulated Results under AEIFRS	2 712	921
RECONCILIATION OF DEPARTMENTAL RESERVES		
Total Departmental Accumulated Results under AGAAP	34	-
Adjustments	-	-
Total Departmental Reserves under AEIFRS	34	-
RECONCILIATION OF NET SURPLUS/(DEFICIT) FROM ORDINARY ACTIVITIES FOR YEAR ENDING 30 JUNE 2005		
Total Departmental Reserves under AGAAP	34	-
Adjustments	-	-
Net surplus/deficit from ordinary activities under AEIFRS	34	-

* 30 June 2005 only represents adjustments relating to the restatement of the 30 June 2004 statement of financial position. It is proposed to restate 30 June 2005 balances and transactions within the year ending 30 June 2005 during the 2005–06 financial year.

The impact of moving from AGAAP to AEIFRS also required an adjustment on the Administered financial position for 2003–04. The adjustment was \$7,673,818 on inventories not held for resale.

Note 3 Events Occurring after Reporting Date

There were no significant events occurring after 30 June 2005.

Note 4 Operating Revenues

Note 4A—Revenues from Government

	2005	2004
	\$'000	\$'000
Appropriations for outputs	4 736	4 543
Resources received free of charge	90	102
Total revenues from government	4 826	4 645

Note 4B—Goods and Services

	2005	2004
	\$'000	\$'000
Goods	-	-
Services	3 214	2 769
Total sales of goods and services	3 214	2 769
Rendering of services to:		
Related entities	306	-
External entities	2 908	2 769
Total rendering of services	3 214	2 769

Note 4C—Net Gains from Sale of Assets

	2005	2004
	\$'000	\$'000
Infrastructure, plant and equipment		
Proceeds from disposals	4	-
Net book value of assets disposed	(5)	-
Write-offs	-	-
Net (loss) from disposal of infrastructure, plant and equipment	(1)	-
Total proceeds from disposals	4	-
Total value of assets disposed	(5)	-
Total net (loss) from disposal of assets	(1)	-

Note 5 Operating Expenses

Note 5A—Employees

	2005	2004
	\$'000	\$'000
Wages and salary	2 307	2 110
Superannuation	467	530
Leave and other entitlements	982	651
Other employee expenses	461	437
Total employee benefits expense	4 217	3 728
Workers compensation premiums	31	51
Total employee expenses	4 248	3 779

Note 5B—Supplier expenses

	2005	2004
	\$'000	\$'000
Goods from external entities	119	1 699
Goods from related entities	-	-
Services from related entities	242	594
Services from external entities	1 153	53
Operating lease rentals*	269	342
Total supplier expenses	1 783	2 688

* These comprise minimum lease payments only.

Note 5C—Depreciation and amortisation

	2005	2004
	\$'000	\$'000
The aggregate amounts of depreciation or amortisation expensed during the year for each class of depreciable asset are as follows:		
(i) Depreciation		
Infrastructure, plant and equipment	63	24
Leasehold improvements	59	-
Total Depreciation	122	24
(ii) Amortisation of intangibles—Computer Software		
	95	11
Total depreciation and amortisation	217	35

No depreciation or amortisation was allocated to the carrying amounts of other assets

Note 6 Financial Assets

Note 6A–Cash

	2005	2004
	\$'000	\$'000
Cash at Bank–Special Account	4 485	2 401
Total cash	4 485	2 401

Note 6B–Receivables

	2005	2004
	\$'000	\$'000
Goods and services	173	247
less provision for doubtful debts	-	-
	173	247
All debt is current and therefore no provision is required.		
Goods and services tax (GST) receivable from ATO	74	194
Appropriation Receivable–Special Account	3	221
Total receivables (net)	250	662
RECEIVABLES IS REPRESENTED BY:		
Current	250	662
Non-current	-	-
Total receivables (net)	250	662
Receivables (gross) are aged as follows:		
Not overdue	3	221
Overdue by less than 30 days	247	441
Total receivables (gross)	250	662

Note 7 Non Financial Assets

Note 7A—Leasehold improvements

	2005	2004
	\$'000	\$'000
Leasehold improvements—at fair value	453	-
less leasehold improvements accumulated amortisation at fair value	(2)	-
Total leasehold improvements	451	-

Note 7B—Infrastructure, plant and equipment

	2005	2004
	\$'000	\$'000
Infrastructure, plant and equipment—at fair value	211	199
less accumulated depreciation—infrastructure, plant and equipment at fair value	(4)	(24)
Total infrastructure, plant and equipment	207	175

Note 7C—Intangibles

	2005	2004
	\$'000	\$'000
Computer software—internally developed—at cost	39	39
less accumulated amortisation	(19)	(6)
	20	33
Computer software—purchased—at cost	251	123
less accumulated amortisation	(87)	(5)
	164	118
Computer software—purchased—in progress	-	87
Total intangibles	184	238

Note 7D—Other Non-Financial assets

	2005	2004
	\$'000	\$'000
Prepayments	23	53
All other non financial assets are current assets		

Note 7 Non Financial Assets continued

Note 7E—Analysis of property, plant and equipment

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

Item	Buildings—leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Intangibles—Computer software \$'000
AS AT 1 JULY 2004			
Gross book value	-	199	162
Accumulated depreciation/ amortisation	-	(24)	(11)
Opening Net book value	-	175	151
Additions			
By purchase	509	58	128
Other	-	-	-
Net revaluation increment/ (decrement)	1	33	-
Depreciation/amortisation expense	(59)	(63)	(95)
Recoverable Amount write-downs	-	-	-
Disposals			
From disposal of operations	-	-	-
Other disposals	-	(5)	-
AS AT 30 JUNE 2005			
Gross book value	453	211	290
Accumulated depreciation/ amortisation	(2)	(4)	(106)
Closing Net book value	451	207	184

Note 7 Non Financial Assets continued

Table B—Assets at valuation

Item	Buildings—leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Intangibles—Computer software \$'000
AS AT 30 JUNE 2005			
Gross book value	453	211	-
Accumulated depreciation/ amortisation	(2)	(4)	-
Net book value	451	207	-
AS AT 30 JUNE 2004			
Gross book value	-	-	-
Accumulated depreciation/ amortisation	-	-	-
Net book value	-	-	-

Table C—Assets under construction

Item	Buildings—leasehold improvements \$'000	Infrastructure plant and equipment \$'000	Intangibles—Computer software \$'000
Gross value at 30 June 2005	-	-	-
Gross value at 30 June 2004	-	-	87

Note 8 Provisions

Note 8A—Employee Provisions

	2005 \$'000	2004 \$'000
Salaries and wages	18	9
Leave	1 023	712
Other	-	6
Aggregate employee entitlement liability and related costs	1 041	727
Current	331	178
Non-current	710	549

Note 9 Payables

Note 9A—Suppliers payables

	2005	2004
	\$'000	\$'000
Suppliers	448	1 662
Total supplier payables	448	1 662

All supplier payables are current liabilities

Note 9B—Other payables

	2005	2004
	\$'000	\$'000
Unearned revenue from States and Territories	140	228
Unearned revenue—S31 Receipts	1 234	-
Total other payables	1 374	228

All other payables are current liabilities

Note 10 Equity

Note 10A—Analysis of equity

Item	Accumulated Results		Asset Revaluation Reserve		Total equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July	912	-	-	-	912	-
Net surplus	1 791	912	-	-	1 791	912
Net revaluation increment/(decrement)	-	-	34	-	34	-
Closing balance at 30 June	2 703	912	34	-	2 737	912

Note 10 Equity continued

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:

	2005 \$'000	2004 \$'000
Fixed Assets recognised and consideration due	-	7
Employee Transfers recognised but no consideration received	-	350
Employee Entitlements receivable under S32 of the FMA Act 1997 (recorded as other receivables refer to Note 6)	-	229

Note 11 Cash Flow Reconciliation

	2005 \$'000	2004 \$'000
RECONCILIATION OF CASH PER STATEMENT OF FINANCIAL POSITION TO STATEMENT OF CASH FLOWS		
Cash at year end as per Statement of Cash Flows	4 485	2 401
Statement of Financial Position items comprising above cash:		
Financial Asset—Cash	4 485	2 401
RECONCILIATION OF NET SURPLUS TO NET CASH FROM OPERATING ACTIVITIES:		
Net surplus	1 791	912
Depreciation/amortisation	217	35
Revaluation reserve increment	34	-
Revenue from sale of assets	(4)	-
CHANGES IN ASSETS AND LIABILITIES:		
Decrease/(increase) in receivables	472	(662)
Decrease/(increase) in other non-financial assets	(8)	(53)
Increase/(decrease) in employee liabilities	313	727
Increase/(decrease) in supplier liabilities	(1 214)	1 662
Increase/(decrease) in other liabilities	1 147	228
Net cash from operating activities	2 748	2 849

Note 12 Remuneration of Executives

The number of executives who received or were due to receive total remuneration of \$100,000 or more:

	2005 Number	2004 Number
\$170 001 to \$180 000	2	1
\$180 001 to \$190 000	-	-
\$190 001 to \$200 000	-	1
\$250 001 to \$260 000	1	-
	3	2

	\$	\$
The aggregate amount of total remuneration of executive officers shown above	601 011	371 381
The aggregate amount of separation and redundancy expenses during the year to executive officers shown above	-	-

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

In 2003-04 some executives were employed for part of the year due to the establishment of the National Blood Authority.

Note 13 Remuneration of Auditors

	2005 \$	2004 \$
Financial statement audit services are provided free of charge to the Authority		
The fair value of the services provided was:	90 000	102 400
No other services were provided by the Auditor-General.		

Note 14 Staffing Levels

	2005 Number	2004 Number
The Full Time Equivalent (FTE) staffing levels for the Authority as at reporting date were:	36	34

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

The Australian Government has indemnified the lessor of the National Blood Authority's premises for negligent acts committed by the National Blood Authority up to the value of \$1,000,000.

Note 16 Financial Instruments

(a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
CASH	6A	Deposits are recognised at their nominal amounts.	Monies in the Authority's bank accounts were from States and Territories and the Australian Government. Government contributions were swept to the Official Public Account and held as a special account.
RECEIVABLE FOR GOODS AND SERVICES	6B	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.	All receivables are with States and Territories and the Australian Government. Credit terms are net 30 days.
APPROPRIATION RECEIVABLE—SPECIAL ACCOUNT	6B	These receivables are recognised at the nominal amounts.	Amounts appropriated by Parliament in the current year which are available to be drawn down by the Authority.
FINANCIAL LIABILITIES		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
TRADE AND OTHER CREDITORS	9A	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).	

Note 16 Financial Instruments continued

Note 16A—Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non interest bearing		Total		Weighted average effective interest rate					
		1 year or less		1 – 5 years		> 5 years		2005 \$'000		2004 \$'000		2005 \$'000		2004 \$'000		2005 %		2004 %	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %		
FINANCIAL ASSETS																			
Cash	6A	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4 485	2 401	4 485	2 401	4 485	2 401	n/a	n/a	n/a	n/a
Receivables for goods and services	6B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	247	441	247	441	247	441	n/a	n/a	n/a	n/a
Appropriation receivable—Special account	6B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	221	3	221	3	221	n/a	n/a	n/a	n/a
Total financial assets (recognised)										4 735	3 063	4 735	3 063	4 735	3 063				
Total Assets												5 600	3 529						
FINANCIAL LIABILITIES																			
Trade and other creditors	9A	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	448	1 662	448	1 662	448	1 662	n/a	n/a	n/a	n/a
Total financial liabilities (recognised)										448	1 662	448	1 662	448	1 662				
Total Liabilities												2 863	2 617						

Note 16 Financial Instruments continued

Note 16B—Net fair value of financial assets and liabilities

	Note	2005		2004	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
		\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS					
Cash	6A	4 485	4 485	2 401	2 401
Receivables for goods and services	6B	247	247	441	441
Appropriation receivable—Special account	6B	3	3	221	221
Total financial assets		4 735	4 735	3 063	3 063
FINANCIAL LIABILITIES (RECOGNISED)					
Trade and other creditors	9A	448	448	1 662	1 662
Total financial liabilities (recognised)		448	448	1 662	1 662

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

	2005 \$'000	2004 \$'000
State and Territory contributions	189 217	164 627
INTEREST		
Interest from ATO	9	50
OTHER SOURCES OF NON TAXATION REVENUES		
Contributions of assets	30 963	34 988
Total Revenues Administered on Behalf of Government	220 189	199 665

Note 18 Expenses Administered on Behalf of Government

	2005 \$'000	2004 \$'000
GRANTS		
Private sector—non profit entities	267 776	247 792
The nature of the grant is a Deed for the provision of services relating to blood and blood related products		
SUPPLIERS		
Rendering of goods and services—external entities	237 100	207 889
INVENTORY ADJUSTMENT		
National Reserve inventory writedown	8 013	-
Total Expenses Administered on Behalf of Government	512 889	455 681

Note 19 Assets Administered on Behalf of Government

Financial Assets

Note 19A—Cash

	2005 \$'000	2004 \$'000
Administered bank account	-	-
	-	-

Note 19 Assets Administered on Behalf of Government continued

Note 19B—Receivables

	2005	2004
	\$'000	\$'000
Goods and services receivable	(32)	-
less provision for doubtful debts	-	-
	(32)	-
Goods and services tax receivable	7 113	9 108
Total receivables (net)	7 081	9 108
Receivables is represented by:		
Current	7 081	9 108
Non-current	-	-
Total receivables (net)	7 081	9 108
<i>Receivables (gross) are aged as follows:</i>		
Not overdue	3 601	5 897
Overdue by:		
Less than 30 days	3 480	3 211
Total receivables (gross)	7 081	9 108

Non Financial Assets

Note 19C—Other

	2005	2004
	\$'000	\$'000
Grant prepayments	-	21 342
Other debtors	23	-
Total other	23	21 342

Note 19D—Inventory

	2005	2004
	\$'000	\$'000
National Reserve—Inventory not held for resale	26 975	34 988
Inventory held for resale	30 963	-
Total inventory	57 938	34 988
Total Assets Administered on Behalf of Government	65 042	65 438

Note 20 Liabilities Administered on Behalf of Government

Note 20A—Suppliers

	2005 \$'000	2004 \$'000
Suppliers	18 148	15 036

Note 20B—Other Payables

	2005 \$'000	2004 \$'000
Unearned Income—Other	-	-
Unearned income—States and Territories	17 432	11 125
Total payables	17 432	11 125
Total Liabilities Administered on Behalf of Government	35 580	26 161

Note 21 Administered Reconciliation Table

	2005 \$'000	2004 \$'000
Opening administered assets less administered liabilities at 1 July	39 277	-
Plus Administered revenues	220 189	199 665
Less Administered expenses	(512 889)	(455 681)
	(253 423)	(256 016)
ADMINISTERED TRANSFERS TO/FROM GOVERNMENT		
Transfers from OPA		
Appropriation transfers from OPA—Special account	529 831	509 717
Transfers to OPA		
Appropriation transfers to OPA—Special account	246 946	214 424
	282 885	295 293
Closing Administered assets less liabilities	29 462	39 277

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 damage suffered by a recipient of certain blood products. The Australian Government's share of any liability is limited to sixty three percent of any agreed net cost.

Under previous agreements, the Australian Government has indemnified CSL Limited 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 Limited. These indemnities survive the expiry of the agreements. No similar indemnities have been given to CSL Limited under the new existing agreements.

In certain circumstances the Australian Government is obliged to reimburse insurance deductible payments made by CSL Limited in respect of insurance claims for products in the National Reserve of Plasma Products, except where the insurance claim arises due to the fault of CSL Limited.

UNQUANTIFIABLE ADMINISTERED CONTINGENT ASSETS

The Australian Government is potentially owed monies from a supplier for an incident occurring in 2001. The terms of settlement are still being negotiated with the supplier, and it is not practicable to make an estimate of the monies that may be received.

Contingent Liability relating to above

In relation to this matter another supplier has issued to the Australian Government a claim relating to this incident. The basis for claim and the amount sought will need to be verified and substantiated. This contingent liability is also dependent on the contingent asset mentioned above being agreed, and as such it is not practicable to make an estimate of the total cost that could be incurred.

REMOTE MATERIAL ADMINISTERED CONTINGENCIES

There are no remote material administered contingent liabilities or contingent assets in this reporting period.

Note 23 Administered Financial Instruments

(a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
FINANCIAL ASSETS		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
CASH	19	Deposits are recognised at their nominal amounts.	Monies in the Authority's bank accounts were swept nightly into the Official Public Account and held as a Special account.
RECEIVABLE FOR GOODS AND SERVICES	19	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.	All receivables are with States and Territories and the Australian Government. Credit terms are net 30 days.
FINANCIAL LIABILITIES		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
TRADE AND OTHER CREDITORS	20	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).	

Note 23 Administered Financial Instruments continued

Note 23A—Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate					Non interest bearing			Total		Weighted average effective interest rate			
		2005 \$'000		2004 \$'000		2005 \$'000		2004 \$'000		2005 \$'000		2004 \$'000		2005 %		2004 %	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	%	%	%
FINANCIAL ASSETS																	
Cash	19A	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	-	-	-	-	n/a	n/a
Receivable for goods and services	19B	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7 081	9 108	7 081	9 108	7 081	9 108	n/a	n/a
Total financial assets (recognised)		-	-	-	-	-	-	-	-	7 081	9 108	7 081	9 108	7 081	9 108		
Total Assets Administered on Behalf of the Government														65 042	65 438		
FINANCIAL LIABILITIES																	
Trade and other creditors	20A	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18 148	15 036	18 148	15 036	18 148	15 036	n/a	n/a
Total financial liabilities (recognised)		-	-	-	-	-	-	-	-	18 148	15 036	18 148	15 036	18 148	15 036		
Total Liabilities Administered on Behalf of the Government														35 580	26 161		

Note 23 Administered Financial Instruments continued

Note 23B—Net fair value of financial assets and liabilities

	Note	2005		2004	
		Total carrying amount \$'000	Aggregate net fair value \$'000	Total carrying amount \$'000	Aggregate net fair value \$'000
ADMINISTERED					
Financial assets					
Cash	19A	-	-	-	-
Receivable for goods and services	19B	7 081	7 081	9 108	9 108
Total financial assets		7 081	7 081	9 108	9 108
Financial liabilities (recognised)					
Trade and other creditors	20A	18 148	18 148	15 036	15 036
Total financial liabilities (recognised)		18 148	18 148	15 036	15 036

Note 24 Appropriations

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

Particulars	2005			2004 (comparative period)		
	Administered Expenses	Departmental Outputs	Total	Administered Expenses	Departmental Outputs	Total
Year ended 30 June	\$	\$	\$	\$	\$	\$
Balance carried from previous year	17 010 430	1 615 352	18 625 782	-	-	-
Add: estimated administered appropriation lapsed 02-03	-	-	-	-	-	-
Adjusted balance carried from previous period	17 010 430	1 615 352	18 625 782	-	-	-
Appropriation Act (No. 1) 2003-2004—basic appropriation	5 764 000	4 506 635	10 270 635	-	4 543 000	4 543 000
Appropriation Act (No. 3) 2003-2004—basic appropriation	-	-	-	-	-	-
Departmental adjustments by the Finance Minister	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-
Refunds credited (FMAA s.30)	-	-	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s.30A)	36 680 744	156 495	36 837 239	38 621 731	18 283	38 640 014
Annotations to 'net appropriations' (FMAA s. 31)	-	1 782 160	1 782 160	-	-	-
Adjustment of appropriation on change of entity function (FMAA s.32)	-	228 929	228 929	-	-	-
Appropriation lapsed or reduced	-	-	-	-	-	-
Total appropriations available for payments	59 455 174	8 289 571	67 744 745	38 621 731	4 561 283	43 183 014
Payments made (GST inclusive)	530 155 028	6 447 283	536 602 311	509 715 908	5 043 129	514 759 037
Appropriations credited to Special Accounts	573 468 282	2 646 566	576 114 848	488 104 607	2 097 198	490 201 805
Balance carried to next year	102 768 428	4 488 854	107 257 282	17 010 430	1 615 352	18 625 782
Represented by						
Cash at bank and on hand	-	4 485 478	4 485 478	-	2 401 137	2 401 137
Add: Appropriations not drawn from the OPA	102 768 428	3 376	102 771 804	17 010 430	221 076	17 231 506
Less: Other payables S31 Receipts Payable to OPA	-	-	-	-	1 006 861	1 006 861
Total	102 768 428	4 488 854	107 257 282	17 010 430	1 615 352	18 625 782
RECONCILIATION FOR APPROPRIATION ACTS (NOS. 1 AND 3)						
Paid to the entity from the OPA	5 764 000	4 735 564	10 499 564	-	4 543 000	4 543 000
Total Appropriation Acts	5 764 000	4 735 564	10 499 564	-	4 543 000	4 543 000

Note 24 Appropriations continued

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

THE NATIONAL BLOOD ACCOUNT

The National Blood Authority was established on 1 July 2003 with the principal role of managing the national blood arrangements, ensuring sufficient supply and to provide a new focus on the safety and quality of blood and blood products. The funding for blood and blood products is funded from a special account established under the National Blood Authority Act 2003, Section 40.

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

	2005	2004
	\$	\$
NATIONAL BLOOD ACCOUNT—DEPARTMENTAL		
Balance carried from previous period	1 615 352	-
Appropriation for reporting period	4 735 564	4 543 000
Other receipts—States and Territory contributions	4 428 726	2 097 198
GST credits (FMA s30A)	156 495	18 283
Available for payments	10 936 137	6 658 481
Payments made	6 447 283	5 043 129
Balance carried to next period	4 488 854	1 615 352
Represented by:		
Cash held in OPA	3 376	221 076
Cash in Departmental bank account	4 485 478	1 394 276
Total	4 488 854	1 615 352
NATIONAL BLOOD ACCOUNT—ADMINISTERED		
Balance carried from previous period	17 010 430	-
Appropriation for reporting period	346 369 159	312 302 862
Other receipts—States and Territory contributions	210 256 004	175 751 782
Other receipts—Interest from ATO	9 091	49 963
GST credits (FMA s30A)	36 680 744	38 621 731
Available for payments	610 325 428	526 726 338
Payments made	529 831 205	509 715 908
Balance carried to next period	80 494 223	17 010 430
Represented by:		
Cash held in OPA	80 494 223	17 010 430

Note 24C—Cash Basis Acquittal Special Accounts continued

A special account is a mechanism used to record amounts in The Consolidated Revenue Fund (CRF) that are set aside for specified purposes.

The CRF is appropriated for the purposes of the Special Account, up to the balance of the Special Account. Transactions on Special Accounts are recorded as credits (which increase the balance and related appropriation) or debits (which reduce the balance of the Special Account and the related appropriation). Special Accounts are not administered items and are therefore excluded from the Schedule of Administered Assets and Liabilities.

NATIONAL MANAGED FUND (BLOOD AND BLOOD PRODUCTS)

Legal Authority: Financial Management and Accountability Act, 1997 s20

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

	2005 \$	2004 \$
NATIONAL MANAGED FUND (BLOOD AND BLOOD PRODUCTS)—ADMINISTERED		
Balance carried from previous period	-	-
Appropriation for reporting period	19 315 321	-
Other receipts—States and Territory contributions	3 111 107	-
Other receipts—External Entities	171 600	-
GST credits (FMA s30A)	-	-
Available for payments	22 598 028	-
Payments made	323 823	-
Balance carried to next period	22 274 205	-
Represented by:		
Cash held in OPA	22 274 205	-

A special account is a mechanism used to record amounts in The Consolidated Revenue Fund (CRF) that are set aside for specified purposes.

The CRF is appropriated for the purposes of the Special Account, up to the balance of the Special Account. Transactions on Special Accounts are recorded as credits (which increase the balance and related appropriation) or debits (which reduce the balance of the Special Account and the related appropriation). Special Accounts are not administered items and are therefore excluded from the Schedule of Administered Assets and Liabilities.

Note 25 Specific Payment Disclosures

ADMINISTERED

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

No waivers of amounts owing to the Australian Government 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

Particulars	Outcome 1	
	2005 \$'000	2004 \$'000
Year ended 30 June 2005		
Administered expenses	512 889	455 681
Departmental expenses	6 253	6 502
Total expenses	519 142	462 183
COSTS RECOVERED FROM PROVISION OF GOODS AND SERVICES TO THE NON-GOVERNMENT SECTOR		
Administered	189 217	164 627
Departmental	3 214	2 769
Total costs recovered	192 431	167 396
Total departmental other revenue	-	-
Total other external revenues	-	-
Total revenue	192 431	167 396
Net cost to budget outcome	(326 711)	(294 787)

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:

- 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, 2004–05

During 2004–05, the NBA:

- received one request 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 4. 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 has established consultative forums, 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.

Category	Description
Program documents	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 <i>National Blood Authority Act 2003</i> .
Working files	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.
Internal administration	The NBA holds personnel records, organisation and staffing records, financial and expenditure records, and internal operating documentation such as office procedures, instructions and indexes.
Documents open to public access subject to a fee or charge	The NBA holds no documents in this category.
Documents available for access or purchase subject to a fee or other charge	The NBA holds no documents in this category.
Documents customarily available free of charge upon request	The NBA's annual report and selected other documents relating to the NBA are available through the internet, at www.nba.gov.au .

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.

To enable a prompt response and to help the NBA meet its obligations under the FOI Act, applicants should provide as much information as possible about the documents sought. It is also advisable to include a telephone number or an electronic mail address to allow officers handling a request to seek clarification if required. Applicants may be liable to pay charges at rates prescribed by the Freedom of Information (Fees and Charges) Regulations.

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

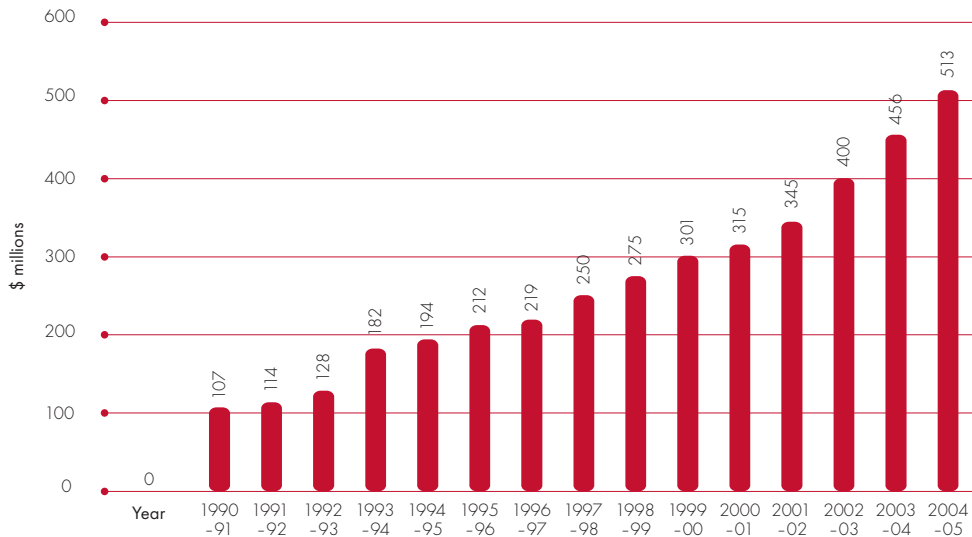
FOI Coordinator

National Blood Authority
Locked Bag 8430
CANBERRA ACT 2601

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 above.

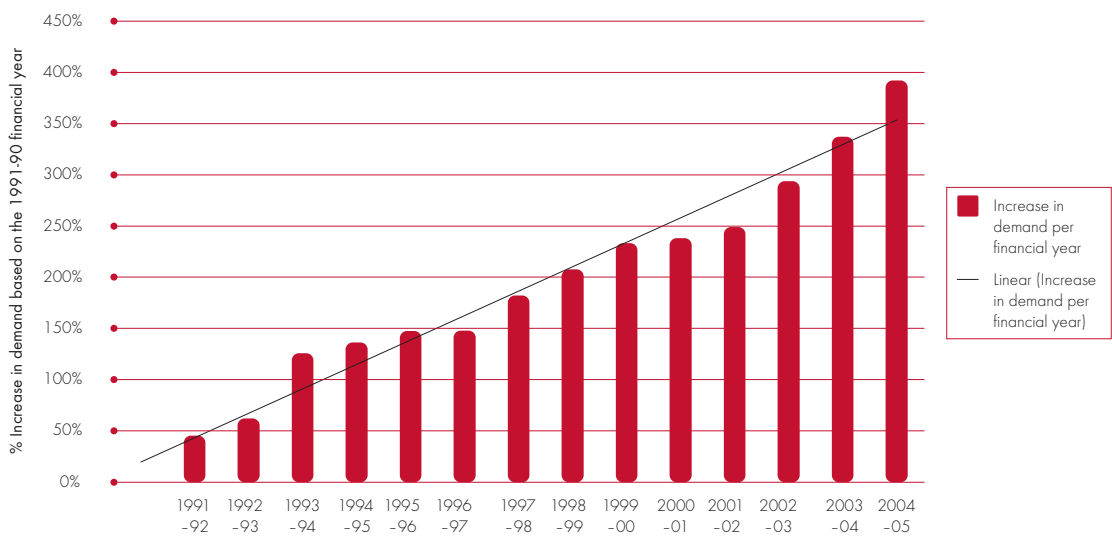
Appendix 3— Historical Government Expenditure in the Blood Sector

Total expenditure by governments for blood and blood products



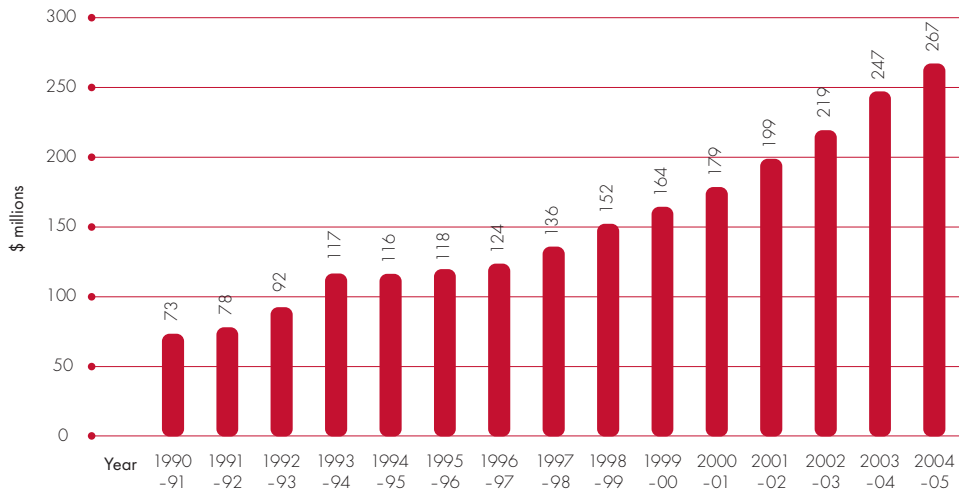
Notes: Figures derived from Commonwealth expenditure and relevant funding arrangements.
 Figures do not include individual State or Territory expenditure on bilateral arrangements.
 Figures prior to 1995-96 are derived from data published in the Stephen Review March 2001

Historical increases in demand for blood and blood products



Notes: Increase in demand has not been adjusted for indexation

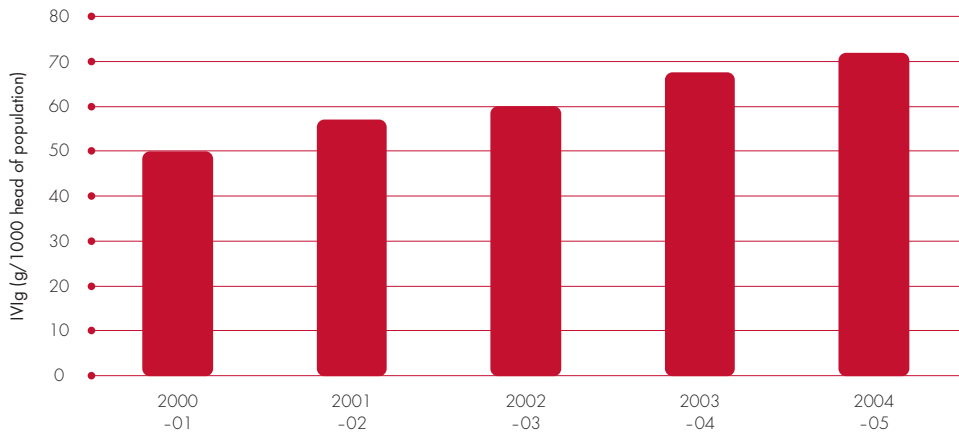
Total expenditure by governments for fresh blood products



Notes: Figures derived from Commonwealth expenditure and relevant funding arrangements.
Figures do not include individual State or Territory expenditure on bilateral arrangements.
Figures prior to 1995-96 taken from the Stephen Review March 2001.

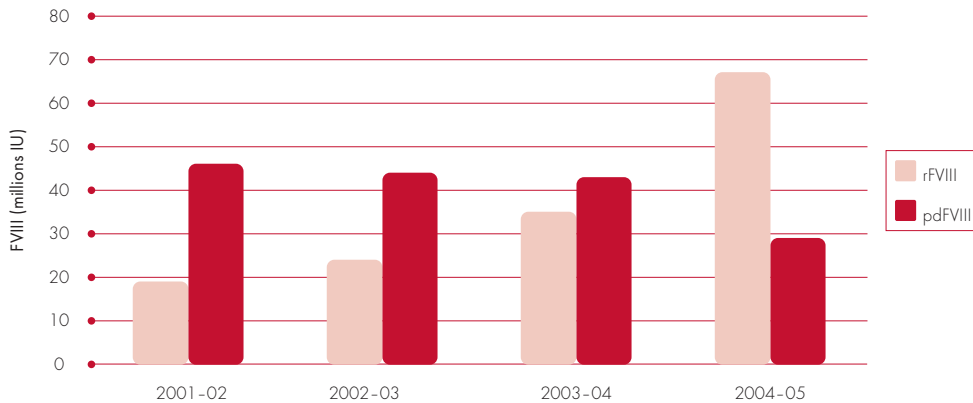
Appendix 4— Historical Demand Data for Selected Blood Products

IVIg per 1000 head supplied in Australia (2000-01 to 2004-05)

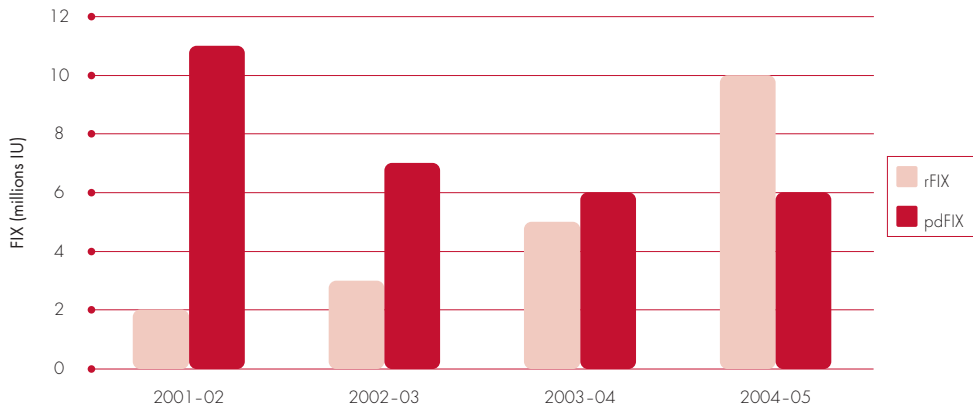


Note: Annotated figures represent year-on-year percentage growth. Excludes IVIg purchased outside cost-sharing arrangements.

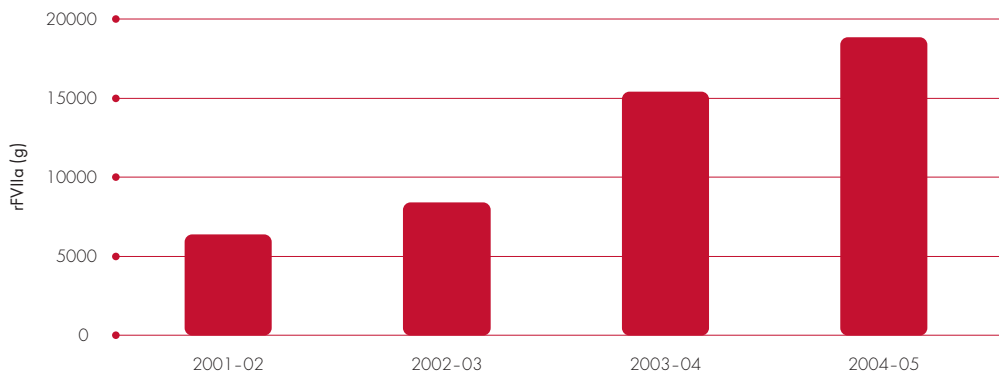
Total FVIII purchased by Australian Governments (2001-02 to 2004-05)



Total FIX purchased by Australian Governments (2001-02 to 2004-05)



Total rFVIIa purchased by Australian Governments (2001-02 to 2004-05)



The page features a red background on the left side, transitioning into a white background on the right. The red area is decorated with a pattern of overlapping, semi-transparent circles in various shades of red. The white area is mostly blank, with a decorative pattern of overlapping, semi-transparent circles in various shades of gray on the right side. A large, curved white shape separates the red and white backgrounds.

PART 7—INDEXES

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7.1 Compliance Index

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