NATIONAL BLOOD AUTHORITY

Annual Report 2005–06

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

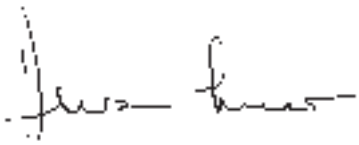
I am pleased to present you with the third Annual Report of the National Blood Authority, including a report from its Advisory Board, for the financial year ending 30 June 2006.

The report details the National Blood Authority's performance against requirements specified under Outcome 10: Acute Care, of the *Health and Ageing Portfolio Budget Statements*.

The document has been prepared in accordance with sub-sections 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 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 2006.

Yours sincerely



Dr Alison Turner
General Manager
National Blood Authority

6 October 2006

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Foreword

Professor Richard Smallwood

Professor Richard Smallwood was appointed to the position of the 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.

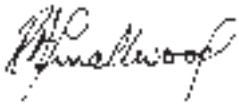
In addition to his extensive Australian and international clinical and research experience, Professor Smallwood has a longstanding association with the National Health and Medical Research Council, was Chair of Council from 1994 to 1997 and was President of the Royal Australian Council of Physicians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

In the three years since its establishment, the National Blood Authority (NBA) has made significant progress towards its vision of *saving and improving Australian lives through a world-class blood supply*. The NBA Board has been very pleased to assist and support the work of the NBA, in providing it with advice on the many complex issues confronting the blood sector in Australia.

During its first two years of operation, the NBA focused on establishing and further developing the capacity of the NBA to deliver what was required of it, on contract negotiation and management to achieve government goals, especially in relation to improving value for money and in improving its supply and demand planning capabilities.

In its third year of operation (2005–06) the NBA further consolidated the gains it had made through its excellent contractual arrangements and commenced a range of activities aimed at promoting and supporting the appropriate use of blood and blood products in the health sector. In such initiatives, for example the NBA's Blood Counts Program, the Board has had significant input during the 2005–06 financial year.

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 three years, and to have witnessed first-hand the significant results that the organisation has achieved in successfully managing and coordinating Australia's blood supply.



Professor Richard Smallwood
Chair, National Blood Authority Board

User Guide

The National Blood Authority (NBA) was established on 1 July 2003 as an independent statutory agency, representing the interests of the Commonwealth, State and Territory governments. The NBA operates under the *National Blood Authority Act 2003*, and is part of a coordinated national approach to policy setting, governance and management of the Australian blood banking and plasma product sector.

In the three 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 and blood products.

This report has been written to inform stakeholders, including government and the community, of our roles and responsibilities. It also provides a summary of our achievements over the past year and fulfils 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

The Overview provides an explanation of the National Blood Authority's activities and outlines our major achievements, issues and challenges over the past year. It includes an overview 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

This section details the role of the NBA within the blood sector including who we are, what we do and why we were established. It also provides an overview as to how we are governed, our roles and responsibilities and how we operate.

Part 3—Our People

NBA staff are integral to the success of our organisation and this section provides information on how our people and human resources management practices ensure we have a high performing workforce.

Part 4—Our Performance

Our Performance describes the achievements our people have made against the priorities for this reporting year, as specified in our Corporate Plan. It also provides an analysis of our performance against the NBA's outputs and outcome structures as set out in the Health and Ageing Portfolio Budget Statements.

Part 5—Our Finances

This section provides an overview of the NBA's financial position in 2005–06, including a summary of the resources used to deliver the NBA's outputs in the reporting year.

Part 6—Appendixes

This includes the NBA's Financial Statements for the year ending 30 June 2006, our Freedom of Information Statement, and a list of blood products supplied by contractors.

Part 7—Indexes

To assist readers of this document, we have included an Alphabetical Index, a Compliance Index, and a glossary of acronyms and abbreviations to help make this document easy to use.

PART ONE: OVERVIEW

This section 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

The third year of the NBA has provided us with the flexibility to define our own forward work program as well as the opportunity to create our own way of working with clinical and patient communities. The need to put new contractual arrangements in place for imported products allowed us scope to engage with our user community and reflect their knowledge and needs in how we approached this task. The outcomes of this procurement not only produced outstanding results for governments in terms of reduced product costs, security of supply and improved products–but also provided the user community with the products and services they wanted at a price governments could afford. This was achieved through good research and planning by the NBA, meaningful consultation and creative thinking at the right times. The NBA hopes to continue to work this way in the future.

The increase in funding provided to the NBA for 2005–06 provided us with an opportunity to 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 conjunction with the State and Territory governments.

In this, our third year, and in line with our vision of 'Saving and improving Australian lives through a world-class blood supply', we have continued to achieve benefits for Australia through negotiating improved contracts with suppliers to meet national demands for blood and blood products, including the successful implementation of the new Plasma Products agreement with CSL Limited (CSL). The NBA also successfully implemented a standing offer for diagnostic products, providing stability and security of supply in a time of changed funding arrangements.

In 2005–06 we fully met our primary function of meeting current blood supply needs.

We further improved our process for developing the National Supply Plan and Budget for 2006–07, which meant we were able to provide advice to suppliers in November, some five months earlier than in previous years. We also completed demand projections for fresh blood and plasma products, which will enhance our planning ability in future years. We have published some of this work to seek feedback from our stakeholders as well as to promote international discussion on blood usage. Measuring the performance of the sector can be the first step towards improvement, and plans are well underway for the NBA to host Australia's first blood sector performance measurement seminar in September 2006.

In line with the self-sufficiency statement issued by the Australian Health Ministers' Conference in April 2006, the NBA is working to ensure that Australia strives to source blood and plasma products from within Australia to meet clinical demands. However, our ability to meet jurisdictional blood supply needs was made easier this year by the availability of imported intravenous immunoglobulin (IVIg) through the NBA's standing offer. The NBA recognises that our job of sector reform means that change will occur in the sector and the NBA remains committed to getting the best products for Australians who need them. Notwithstanding the new arrangements for IVIg, the NBA still had to intensively manage products throughout the year including rotating national reserve

product into the supply chain. New restrictions on the plasma available to manufacture Biostate® also limited the available supply of that product.

Negotiations with the Australian Red Cross Blood Service (ARCBS) for a new Deed of Agreement were substantially concluded and agreement was reached with the ARCBS on the elements of the Deed in December 2005. The ARCBS is progressing well on the implementation of many of the agreed elements. Final signing of the Deed awaits the settlement of a few issues that are still being negotiated between the Australian Red Cross Society (ARCS) and Health Ministers. The resolution of the substance of the Deed has been a lengthy process and its successful resolution reflects a much improved understanding and relationship between the ARCBS and the NBA.

The NBA continues to maintain a key focus on performance and quality improvement, as well as building our capability. Our progress in developing and refining Key Business Processes has continued and in the longer term we intend to seek accreditation as a quality organisation. A process for the Jurisdictional Blood Committee (JBC) to consider evidence-based applications for new products onto the Blood Schedule has been approved and is currently being trialled.

To improve our capability we undertook a staff skills and capability survey to identify where future investment should occur. We also upgraded our physical security as well as implemented an intranet.

We undertook a knowledge management project to better define how we store and access information within the NBA. The NBA's Fellows Program which was announced in June 2006 will provide the NBA with improved access to experts working in the blood field as well as other relevant sectors.

The NBA managed nine meetings of the JBC during 2005–06 as well as participating in a review of JBC's operations. With much of the operational policy framework established in the first three years, JBC anticipates taking a more strategic role in the future, leaving the NBA to work on operational issues bilaterally with the jurisdictions.

Increased funding of the NBA meant that a new 'Blood Counts' program was established. The role of this program is to work with jurisdictions to support the appropriate use of blood and blood products in the Australian health system. The NBA spent the first half of the year recruiting staff as well as discussing with jurisdictional hospital staff and officials the type of work that the NBA could most usefully do to support their work in this area. The areas that were identified as priorities included the finalisation of the Factor VIII and IVIg guidelines, supporting hospital blood bank accreditation and development of a national haemovigilance program. Facilitating the development of sector performance data was also identified as important. Progress in 2005–06 included publication of the Factor VIII and IX guidelines, the development of and jurisdictional consultation on a haemovigilance project

Plasma

Plasma is the straw-coloured fluid in which the red cells, white cells and platelets are suspended. Plasma consists of 70 per cent water and includes minerals, carbohydrates derived from digestion, hormones, waste products and antibodies.

Plasma is the most versatile component of blood, as it can be turned into a number of products which can be used to treat a variety of life threatening conditions.

as well as a joint project with South Australia to produce a haemovigilance data set based on their existing adverse events recording system. If successful, this may serve as a prototype for other States and Territories.

A project proposal for a pilot Track and Trace project has been developed. This project is the first of the recommendations from an NBA report *Information Systems Infrastructure and Knowledge Management* to be implemented. It is intended to track the physical progress of IVIg products from entry into the supply chain to their progress through the hospital system and to facilitate 'trace back' if an adverse event occurs. It will also assist inventory management and contingency planning. A tender process to select consultants to implement the first stage of the project was finalised.

We will also shortly commence work on the development of a sector-wide contingency plan to deal with blood emergencies.

The NBA's capacity to deliver quality advice to government continues to grow as the NBA builds its expertise and networks. We have provided a range of support to the Department of Health and Ageing's Plasma Fractionation Review as well as to the JBC. Building both international and domestic relationships continues to be important and the NBA this year signed new confidentiality agreements with the Finnish Red Cross and the Scottish Blood Service. The NBA consultative forums with suppliers and community and professional groups met during the year to address specific issues of relevance to them. A Clinical Advisory Council comprising experts in the clinical use of blood and clinical change management has been appointed and will provide ongoing advice to the NBA, particularly in relation to the Blood Counts program.

The NBA continues to be a challenging organisation to run, that at times frustrates both staff and stakeholders alike. This challenge is due to our small size, our job of major sector reform, the emotive nature of the blood business as well as the complex governance arrangements in which we operate. Our ability to achieve excellent outcomes is a testament to our staff who continue to give extra on the many occasions that it is needed.

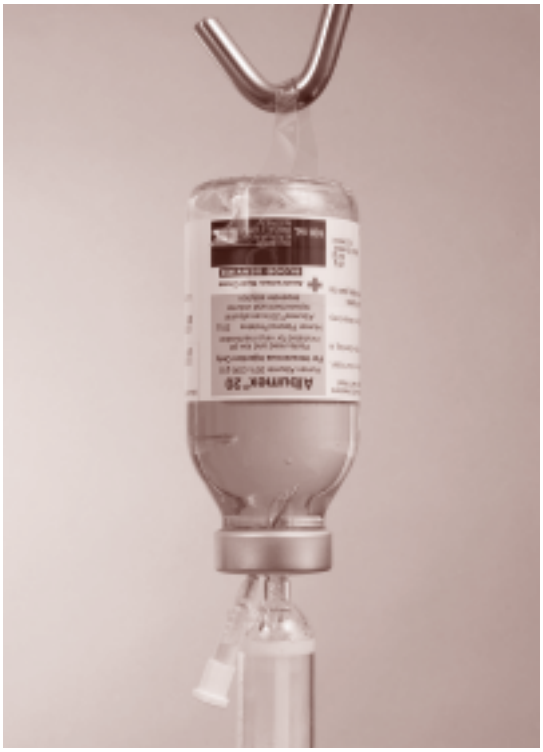
What is leucodepletion?

Leucodepletion is the process of removing almost all of the white blood cells (leucocytes) from cellular blood components (red cells and platelets).

In order for a component to be labelled as leucodepleted, the residual leucocyte content of a component should be less than $1x10^6$ in the final product.

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

Removal of the donor leucocytes provides a number of accepted benefits. However, the clinical benefits of leucodepletion vary depending on the blood component involved. While there appears to be evidence for removing leucocytes from platelets, the benefit of removing them from red blood cells is less definitive.



Senior executive assistance and management within the NBA has again provided essential 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.

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. With further resources, the NBA is starting to deliver on other expectations of governments around better clinical use of blood and blood products, and improved risk management of blood product supply. However, as expected, the change program that governments require is not always welcomed by others in the sector.

I am most grateful to the many people both within and outside the NBA who support our work.

As a result, the NBA has accomplished many successes which you can read about in the following pages. I look forward to 2006–07 being a year when we can build on our achievements to date and take a little more time to celebrate our successes.

1.2 Chair of the Board 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 2005–06 the NBA Board met six times and held one out-of-session teleconference. Professor Richard Smallwood continued as Chair of the Board; Mr Phillip 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 representative; Mr Ken Barker as financial expert; and the Board welcomed Mr Robin Michael as the second State/Territory representative.

FIGURE 1. NBA BOARD MEMBERS

Mr Ken Barker
Financial expert

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
State/Territory representative

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
Australian Government representative

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
Public health expert

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
Community representative

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 a blood safety and quality working group, the Boards of the Australian Council on Healthcare Standards, the Australian Divisions of General Practice and the Australian Screening Advisory Committee. He is also Vice-Chair of the Consumers' Health Forum of Australia.

At the local level, Russell is President of the Health Care Consumers' Association of the ACT and a member of the ACT Health Council and is registrar of the Weston Creek Redbacks Athletics Club.

Mr Robin Michael
State/Territory representative

Mr Robin Michael is a healthcare professional with 26 years experience. He is currently General Manager of the Royal Darwin Hospital, Northern Territory. Mr Michael has qualifications in pure mathematics and statistics, computing science and public health and has managed public and private health services and worked within the government sector. His experience ranges across management and consulting where he has been a Director of KPMG, a Partner in Coopers & Lybrand (now PricewaterhouseCoopers) and a Partner in Deloitte Consulting. He has worked in both Australia and New Zealand in healthcare and enterprise resource planning (ERP) implementation.

In 2005–06, the Board continued to oversight the overall governance and performance of the NBA including the provision of the Chair (Mr Barker) and a member (Mr Davies) to the Audit Committee. Drawing on the combined experience of members, the Board also provided sound strategic advice to the General Manager on a variety of difficult and complex issues facing the NBA throughout the year. This advice and support has proven to be very beneficial to the NBA and also provided a rewarding experience for Board members. The issues considered by the Board on which they advised the General Manager included those summarised below.

Appropriate use of blood and blood products

The NBA Board received presentations on development of the NBA's Blood Counts program as the new focus for the NBA's demand management activities. It acknowledged that the NBA has made excellent progress in putting effective supply planning and contract management processes in place and that further significant gains are achievable through better demand planning and promoting the appropriate and safe use of blood in the Australian health system.

The Board identified deficiencies in existing data for benchmarking the clinical use of products; demand and supply; and product prices as a major issue in seeking to improve the appropriate use of blood and blood products. They identified the need to work with jurisdictions and with such organisations as the Australian Council of Healthcare Standards to address this issue.

Clinical Advisory Council

The Board agreed that the establishment of a Clinical Advisory Council (CAC) would be a constructive move towards providing a high level of clinical input into the Blood Counts program as well as enhancing the credibility of the NBA in the clinical community. The Council will serve to guide the direction and support of important initiatives to improve the appropriate use of blood and blood products and provide ongoing advice to the NBA. The Board assisted the General Manager with recommendations and advice on a number of issues including the proposed constituency of the CAC and the proposed terms of reference.

Professor Richard Smallwood will chair the Council with seven other members including clinical experts and opinion leaders in the clinical use of blood, epidemiology and clinical change management. The public health Board Member, Dr Peter Lewis-Hughes, is also a member of the Council.

The Board looks forward to working with the CAC, assisting its members to perform their central role to enhance the clinical relevance and profile of these initiatives as well as steering the direction and priorities of the overall Blood Counts program.

The NBA Fellows Program

The Board actively supported the establishment of the Fellows Program which seeks to establish longstanding relationships with people actively working in the relevant fields, enabling them to be a source of expert advice that the NBA can utilise when required. It also offered a number of suggestions in relation to administration of the Program and on the possible issue of guidelines for any public comment by NBA Fellows. The Fellows Program recognises the valuable support of such individuals to the development of the blood sector and reinforces

What happens to your blood donation?

A single blood donation contributes to making 20 life-saving products. Once the blood donation has been taken each unit is then tested for diseases such as hepatitis and HIV and other blood-borne pathogens. It is then separated into three different components – platelets, red blood cells and plasma. Platelets are most commonly used to stop bleeding. Plasma is used to maintain clotting and is used for burns, shock and liver disease. Red blood cells deliver oxygen to the body and are needed to replenish blood lost during surgeries and for anaemia.

the NBA's commitment to saving and improving Australian lives through a world-class blood supply.

The inaugural NBA Fellows are Dr Sean Riminton, Professor Robert Flower, Dr Chris Hogan, and Professor Michael Ward.

ARCBS Deed of Agreement

The NBA Board received regular updates on the status of negotiations with the Australian Red Cross Society for a new ARCBS Deed of Agreement as well as providing advice on strategic issues to guide further discussions with the ARCS.
In particular, the Board recommended development of a paper to the Australian Health Ministers' Conference (AHMC) to determine a government funding policy for blood services following some new issues being raised by the ARCS in relation to their signing of the Deed.

Proposed ARCBS Business Study

The Board suggested to the NBA that governments may wish to consider the ARCS suggestion of jointly commissioned efficiency and effectiveness reviews as a means of determining the 'fair and reasonable' costs of the blood services required by governments. This was in response to an ARCS requirement in December 2005 that its blood services be fully funded by governments.

In discussing these reviews in the form of the ARCBS Business Study agreed as part of a financial package by Health Ministers in April 2006, the Board supported the proposed governance arrangements for the Study. It also suggested possible nominees for the Expert Advisory Committee whose background, experience and skills might help achieve the best possible advice and support to the conduct of the Business Study.
A number of these nominees have since accepted membership of the Expert Advisory Committee.

CSL Plasma Products Agreement

The Board provided ongoing advice to the NBA as it implemented the newly agreed CSL contract for supply of plasma products. In particular, there was an unresolved, complex commercial issue comprehended in the contract which was to be resolved after the commencement of the contract. The Board provided a range of valuable advice on this issue, all of which was adopted by the General Manager. It is hoped that this matter will be resolved with CSL shortly.

Free Trade Agreement Review

The NBA Board provided expert advice in relation to the documentation produced by the NBA for submission to the Review of the Plasma Fractionation Services in the Australian Blood sector as part of the Australia–United States Free Trade Agreement (AUSFTA), which came into effect on 1 January 2005. The NBA is not part of the Review, but it has been consulted at times to provide factual information on the blood sector. The NBA provided a submission to the review committee of Australia's current fractionation arrangements. Another document was also provided detailing the supply and use of plasma products in Australia. This document, *The Supply and Use of Plasma Products in Australia*, is available on the NBA's website.

Strategic Framework for the Jurisdictional Blood Committee

The Board provided input into the conduct of the Review of the Strategic Framework for the JBC by an independent consultant engaged by the Australian Government Department of Health and Ageing (by agreement of the JBC). The Board suggested as part of that input that the JBC needed to focus on more strategic issues, that the JBC should meet less frequently and that the JBC meetings should link to meetings of the Australian Health Ministers' Advisory Council.

The Board also received a presentation by the consultant on the Review findings as well as on matters relevant to the NBA that were not core to the study but nonetheless were of interest to the NBA and its Board.

Overseas Travel Policy and program

The Board provided input into the development of the Overseas Travel Policy for the NBA and endorsed the 2005–06 travel program for NBA staff.

Outlook

The NBA Board has provided strong support to the NBA as it continues to make significant contributions to the improved management of the blood sector. The NBA is now entering the second phase of its development and is well positioned to progress into the coming year. The NBA will continue to grow and develop whilst upholding its efforts in managing national supply and forecast demand, negotiating and managing supply contracts, implementing efficient demand-driven systems and working in a collaborative manner with all stakeholders to the benefit of Australia's blood supply.

The Board will continue to provide support and advice to the NBA in all facets of its business and looks forward to working with the NBA to ensure they become the national leader in the Australian blood sector.

The term of the current Board expired on 30 June 2006 and advice about appointment of the new Board is pending.

The Board has every confidence that, given adequate support from governments, the NBA will continue to maintain its mission of delivering Australia a world-class blood supply.

1.3 Mid-term report against the National Blood Agreement—summary of significant achievements

The NBA is committed to achieving a world class blood supply. To achieve this, the NBA must work to improve the performance of the blood sector in those areas specified by the *National Blood Authority Act 2003*. We must also ensure that we ourselves are a high performing organisation and are viewed as a credible agent of change in the sector. In pursuing this goal, the NBA has been mindful that we cannot just focus on the governance and management arrangements such as supply planning and budgetary management. We also need to fully understand how the sector operates including the safety and appropriateness of product use, the products used, their cost, the sustainability of production and supply and the overall sustainability of the sector into the future.

Halfway through the original agreed term of the National Blood Agreement, it is appropriate and opportune that we assess our progress against the key objectives of the Act by which the national agreements were established. This is best done by mapping NBA obligations under the Act to a standard performance assessment framework and identifying the work undertaken by the NBA in these areas. Table 1 highlights these achievements. It also clearly illustrates that the future work of the NBA must now focus on risk management and planning, supporting measures for the appropriate use of blood and promoting blood safety within the health system, and collection and analysis of data from both the supply chain and the clinical environment.

TABLE 1. ACHIEVEMENTS 2003 TO 2006

National Blood Authority Act Obligations	Achievements 2003–2006
To provide assistance in accordance with national blood arrangements, to a committee referred to in those arrangements; and to the Board; and to the advisory committees (if any) established under section 38	Supported 43 meetings of JBC Supported 17 meetings of Board
To carry out national blood arrangements relating to annual plans and budgets for the production and supply of blood products and services	Process created for national supply planning Developed and implemented three national supply plans Supply of products maintained at all times
To enter and manage contracts and arrangements for the collection, production and distribution of the blood products and services necessary to ensure a sufficient supply of blood products and services in all the States and covered Territories	New Plasma Products Agreement with CSL which is expected to save governments $11.5m in 2005–06 Established a contingent supply of Intravenous Immunoglobulins (IVIg) when there is a shortage of domestic product. The new arrangement provides expected savings of $11m in 2005–06 compared to previous imported product prices Implementation of the Recombinant Policy Established the Diagnostic Reagent Standing Offer and secured access for public pathology labs and teaching institutions to a greater range of high quality diagnostic product Introduced improved supply security arrangement and intensive product management strategies which has meant no stock outs since June 2004 Extensive negotiations for the Deed of Agreement with ARCBS
To carry out national blood arrangements to ensure that there is a sufficient supply of blood products and services in all the States and covered Territories	Implemented a Strategic Risk mitigation project for all plasma and recombinant products and services Coordinated interim emergency plan for fresh product Released tender for the National Blood Supply Contingency Plan (NBSCP)
To carry out national blood arrangements relating to safety measures, quality measures, contingency measures and risk mitigation measures for the supply of blood products and services	Commenced project to map adverse transfusion data from AIMS Released tender to develop pilot track and trace capability in blood product inventory management Assessed opportunities to improve blood standards Released Factor VIII and Factor IX guidelines Coordinated supply required to allow roll out of anti-D program Established the Blood Counts program to support the States, Territories and health care professionals in improving patient outcomes through appropriate utilisation of blood and blood products

National Blood Authority Act Obligations	Achievements 2003–2006
To liaise with, and gather information from, governments, suppliers and others about matters relating to blood products and services	Implemented NBA Fellows program to ensure NBA has access to high quality advice Implemented CAC to ensure NBA has access to high level clinical advice to guide policy and program development
To carry out national blood arrangements relating to the funding of the supply of blood products and services; and the NBA's operations	Established the NBA Negotiated a Certified Agreement used as a model by the Department of Employment and Workplace Relations Created all necessary infrastructure, including support contracts, IT, payroll, cleaning, security, telecommunications Financial statements audited without qualification for three years
To carry out national blood arrangements relating to the facilitation and funding of research, policy development and other action about matters relating to blood products and services	International benchmarking of fresh blood report Established the Blood Suppliers Forum and the Community and Professional Forum to obtain stakeholder input on key policy issues

PART TWO: STRUCTURE AND FUNCTIONS

This section provides 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

Australia's blood sector is government funded with cost-share arrangements between the Australian, State and Territory governments. The National Blood Authority is the national contract manager for supplies of blood and blood products in Australia. In 2005–06, Commonwealth, State and Territory governments provided the NBA with over $600 million to purchase and manage the blood supply on behalf of all Australians.

Figure 2 outlines the policy objectives of governments for the Australian blood sector.

FIGURE 2. EXTRACT FROM THE 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 the 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's who in the blood sector

The NBA manages the national planning and purchasing of blood and blood products which involves working closely and cooperatively with a number of entities.

Australian, State and Territory governments

As signatories to the National Blood Agreement, Australian, State and Territory governments are responsible for:

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

Suppliers of blood and blood products

The NBA contracts with a number of suppliers of blood and blood products such as:

- The Australian Red Cross Blood Service (ARCBS) which is responsible for the collection of blood and plasma from donors and the distribution of fresh and some plasma and imported blood products
- CSL which is responsible for fractionating the plasma supplied by the ARCBS, and providing finished products to the ARCBS for distribution
- Other pharmaceutical companies who are responsible for the supply and some distribution of a range of imported or defined blood products not produced within Australia and where domestic production capacity cannot meet demand. These companies include: Baxter Healthcare Pty Ltd, Wyeth Australia Pty Ltd, Novo Nordisk Pharmaceuticals Pty Ltd and Octapharma (Australia) Pty Ltd
- Diamed Australia Pty Ltd, Ortho-Clinical Diagnostics (a Johnson & Johnson Company) and Australian Laboratory Services Pty Ltd which supply diagnostic reagent products by Standing Offer.

Therapeutic Goods Administration

The regulator for blood and blood products in Australia, the TGA is responsible for:

- regulating the sector in terms of the efficacy, safety and quality of blood and blood products under the *Therapeutic Goods Act 1989*
- auditing of good manufacturing practice
- product recalls
- modifications to safety standards
- issuing directives such as donor deferral.

2.2 Background

The NBA was established in July 2003 under the *National Blood Authority Act 2003* and in accordance with the National Blood Agreement to improve and enhance the management of the Australian blood banking and plasma product sector at a national level.

Prior to the establishment of the NBA, there were over 30 separate agreements in existence between various stakeholders including governments, the ARCBS and CSL. Additionally, supply costs had tripled between 1991 and 1999. This made Australia's blood supply system very fragmented and costly. In 2001 the Stephen Review (the *Review of the Australian Blood Banking and Plasma Product Sector*, chaired

What is intravenous immunoglobulin?

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

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

by Sir Ninian Stephen), recommended a national approach in order to strengthen 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.

A National Blood Agreement was approved by the Australian Health Ministers' Conference (AHMC) in November 2002, and was subsequently signed by all Health Ministers. At that time an interim Board was also appointed to advise the Australian Government Health Minister on the implementation of the new arrangements in the lead up to the establishment of the NBA. A permanent advisory Board was appointed in May 2003, chaired by the former Commonwealth Chief Medical Officer, Professor Richard Smallwood.

Legislation allowing for the establishment of the NBA passed through both Houses of Parliament unopposed and the new Authority came into existence on 1 July 2003.

2.3 Governance arrangements

The National Blood Authority is part of the Australian Government Health and Ageing portfolio; however, as an independent statutory authority, it represents the interests of all Australian Governments. All governments jointly fund the NBA with State and Territory governments generally contributing 37% and the Australian Government 63% of funds required. 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 2003 and the *National Blood Authority Act 2003*.

The Australian Health Ministers' Conference

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 Jurisdictional Blood Committee

The Australian Government and State and Territory Governments are represented through the JBC, 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 National Blood Authority Board

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*.

National Blood Authority General Manager

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

2.4 Our roles and responsibilities

As well as coordinating the national planning and purchasing of blood and blood products from suppliers on behalf of all Australian governments, the NBA also provides information to the Minister for Health and Ageing and the Australian Health Ministers' Conference on issues relating to the blood sector. The National Blood Agreement and the

NBA staff members Ray Carty and Niv Sivapalan

National Blood Authority Act 2003, outline the role of the NBA which includes:

- coordinating national demand and supply planning on blood and blood products and purchasing those products on behalf of all Australian governments
- negotiating and managing contracts on behalf of all States and Territories and the Australian Government with suppliers of blood and blood products to enable the development of an agreed single, national pricing schedule
- implementing an efficient demand-driven system, based upon evidence and good clinical practice so that the blood supply system is highly responsive to needs
- working in a collaborative manner with all governments and other relevant parties to ensure that Australia's blood supply is adequate, safe, secure and affordable.

What are defined blood products used for?

Defined Blood Products are used in the treatment of haemophilia and other rare 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.

The execution and timing of these activities are governed by the Ministerial-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.

As part of its responsibilities, the NBA currently manages ten major agreements with suppliers of blood and blood products valued at around $600 million in 2005–06. 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 operates 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.

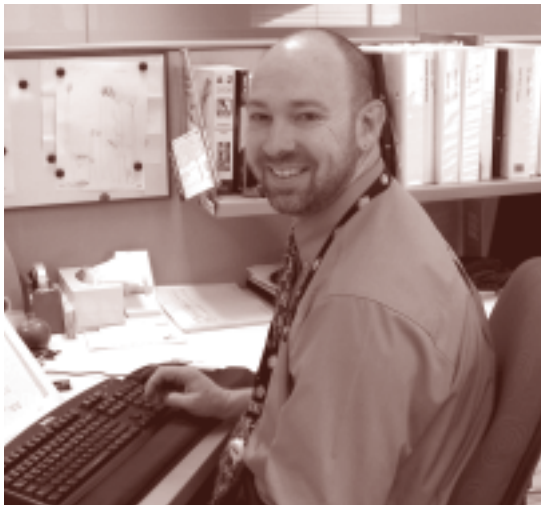
The NBA also provides full-time support to the Jurisdictional Blood Committee, not only in terms of secretariat assistance but also in the provision of:

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

2.5 Organisational structure

As at 30 June 2006, the executive management of the NBA comprised the following staff:

- General Manager, Dr Alison Turner
- Deputy General Manager, Contract Management and Supply Planning, Mr Peter DeGraaff
- Deputy General Manager, Fresh Blood Supply, Mr Gordon Lee Koo
- Deputy General Manager, Corporate Management, Ms Stephanie Gunn.



NBA staff member Paul Douglas

Dr Alison Turner

Dr Alison Turner was appointed to the position of General Manager of the NBA in August 2003. 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.

Mr Peter DeGraaff

Mr Peter 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 five years' experience in the Australian blood sector at the senior executive.

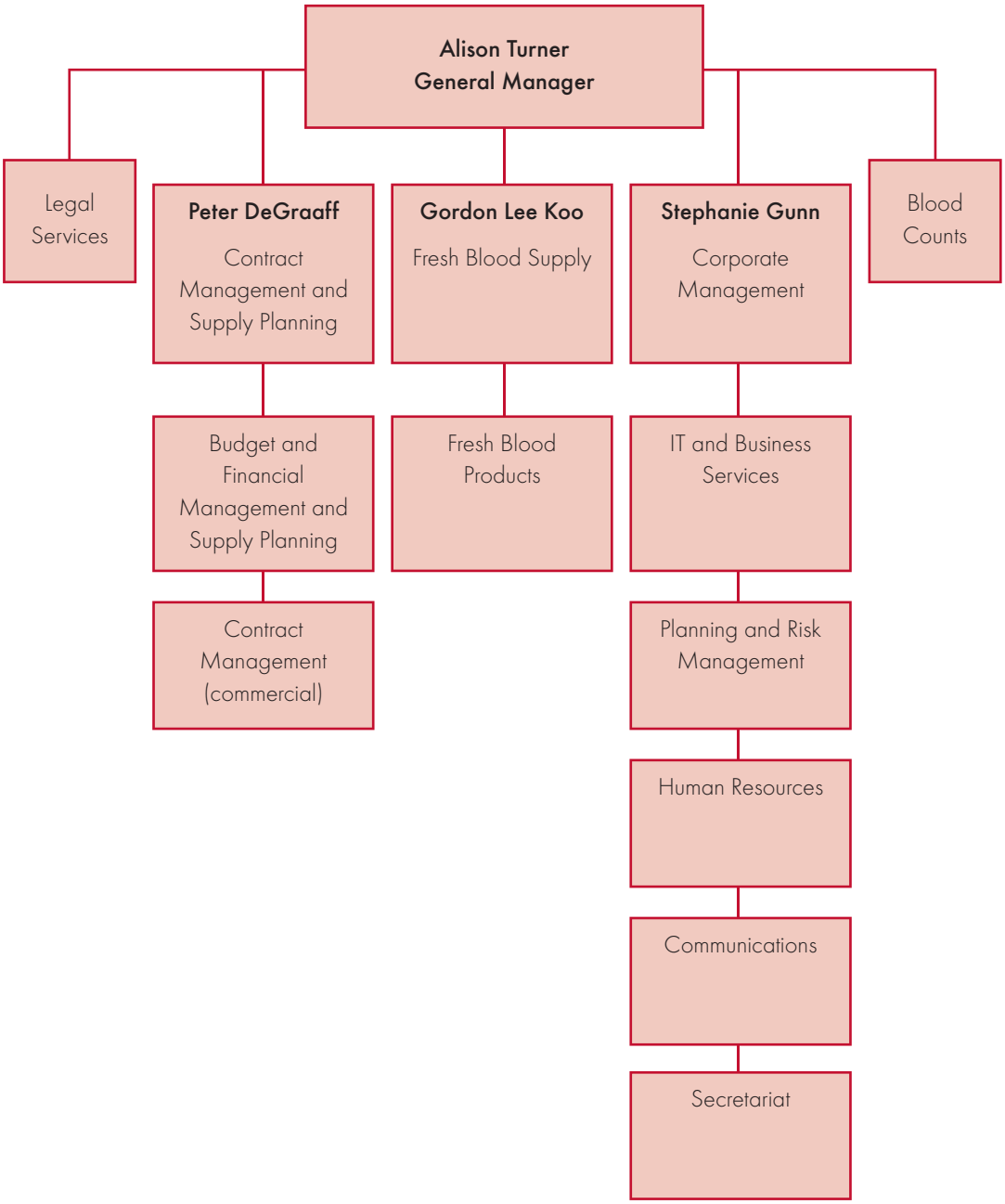
Mr Gordon Lee Koo

Mr Gordon Lee Koo is the NBA's relationship manager for the Australian Red Cross Blood Service. Immediately prior to his appointment to the NBA, Mr Lee Koo was Deputy Chief Executive of The Canberra Hospital. His background includes health services policy, planning and purchasing, managing the delivery of hospital, community and public 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 since 1983.

Ms Stephanie Gunn

Ms Stephanie Gunn is the NBA's Corporate Manager. 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.

FIGURE 3. ORGANISATIONAL STRUCTURE, 30 JUNE 2006



PART THREE: OUR PEOPLE

NBA staff are integral to the success of our organisation and this section provides information on how our people and human resources management practices ensure we have a high performing workforce.

3.1 Staffing

The increased funding provided to the NBA in the 2005–06 financial year saw the full-time equivalent staffing numbers increase from 38 to 49. At the same time, a number of staff who had commenced with the NBA as part of its separation from the Department of Health and Ageing left the NBA. While disappointing in light of the significant contribution they had made and the corporate knowledge they brought to the NBA, this is not an unexpected characteristic of new agencies.

Recruitment to fill the new positions and replace people who left has been a major achievement on a number of fronts. For example, we have completed each appointment within an average of seven weeks of advertising; we redesigned a significant part of our office accommodation and our IT capabilities to cater for the additional staff; and developed innovative advertising and recruiting strategies to attract staff in the tight labour market. The competition within the labour market also meant that many of our positions were advertised more than once as successful applicants were offered higher paying positions, or no suitable staff were identified in the initial round.

A key and successful staffing strategy was to increase our utilisation of non-ongoing employees to conduct stand-alone projects, to ease workload peaks and to backfill for employees on maternity or long service leave. Twenty four such staff worked with us at various times in the year to 30 June 2006.

TABLE 2. STAFF CLASSIFICATION AND FULL-TIME/PART-TIME STATUS, 30 JUNE 2006

	Female		Male	
Classification	**Full-time**	**Part-time**	**Full-time**	**Part-time**
Statutory Office Holder	1			
Senior Executive Service		1	2	
(Legal) 2			1	
EL 2	3		2	
Quality Assurance				1
Health Economist		1		
(Legal) 1	1			
EL1	8		9	
APS 6	3	4	5	
APS 5	2	3		
APS 4	3			
APS 3	1			
TOTAL	**22**	**9**	**19**	**1**

3.2 A positive work culture and employment conditions

Staff at the NBA enjoy a flexible work environment along with interesting work, competitive salary and associated benefits. We have actively encouraged part-time work for our staff and sought to attract older workers through our temporary employment register.

We have an active Social Club and have enjoyed competing in the Annual Bocce Cup and the cultural celebrations for the NBA's birthday. Staff take the opportunity to interact at morning teas and at monthly staff meetings.

We offer all staff the opportunity to have workplace ergonometric inspections and provide, where necessary, special adjustments, equipment or furniture to ensure that the workplace is safe and without risk to the health of our staff.

The Staff Participation Forum actively discusses issues raised by staff and management and provides feedback to all. The majority of new policies are provided to the Staff Participation Forum for consultation and review prior to their implementation. The Staff Participation Forum has reviewed the Occupational Health and Safety Agreement, emergency procedures and a range of Management Instructions and policies.

IPS Worldwide continues to provide staff and their immediate family members with free short-term counselling services aimed at assisting them to cope with difficult issues. This ultimately supports us in achieving a productive and happy working environment.

The majority of staff remain covered by the Certified Agreement (CA). Twenty one per cent of staff have an Australian Workplace Agreement (AWA) reflecting specific skills and technical knowledge that they bring to their positions. Three of these AWA staff are at the SES classification level.

Our Certified Agreement remains well supported with good achievement against commitments in the Agreement to finalise documentation of many policies that impact on staff. The pay rates applicable under the CA as of 30 June 2006 are as set out in Table 3, placing us competitively in the context of other similar agencies.

Performance-based pay totalling $42,537.35 was awarded to four staff following assessment against the clear criteria established in individual performance agreements.

TABLE 3. SALARY LEVELS

Certified Agreement salary levels 2005–2006

Designation	Minimum	Maximum
(Legal) 2	$92 735	$101 287
EL 2	$80 569	$95 752
(Legal) 1	$46 927	$86 209
EL1	$71 205	$77 995
APS 6	$57 942	$65 367
APS 5	$52 524	$55 436
APS 4	$48 291	$51 024
APS 3	$42 622	$47 244
APS 2	$36 883	$40 248
APS 1	$31 547	$35 440

3.3 Personal and professional development

Staff have an opportunity to access professional development opportunities through the Personal Development Scheme (PDS). At the beginning of each 12-month cycle, staff and managers agree on the key commitments that will be undertaken during the cycle, performance measures and development needs necessary to complete the commitments.

In 2005–06, $73,459.30 was spent on staff development, including external training and conferences. Of this expenditure, 24% was blood-related learning.

In addition, learning about the blood sector was fostered through a series of presentations conducted in-house for all employees as part of our Knowledge Management Seminars by the Australian Red Cross Blood Service, and the Finnish Red Cross. Presentations in 2005–06 delivered by NBA staff included:

- APS Values and Performance Indicators on your PDS
- Blood Counts Program
- Basics of Commonwealth Procurement
- Ins and outs of Regulation 10
- Using the contract register (includes Austender and Murray Motion)
- ISO accreditation
- How the Plasma Product Agreement works
- Devolution of legal authority (delegation and authorisation)
- How we handle media issues
- Department of Finance and Administration (DoFA) reporting and review processes
- Overview of Freedom of Information
- How we forecast demand / DoFA reporting and review processes
- Overview of Defined Blood Products.

A skills and capabilities framework assessment was carried out online during the period from 24 February to 1 March 2006. Nearly all staff completed the self-assessment during this time.
The assessment was designed to assess the extent to which the identified required skills, knowledge and attitudes existed within the NBA against the level of skills or knowledge that each person believes is necessary to do his or her job. The comparison of these two measures, i.e. skills possessed versus skills required, while subjective, provided a simple measure of the skills or knowledge gap for each staff member.

The skills and capabilities assessment showed that the NBA has a great depth of expertise and knowledge in the core competencies relevant to the NBA (i.e. a sound proportion of people who have high levels of expertise) and a good number of staff with the required competencies. The NBA clearly has a high proportion of people with a solid level of competency and knowledge in the majority of assessed areas.

The results of the assessment did however suggest some clear priorities for focused and targeted learning and development planning.

The most common areas identified in the assessment where training could be undertaken to support the NBA's goals included the areas of presentation, negotiation and networking skills; understanding Australian Government procurement requirements; and project management.

PART FOUR: OUR PERFORMANCE

Our Performance describes the achievements our people have made against the priorities for this reporting year, as set out in our 2005–06 Operational Plan. It also provides an analysis of our performance against the NBA's outputs and outcome structure as set out in the Health and Ageing Portfolio Budget Statements.

The NBA has its own outcome under Outcome 10 Acute Care under the Department of Health and Ageing Portfolio. The NBA's priorities for 2005–06 as specified in the Department of Health and Ageing's Portfolio Budget Statements were to:

- consolidate and enhance the contract management framework to deliver further improvements to supply arrangements
- work with relevant jurisdictions and medical experts to further improve the supply planning contingency and risk management processes
- develop the NBA's capacity to appropriately influence the quality of use and demand for products and services
- refine and implement evidence based process for consideration of new products and services
- manage contracts with suppliers, in particular the implementation of revised contractual arrangements with the Australian Red Cross Blood Service and CSL and
- enhance the NBA's ability to provide authoritative advice and information to governments on the changing industry and markets, trends and global issues.

This section reports against the NBA's results in these and other areas over the 2005–06 reporting period.

The following is an extract from the Portfolio Budget Statements 2005–06—*Health and Ageing Portfolio and highlights the performance information for the NBA in 2005–06.*

TABLE 4. OUTCOMES AND OUTPUT STRUCTURE, 2005–06

Output Group 1. Meet product demand through effective planning and the management of supply arrangements

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.	**Quality** Satisfaction from all jurisdictions and stakeholders on the planning, management and coordination of the blood supply in accordance with the National Blood Agreement. **Quantity** Number of supply contracts varied or negotiated. **Quantity** Number of contracts being managed. **Quality** Satisfaction from all jurisdictions and stakeholders that there is sufficient and available supply of blood and blood products to meet jurisdictional levels as reflected in annual jurisdictional estimates.
PRICE: $10.76m	

The following comments are offered in relation to the performance indicators relative to the Output.

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.

Table 5 shows the suppliers from whom the NBA purchased $567 million worth of blood and blood related products during 2005–06.

TABLE 5. PURCHASE OF BLOOD AND BLOOD PRODUCTS IN 2005–06, BY SUPPLIER

Supplier	Products purchased	Amount ($millions)
CSL	Plasma Products • albumin products • immunoglobulin product (including IVIg and hyperimmune products) • plasma-derived clotting factors Diagnostic Reagent Products • blood grouping sera • reagent red cell products Defined Blood Products • Rh(D) immunoglobulin • Factors XI and XIII • IVIg Standing Offer Management of National Reserve	136.77
Australian Red Cross Blood Service	Fresh Blood Products • whole blood • red blood cells • platelets • clinical fresh frozen plasma • cryoprecipitate • buffy coat (white cells) • plasma for fractionation	299.30
Baxter Healthcare Pty Ltd	Defined Blood Products • Recombinant Factor VIII • Protein C • Factor VII concentrate • Factor Eight Inhibitor Bypass Agent (FEIBA)	68.47

Supplier	Products purchased	Amount ($millions)
Wyeth Australia Pty Ltd	Defined Blood Products • recombinant Factor IX	15.87
Novo Nordisk Pharmaceuticals Pty Ltd	Defined Blood Products • recombinant Factor VIIa	23.57
Octopharma Pty Ltd	Defined Blood Products • IVIg Standing Offer	21.98
DiaMed Australia Pty Ltd	Diagnostic Reagent Products • blood grouping sera • reagent red cell products	0.84
Ortho-Clinical Diagnostics (a Johnson & Johnson Company)	Diagnostic Reagent Products • blood grouping sera • reagent red cell products	0.17
Australian Laboratory Services Pty Ltd	Diagnostic Reagent Products • blood grouping sera • reagent red cell products	0.03
TOTAL PURCHASES OF BLOOD AND BLOOD PRODUCTS		**567.00**

All amounts exclude GST

In 2005–06 the NBA managed a total of 16 supply contracts and arrangements. Of these, three were newly negotiated. A further three contracts were negotiated in 2005–06 for implementation in 2006–07. The NBA managed nine variations to new and existing supply contracts.

TABLE 6. NEW CONTRACTS NEGOTIATED IN 2005–06

Supplier	Implementation	Description of contract
Australian Red Cross Blood Service	From July 2005	Contingency funding and supply arrangement
Marsh Pty Ltd	From December 2005	National Managed Fund claims management
PricewaterhouseCoopers	From May 2006	National Managed Fund support and services
Novo Nordisk	From July 2006	Supply of Defined Blood Products
Baxter Healthcare Pty Ltd	From July 2006	Supply of Defined Blood Products
Wyeth Australia Pty Ltd	From July 2006	Supply of Defined Blood Products

The NBA also managed 96 ongoing and new corporate operational contracts and panel arrangements for the delivery of outsourced arrangements, consultancies and other professional goods or services.

4.1 Managing and coordinating Australia's blood supply

4.1.1 National Supply Plan and Budget

4.1.1.1 National Supply and Budget Planning Cycle

National supply planning for blood and blood products is a key NBA responsibility. It covers the total national volume, mix and cost of fresh, plasma-derived, recombinant and diagnostic blood products to be used in Australia in the supply year. Supply planning commences 12 months prior to the target supply year, and the National Supply Plan and Budget must be endorsed by the Jurisdictional Blood Committee and approved by the Australian Health Ministers' Conference to allow continued funding and supply of blood products for the Australian community.

The supply and budget planning cycle for 2006–07 commenced in August 2005. Initial consultations were held between the NBA and the State and Territory government health agencies on preliminary estimates of demand for blood and blood products across Australia. In addition, the NBA reviewed historical trends, overseas experience and the impact of recent policy initiatives.

Shortly afterwards, the NBA met with appropriate suppliers, such as the ARCBS and CSL, to discuss the required supply response to meet estimated demand. Apart from supplying fresh blood products (such as red blood cells and platelets), the ARCBS is contracted to provide starting plasma to CSL for fractionation (separation) into plasma products. In order to be able to plan to meet the estimated demand for these plasma products the NBA needs to factor in the estimated volume of starting plasma to be collected by the ARCBS in its planning for the coming supply year.

In September 2005, estimates of the volume and mix of all blood products were provided to jurisdictions for consideration and agreement. In November 2005, the NBA provided a draft 2006–07 supply plan containing the estimated volume and mix of all blood products to JBC for consideration and endorsement. This endorsement enabled the NBA to meet contractual obligations with some suppliers, principally the ARCBS and CSL, which require the NBA to provide annual supply requirements by the end of November in the year before the target supply year.

NBA staff member Trish Chalmers

Between December 2005 and February 2006, the NBA developed the draft 2006–07 National Supply Plan and Budget in more detail to cover the estimated volume and mix of products required to meet estimated demand and the expected expenditure required to purchase and supply these products. This NBA work involved several teleconferences with the funding jurisdictions and the ARCBS to refine, in particular, the volume and mix of fresh blood products required in 2006–07 and the appropriate funding for the ARCBS to produce these products.

The proposed 2006–07 National Supply Plan and Budget was provided out-of-session to the JBC in March 2006.

In April 2006, AHMC confirmed its commitment to the policy aim of promoting national self-sufficiency in the blood sector. Health Ministers agreed to continue to support contingency supply arrangements where supply chain risks or shortfalls in domestic production of certain products, such as IVIg are identified. A copy of the AHMC Policy Statement is posted on the NBA's website.

The JBC-endorsed 2006–07 National Supply Plan and Budget was then submitted to the AHMC. It was planned that Ministers would consider and approve the 2006–07 National Supply Plan and Budget at their meeting on 27 July 2006.

4.1.1.2 NBA Performance against the 2005–06 National Supply Plan and Budget

Overall financial performance

The National Supply Plan and Budget for 2005–06, approved by the AHMC, was $586.3 million compared to the 2004–05 National Supply Plan and Budget of $516.2 million. The actual budget outcome for 2005–06 was $588.9 million. This is an increase of $2.6 million over the AHMC-approved 2005-06 National Supply Plan and Budget.

The major variances driving this outcome were:

- an increase in estimated funding to ARCBS of $13.2 million
- a decrease in the estimated use of some plasma-derived products of $4.1 million (or an overall decrease of 1.1% in total plasma-derived product volume)
- a decrease in the estimated use of imported recombinant and plasma-derived products of $5.8 million (or an overall decrease of 9.35% in total product volumes)
- a decrease in the estimated use of diagnostic products of $1.1 million
- an increase in estimated interest earned on NBA Special Accounts of $0.4 million.

In January 2006, the NBA conducted a Mid Year Review against the AHMC-approved 2005–06 National Supply Plan and Budget, using the first six months actual product usage and re-forecasting the final six months of the year based on this usage. The Mid Year Review was then used to re-calculate the funding required from Australian governments for the remaining part of the year, and the total revised forecast was $580.6 million. This result was closer than the AHMC-approved 2005–06 National Supply Plan and Budget to the end-of-year actual usage for all products and services, with the exception of the additional funding of $13.2 million which was provided to the ARCBS.

While there were significant variances in the usage of some products against the AHMC-approved 2005–06 National Supply Plan and Budget (as highlighted in **Tables 7 and 8**), the total funding commitment required from Australian governments did not materially change from the funding level agreed during late 2004–05 (for the 2005–06 National Supply Plan and Budget), being a variance of only 0.44%.

Product volume variance

Tables 7 and 8 reflect performance against product volumes in the 2005–06 National Supply Plan, and Budget.

TABLE 7. PERFORMANCE AGAINST PRODUCT VOLUMES IN THE 2005–06 NATIONAL SUPPLY PLAN AND BUDGET PLASMA DERIVED PRODUCTS AND RECOMBINANT OR OVERSEAS PRODUCTS

Product	% Volume Change Actuals from NSP&B (–is a decrease)	Comments
Plasma Derived Products		
Albumin	12.96%	
CMV Immunoglobulin	–47.43%	
Intragam P	–5.15%	Offset by increase in Imported IVIg
Normal Immunoglobulin	–13.48%	
RH (D) 1g	20.01%	Offset by decrease in WinRho
Biostate	–15.78%	Offset by increase in Recombinant Factor VIII
MonoFIX	174.85%	Offset by decrease in Recombinant Factor IX
Recombinant or Overseas Product		
Recombinant Factor VIIa	18.86%	
WinRHo SDF	–60.53%	
Recombinant Factor IX	–24.61%	
Recombinant Factor VIII	2.54%	
Imported IVIg	11.79%	

The supply of domestic IVIg was unable to meet the strong and persistent growth in demand for that product, and some IVIg had to be imported under the IVIg Standing Offer. The supply of domestic plasma derived Factor VIII was not adequate and required intensive management during 2005-06 due to unexpected spikes in demand. The amount of recombinant Factor VIII was slightly above the supply plan estimates and this offset the shortfall in plasma derived Factor VIII supply.

TABLE 8. PERFORMANCE AGAINST PRODUCT VOLUMES IN THE 2005–06 NATIONAL SUPPLY PLAN FRESH BLOOD PRODUCTS

Product	% Volume Change Actuals from NSP&B (–is a decrease)
Red Blood Cells	83.75%
Red Blood Cells–Leucodepleted	3.50%
Red Blood Cells–Buffy Coat Poor	–10.32%
Total Red Cells	**–3.75%**
Platelets–Lecucodepleted	–8.61%
Platelets–Buffy Coat Poor	43.49%
Apheresis Platelets	19.50%
Total Platelets	**12.14%**
Clinical Fresh Frozen Plasma Products	–3.22%
Cryoprecipitate Products	23.52%
Cryo-depleted Plasma Products	10.18%
Plasma for Fractionation	–2.73%

Note: Only selected products growth shown

The overall shortfall of 2.73% (around 8.6 tonnes) for ARCBS starting plasma for fractionation included a shortfall of 7% (around 6.8 tonnes) of ARCBS starting plasma required by CSL to manufacture Biostate®, plasma-derived Factor VIII. This shortfall may have impacted on product availability for IVIg and plasma-derived Factor VIII with the consequent need for the NBA to manage these products intensively throughout the year.

4.1.1.3 Intensive product management

It has been necessary for the NBA to intensively manage a number of products during 2005–06, especially intravenous immunoglobulin (IVIg) and Biostate®. There were a number of supply and demand-related reasons for such intensive product management. Principally, these were:

- A shortfall in ARCBS starting plasma for fractionation referred to earlier in this report. This shortfall in starting plasma which CSL requires to manufacture Biostate® may have impacted on the availability of product, which barely met demand at times during the year
- Persistent increases in demand for IVIg and Biostate® which challenged the available supply of these products
- An inability to build adequate national contingency reserves of products.

The successful performance of the NBA in conducting these intensive product management activities, in conjunction with the appropriate suppliers and distributors, is demonstrated by the fact that there were no interruptions or near interruptions to supply during the year.

4.1.1.4 Blood products supply to Australian residents temporarily travelling overseas

During 2005–06 the NBA cooperated with a JBC Working Group to develop and formalise policies for providing blood products to Australian residents temporarily travelling overseas. Such Australian residents are usually people with haemophilia who need constant treatment wherever they are, in order to enjoy a reasonable quality of life. The policy has now been endorsed by the JBC and will be forwarded to the AHMC for consideration and approval.

Future work on this and related issues will include proposed amendments to the *National Blood Authority Act 2003* to reflect these policy achievements and the development of protocols to manage requests from Australian residents temporarily travelling overseas. Further work will also include the development of policy and associated protocols for responding to requests for blood and blood products as humanitarian aid, responses to international disasters like the Asian tsunami, and requests for blood products from Australian Government departments and external territories.

4.1.2 Blood supply contractual arrangements

During 2005–06, the NBA managed blood supply contracts (called Deeds) with the ARCBS, CSL, Novo Nordisk Pharmaceuticals Pty Ltd (Novo Nordisk), Octapharma (Australia) Pty Ltd (Octapharma) and Wyeth Australia Pty Ltd (Wyeth) as set out in Tables 5 and 6. The management and operation of these contracts in 2005–06 is covered in detail below.

4.1.2.1 Fresh blood products supply

The ARCBS is almost 100 % funded by governments to collect and distribute blood and blood products in Australia, including the provision of starting plasma to CSL for the production of plasma products.

Funding to the ARCBS increased from actual funding of $267.8 million in 2004–05 to an agreed budget of $297.2 million for 2005–06, an increase of 11%.

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 ARCBS through an Interim Arrangement put in place by the Australian Government Department of Health and Ageing prior to 1 July 2003.

In June 2004, the JBC decided that the NBA should negotiate a new Agreement with the ARCBS to replace the Interim Arrangement. The JBC required that the new Arrangement should fully meet governments' accountability and transparency requirements, while making provision for a robust and enforceable 'best practice' governance and performance regime, and protection of the interests of governments and the community.

On the expectation that the new Deed was soon to be signed, the Interim Arrangement was replaced by a Contingency Funding and Supply Arrangement on 1 July 2005. Substantive agreement between the ARCBS and the NBA was achieved on the terms of the Deed of Agreement by December 2005. However, several issues not directly related to the new Deed remained unresolved. Negotiations between the ARCS and governments continued on these issues. This required the Contingency Arrangement to be extended on several occasions to 30 June 2006.

Given this situation, which delayed the execution of the Deed, it is pleasing to report that during this period the ARCBS demonstrated their support for the Deed by not only complying with the terms of the Deed but also commencing the implementation of many of its provisions.

Included in the Deed and related documents is agreement to the conduct of a third-party

independent business study of ARCBS' operations endorsed by governments in April 2006, to be managed by the NBA in consultation with the ARCS/ARCBS. The study is to inform the basis of government funding of the provision of fresh blood products and other required ARCBS-related services for 2007–08 and later years, as well as addressing outstanding matters such as the basis for output-based funding and capital funding. The study is also intended to establish the costs and options of several new blood safety measures currently under consideration by governments. The terms of reference for the Study were developed and referred in June 2006 to the ARCBS for further discussion.

The ARCBS supplies 28 products under its supply contract with the NBA. These products as included on the 2005–06 National Supply Plan and Budget are listed at Appendix 3.

4.1.2.2 Plasma and recombinant product supply

Whilst most plasma-derived products used in Australia are manufactured by CSL under the Plasma Products Agreement (PPA) from plasma collected by the ARCBS, some low volume products are imported because it is either not economical to manufacture these products in Australia or, as is the case with intravenous immunoglobulin, the Australian system is unable to produce enough product to meet demand. IVIg is accordingly imported as a contingency to supplement domestic supply under the IVIg Standing Offer.

The development of recombinant biotechnologies in the 1990s has resulted in the availability of several synthetic blood products that would otherwise be available only as plasma-derived products. These recombinant products are used for the treatment of bleeding disorders, mainly haemophilia. As recombinant blood products are not manufactured in Australia, all such products must be imported to Australia.

The NBA has developed a series of Key Business Processes for the effective conduct of its core business. These KBPs, especially those for procurement, project management, contract management and risk management were used for all blood contracts procurement processes and contract negotiation and contract management activities conducted in 2005–06.

Plasma product supply

The plasma component of blood contains a large number of proteins, each of which performs a different role within the blood. Applied research conducted in the late 1930s by Edwin Cohn and Associates at Harvard University established a process by which the major proteins within plasma could be selectively precipitated using variations in the concentration of ethanol, salt, temperature and pH. Further applied research by John Curling and Associates in Sweden in the late 1970s developed another fractionation process, the Chromatographic Fractionation Process.

CSL developed its own Chromatographic Fractionation Process and installed it at its plant at Broadmeadows in Victoria. This process relies on the separation of the plasma proteins based on size and charge, rather than solubility.

Although Australia is able to produce most of the plasma products it needs, it is totally reliant on an imported supply of plasma-derived Factor XI and XIII, anti-inhibitor coagulant complex concentrates and Protein C. A plasma-derived Rh(D) immunoglobulin product is imported for particular intravenous indications.

CSL

The PPA, a new contract negotiated with CSL in 2004, commenced operation on 1 January 2005 and runs until 31 December 2009. It covers the fractionation

of Australian plasma collected by the ARCBS into plasma products for the Australian community. This contract covers pricing, invoicing, supply planning and monitoring, ordering and delivery. There are demanding requirements for ordering, reporting and liaison, including monthly production reports and operations meetings, attendance as required in intensive product management meetings, and key performance indicators. With the commencement of the PPA on 1 January 2005 and the completion of the transitional arrangements by 30 June 2005, there was extensive work throughout 2005–06 to ensure that the new arrangements were fully implemented and operating effectively.

During 2005–06 the NBA expended $133.046 million for the supply of plasma products under the PPA. This expenditure compares with $138.858 million spent in 2004–05 for the last six months of operation of the previous Plasma Fractionation Agreement and the first six months of the PPA.

A full list of the plasma products supplied under the PPA in 2005–06 is presented in Appendix 4. A modified version of the PPA is posted on the NBA website.

CSL–National Reserve

The NBA has a separate contract with CSL for the management of a national reserve of plasma products. This contract requires CSL to store a national reserve of plasma products in multiple sites. The reserve is held as a contingency to manage spikes in plasma product demand or failures in the manufacturing processes for starting plasma and plasma products. As at 30 June 2006, the value of plasma products held in the National Reserve of Plasma Products was $27.6 million.

Baxter Healthcare

The contract with Baxter Healthcare Pty Ltd for imported plasma products provides for the supply, anti-inhibitor coagulant complex concentrates and Protein C. This contract is part of a group of NBA contracts collectively called Defined Blood Products contracts, referring to the blood products which are defined for importation. This group of Defined Blood Products contracts also includes the recombinant blood products which are described below.

During 2005–06 the NBA spent $0.850 million for the supply of plasma products under this Baxter contract. This expenditure compares with $0.939 million spent in 2004–05 under the same contract for the same products.

A full list of the plasma products supplied under this Baxter contract (which also provides for the supply of recombinant Factor VIII products) in 2005–06 is in Appendix 4. A modified version of this Baxter contract is posted on the NBA website.

IVIg Standing Offer

The NBA has a Standing Offer arrangement for the supply of imported intravenous immunoglobulin, a plasma product, as a contingency to meet shortfalls in the domestic supply of this product. There are Standing Offer contracts with CSL for the supply of Sandoglobulin®, and Octapharma (Australia) Pty Ltd for the supply of Octagam®. These contracts provide no guarantee to suppliers that any volume of imported IVIg will be purchased by the NBA. The IVIg Standing Offer comprises two components:

- a National Blood Supply component whereby imported IVIg is procured by the NBA for use for those clinical indications covered under the National Blood Agreement and
- a Jurisdictional Direct Order (JDO) component which allows approved recipients to access imported IVIg for other conditions.

Under the JDO component, approved recipients (usually hospitals) can purchase the products at the Standing Offer price, but must bear 100% of the cost.

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. In 2005–06 the NBA purchased IVIg products to the value of $21.981 million under the IVIg Standing Offer.

All contracts for the supply of plasma products were managed in 2005–06 in accordance with contract management plans developed by the NBA. These contract management plans included the measurement of supplier performance as specified in each contract. Each contract management plan includes risk management plans, one of which was provided by relevant suppliers (as part of the contract) and dealt with risks associated with the operational aspects of product and service delivery, and one developed by the NBA. Modified versions of the IVIg Standing Offer contracts are posted on the NBA's website.

Recombinant products supply

Three recombinant blood products are supplied under the group of NBA contracts collectively called Defined Blood Products contracts: recombinant Factor VIIa (rFVIIa), recombinant Factor VIII (rFVIII) and recombinant Factor IX (rFIX). The NBA managed contracts with Baxter, Novo Nordisk, and Wyeth Australia Pty Ltd for the supply of these products in 2005–06, the last year of the term of these contracts.

During 2005–06 the NBA spent $107.061 million for the supply of recombinant products under the Baxter, Novo Nordisk, and Wyeth contracts. This expenditure is detailed below by contract, including the amounts spent in 2004–05 under the same contracts for the same products:

- Baxter for rFVIII (Recombinate®)–$67.619 million in 2005–06, compared to $51.912 million in 2004–05
- Novo Nordisk for rFVIIa (Novoseven®)–$23.572 million in 2005–06, compared to $18.964 million in 2004–05
- Wyeth for rFIX (BeneFIX®)–$15.870 million in 2005–06, compared to $10.905 million in 2004–05.

New contractual arrangements for imported products

In September 2005, tenders were called for the supply of Defined Blood Products from 1 July 2006 to 30 June 2009 as the (then) current contracts were due to expire on 30 June 2006.

The NBA conducted a very successful major project to procure new Defined Blood Products supply arrangements to operate from 1 July 2006. Apart from the conduct of a formal, two-stage procurement process which included a Request for Information (RFI) and a Request for Tender (RFT), the NBA implemented a deliberate strategy of including those who would benefit from the products, services and prices achieved in the procurement. The principal stakeholder groups included the Haemophilia Foundation Australia (HFA), the Australian Haemophilia Centre Directors' Organisation (AHCDO) and the Australian Haemophilia Nurses Group (AHNG), as well as the JBC, representing the NBA's major customers, the policy makers and funding bodies in the Australian blood sector.

This innovative stakeholder engagement process which was unprecedented in the Australian blood sector involved:

- *A Discussion Paper*. The NBA developed a Discussion Paper which included the main issues and considerations of interest to end users of

the products and the patients they treated. The Discussion Paper was distributed widely within the Australian blood sector and posted on the NBA website for submissions, comments and feedback. The feedback from this process was then used for the final development of the formal Request for Tender (RFT)

- *Inclusion of key stakeholder representatives on the Tender Evaluation Committee*. Representatives of HFA (a person with haemophilia), AHCDO (a treating clinician) and AHNG (a practising nurse) were included as full members of the Tender Evaluation Committee (TEC) for this procurement. This ensured, in particular, that the RFT requirements which were the result of feedback from the Discussion Paper and the RFI processes could be tracked through the tender evaluation by these TEC members, and that the NBA had expert end-user advice and knowledge available during the evaluation
- *Implementation–sector briefings*. Once the procurement was completed, including the execution of new supply contracts to operate from 1 July 2006, the NBA conducted implementation briefings in most Australian capital cities during May and early June 2006. These briefings informed the sector about the outcomes of the procurement, and demonstrated to the end-user community (people with haemophilia, doctors, and nurses) that their feedback had been taken into account and their expectations had been met.

In addition to the procurement strategy and objectives developed by the NBA for this procurement, the JBC set policy parameters for the NBA to achieve. These policy parameters covered the need for the NBA to achieve value for money, cost savings (in real terms) and the supply of quality products with clinical choice where possible, especially with recombinant Factor VIII. These parameters were all met or exceeded, including having three recombinant Factor VIII products available, and achieving cost savings of around $18.5 million over three years.

The recombinant products that are supplied under these new DBP contracts are listed in Appendix 4, including the plasma products which are Defined Blood Products.

The new contracts for the supply of recombinant products came into force on 1 July 2006, after a period of implementation that commenced on contract signature. The new contracts offer the following advantages over the previous contracts:

- a commitment by all suppliers regarding the supply of products to Australia in times of national or international product shortage
- common, but increased levels of, product support by suppliers
- faster delivery times for products to Approved Recipients
- significant savings in product costs over the life of the contracts
- the availability of three rFVIII products at or close to the lowest prices in the world, and including the latest generation product.

The new contracts will be managed in accordance with contract management plans developed by the NBA. Modified versions of these new DBP contracts are on the NBA.

Bids were not however received for the supply of Factor XI and XIII products. The NBA is negotiating a formal supply arrangement with potential suppliers for these products, and has an interim arrangement in place with CSL to ensure supply.

4.1.2.3 Diagnostic reagent products supply

Laboratories use diagnostic reagents for antenatal 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 addition, diagnostic reagents are used for some specialised testing such as antibody identification and phenotyping blood where patients have clinically significant antibodies. The ARCBS uses diagnostic reagents for donor testing, and for testing when blood is provided in difficult situations, for example when patients present with multiple antibodies.

For 2005–06, the NBA implemented new, competitive Standing Offer arrangements for the supply of certain diagnostic reagents for public laboratories with four suppliers to replace the previous exclusive government arrangements with CSL. These four suppliers were:

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

Laboratories, research and teaching institutions have the choice of purchasing diagnostic reagents within a competitive environment. Australian governments provide funds to both public hospitals and public laboratories to enable them to purchase a wide range of products that best suit their needs.

Over 90 red cell diagnostic reagent products are available under the Standing Offer from the four suppliers. These suppliers and the products available for supply are listed in Appendix 4.

2005–06 was the first year of the two year term of the Diagnostic Reagents Standing Offer. The Standing Offer provides fixed prices for all products during the two year period from 1 July 2005 to 30 June 2007.

Each public pathology laboratory, including teaching institutions, was grouped within a state and territory based annual funding cap. Every month, suppliers invoiced the NBA for product purchased and payment was made from the allocated funding cap. The NBA provided all laboratories with a monthly update on their remaining funding cap amounts for the year. Management of the overall funding arrangements ensured that all laboratories had reasonable access to diagnostic reagents during 2005–06.

The Standing Offer contracts with suppliers are managed in accordance with contract management plans developed by the NBA.

4.1.3 Product Usage Trends

4.1.3.1 Fresh blood products

Jurisdictions have increased their demand for the higher quality products produced by the ARCBS as clinical knowledge of the benefits of the products has increased. The increase in demand for some expensive, higher quality fresh blood products has stretched the ARCBS' production capacity to the limit, as in the case with apheresis leucodepleted platelets. These emerging trends in demand for some fresh blood products are discussed below.

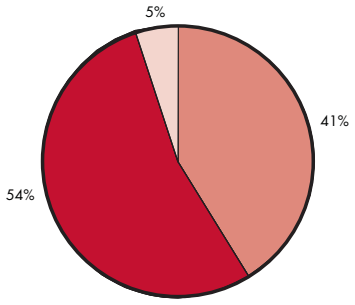
Red Blood Cells

There has been very little change in recent years in the total demand for red cells with only a 1% increase from 2002–03 to 2003–04 and 2004–05. The increase from 2004–05 to 2005–06 was slightly more, with an increase in demand of 1.7%.

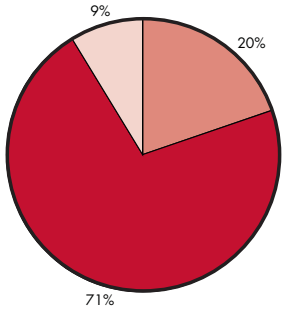
More significant has been the change in the mix of red blood cell types. The change in the mix of products during this period has been more pronounced (**Figure 4**) and is understood to be as a result of changes in clinical practice whereby clinicians have demanded a higher quality product in response to the many documented benefits of leucodepletion. Removal of leucocytes from blood products such as red cells and platelets provides a number of accepted clinical benefits for patients, including reduction in

FIGURE 4. PRODUCT MIX FOR THE CONSUMPTION OF RED BLOOD CELLS

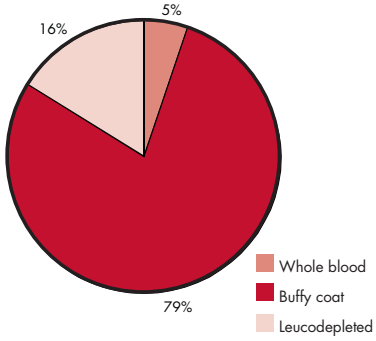
Product mix for the consumption of red cells in 2002–03



Product mix for the consumption of red cells in 2004–05



Estimated product mix for the consumption of red cells in 2006–07



Note: As there was no material change in 2003-04 and 2005-2006 these graphs have not been shown.

adverse transfusion reactions and fewer complications in patients with compromised immune systems.

In the years from 2002–03 to the estimate for 2006–07 for example, there has been a steady increase in the uptake of buffy coat poor red cells over whole blood as well as more than a tripling in the demand for leucodepleted products from 5% to 16%. Whole blood derived red cells showed a significant decrease in 2005–06 (–45%) on the previous year, with both whole blood derived buffy coat poor red cells (up 12%) and whole blood derived red cell–leucodepleted (up 24%) increasing proportionally due to clinical preference.

During 2005–06 there were a number of occasions when red blood cells were in short supply (less than two days supply available nationally). These situations were a result of a sudden and unexpected increase in demand or a shortage of donors. These situations, together with other impacts such as increase in regulatory requirements, challenge the ARCBS to maintain the donor base.

Of particular significance in 2005–06 has been the need to continue to address the impact on the supply of red cells brought about by the Therapeutic Goods Administration regulation of donor haemoglobin (Hb) levels. There has been a phased increase of thresholds from 1 January 2004, with the full threshold applying from 1 January 2005. The changes are aimed at protecting donor health by accounting for the small temporary drop in Hb level following whole blood collection. The mandate resulted in a decrease in the number of whole blood collections, impacting proportionally on the number of red cells able to be converted from this reduced number of whole blood donations.

One initiative that the ARCBS has successfully introduced, in order to achieve red cell targets in spite of donor restrictions, was the introduction of malarial testing in those States and Territories that have implemented the National Blood Management System

(non-NBMS or legacy systems cannot accommodate this screening test). The introduction of malarial testing means that whole blood donors who previously could not donate when the traditional donor assessment process identified potential malaria exposure due to travel can now donate red cells along with plasma. The introduction of the malarial screening testing process which was completed in December 2005 (with the exception of Queensland which has yet to introduce the NBMS) resulted in the recovery of 23,629 red cell units from whole blood donations during the year. The rate of red cell collection in 2005–06 was consistent with the collection rates indicated in the supply plan (**Figure 5**). However, it should be noted that over the last three years the drop in demand over January/December each year has lessened as there has been an increasing tendency for hospital operating theatres to remain operational during this period in order to provide elective surgery. Demand for platelets in 2005–06 showed an increase of 2% on the previous year, but the supply of both whole blood derived platelets and whole blood buffy coat poor platelets fell significantly in 2005–06. This decrease was offset by an equivalent conversion to whole blood leucodepleted platelets and an increase in apheresis platelet–leucodepleted product, in response to the demand from most jurisdictions for a product with perceived improved clinical benefits. There is evidence to suggest that there are greater benefits from removing leucocytes from platelets than there are for removing them from red blood cells (**Figure 6**).

The percentage of apheresis platelets went up 28% from 2004–05 to 2005–06, and usage rates were up from 5.0/1,000 to 5.3/1,000 population for the same period. This compares to the English rate of 4.4/1,000 population. However, there continues to be considerable jurisdictional variation in the type of platelet component issued, along with a wide variation in the numbers of platelets issued in each jurisdiction (per head population).

FIGURE 5. 2005–06 RED CELL AHMC NATIONAL SUPPLY PLAN VERSUS ACTUAL SUPPLY

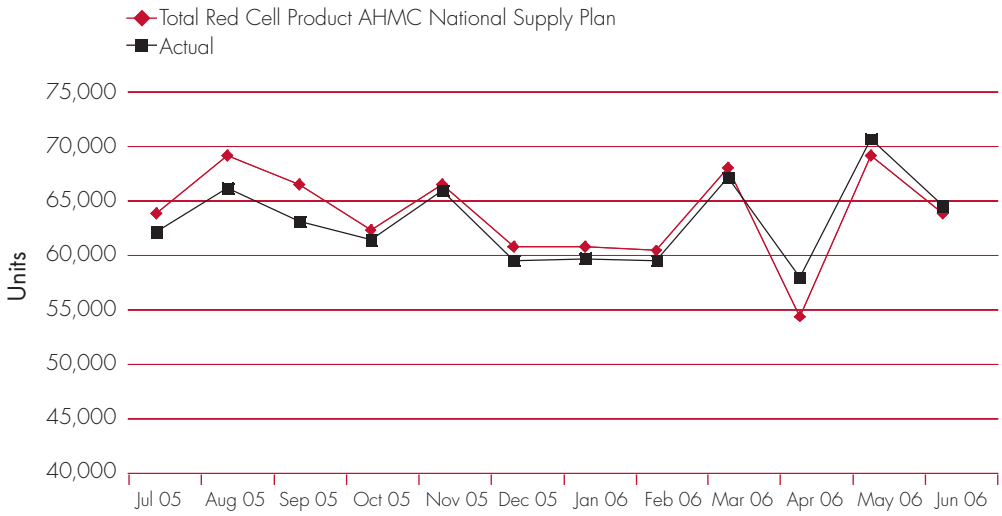
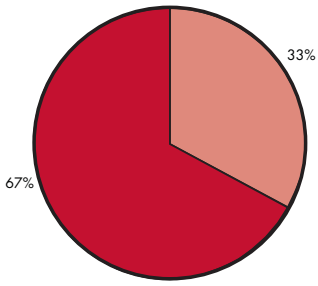
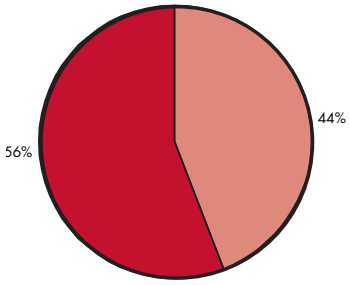


FIGURE 6. PRODUCT MIX FOR THE CONSUMPTION OF PLATELETS

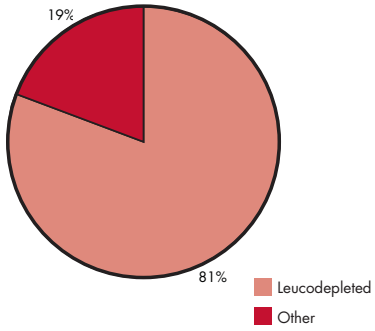
Product mix for the consumption of platelets for 2002–03



Product mix for the consumption of platelets for 2004–05



Estimated product mix for the consumption of platelets for 2006–07



Note: As there was no material change in 2003-04 and 2005-2006 these graphs have not been shown.

The estimated growth in demand for 2006–07 for leucodepleted platelets is substantial and represents 81% of the total platelet requirement. All States and Territories with the exception of Queensland will be ordering 100% leucodepleted platelets for 2006–07.

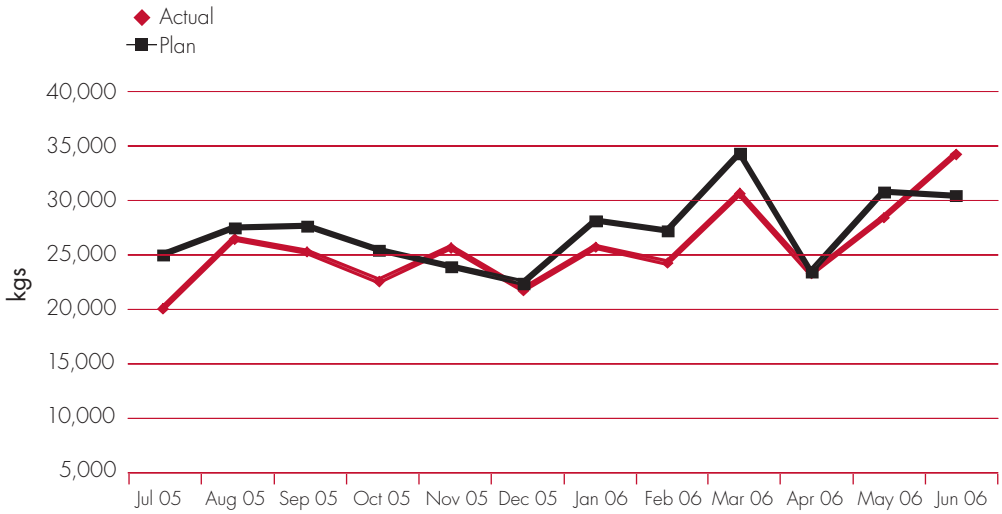
4.1.3.2 Plasma for fractionation

The NBA contracts with the ARCBS to supply plasma to the fractionator, CSL, to manufacture a range of plasma products under the Plasma Products Agreement. Although the ARCBS met the 2004–05 plasma for fractionation target of 308 tonnes, for 2005–06 the higher target of 317 tonnes proved more difficult to achieve. The total, actual supply of plasma for fractionation in 2005–06 against the (Mid Year Adjusted Plan) target is depicted in **Figure 7**. Although the pattern of collection of plasma tracked consistently with the estimates in the supply plan (and with the collection pattern for previous years), for much of the year the actual volume collected tracked at approximately 10% below target. However, the ARCBS was able to make up some of this shortfall so that the plasma volume achieved was 308.35 tonnes, a shortfall of 2.73% (or around 8.6 tonnes) against the target of 317 tonnes.

Plasma derived Factor VIII (Biostate®) is produced by CSL using plasma from the ARCBS which it, in turn, collects from a pool of donors restricted by TGA requirements to people who have not travelled outside Australia or New Zealand. This TGA restriction resulted in a shortfall in the amount of the plasma required to manufacture Biostate®; this shortfall is included in the overall plasma shortfall discussed above.

This shortfall together with a rate of demand for Biostate® that exceeded forward estimates, required the NBA to implement intensive product management to maintain an adequate supply of Biostate® throughout Australia.

FIGURE 7. 2005–06 TOTAL PLASMA FOR FRACTIONATION, ACTUAL VERSUS MID-YEAR ADJUSTED PLAN

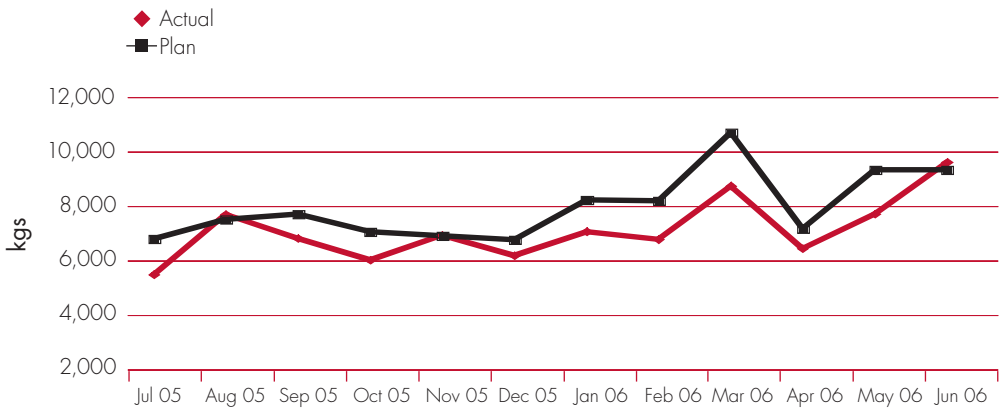


Under intensive product management there were weekly or fortnightly planning and coordination meetings between the NBA, ARCBS and suppliers to ensure an adequate supply of these products was available at all times to meet clinical demand.

The total, actual supply of Biostate® plasma for fractionation in 2005–06 against the (Mid-Year Adjusted Plan) target is depicted in **Figure 8**.

The collection of Biostate® plasma tracked below target for much of the year, and ended 7% (around 6.8 tonnes) below target.

FIGURE 8. 2005–06 TOTAL BIOSTATE® PLASMA FOR FRACTIONATION, ACTUAL VERSUS MID-YEAR ADJUSTED PLAN



4.1.3.3 Plasma-derived and recombinant products

During 2005–06, there was an ample supply of most plasma-derived and recombinant products. There were two exceptions Factor VIII and IVIg.

Factor VIII

As a result of the introduction of recombinant policy by Australian governments in August 2004, demand for plasma-derived Factor VIII has fallen whilst demand for recombinant Factor VIII has increased substantially.
The plasma-derived Factor VIII product supplied by CSL under the PPA is Biostate®. The recombinant Factor VIII product available for supply in 2005–06 was the Baxter product, Recombinate®. The usage of Factor VIII products in Australia from 2003–04 to 2006–07 (NBA estimates) is depicted in **Figure 9**.

In order to understand the persistent increase in demand for Factor VIII overall, and despite the increased access to recombinant Factor VIII, the NBA conducted a research project on estimating Factor VIII demand. This research project was based on the following assumptions:

- a constant absolute increase annually in population
- an increase for body mass of 0.5% per annum per haemophilia A patient
- an annual increase through prophylaxis of 6% per annum per haemophilia A patient
- an annual increase due to surgery of 5% per annum per haemophilia A patient.

The research project found that ongoing demand for Factor VIII could continue to increase at the rates depicted in **Figure 10**, that is, around 14% per annum. There were a number of inconsistencies and gaps in the data available to the NBA for the research project, so the NBA involved the Australian Haemophilia Centre Directors' Organisation (AHCDO) in the project, which was of great assistance. The research paper from this project will be published on the NBA website as a Discussion Paper in August 2006.

FIGURE 9. USAGE OF FACTOR VIII PRODUCTS IN AUSTRALIA FROM 2003–04 TO 2006–07*

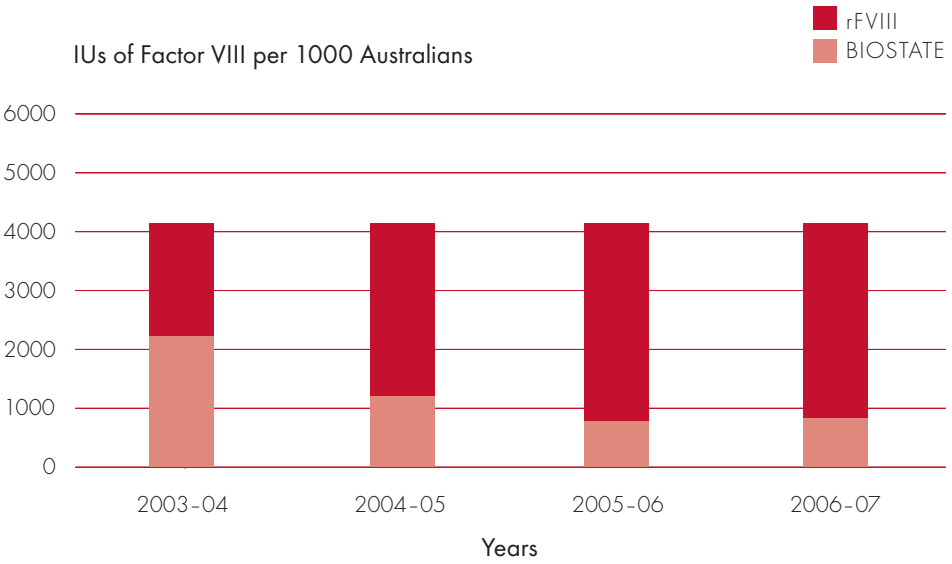


FIGURE 10. ESTIMATED FVIII DEMAND UNTIL 2015–16

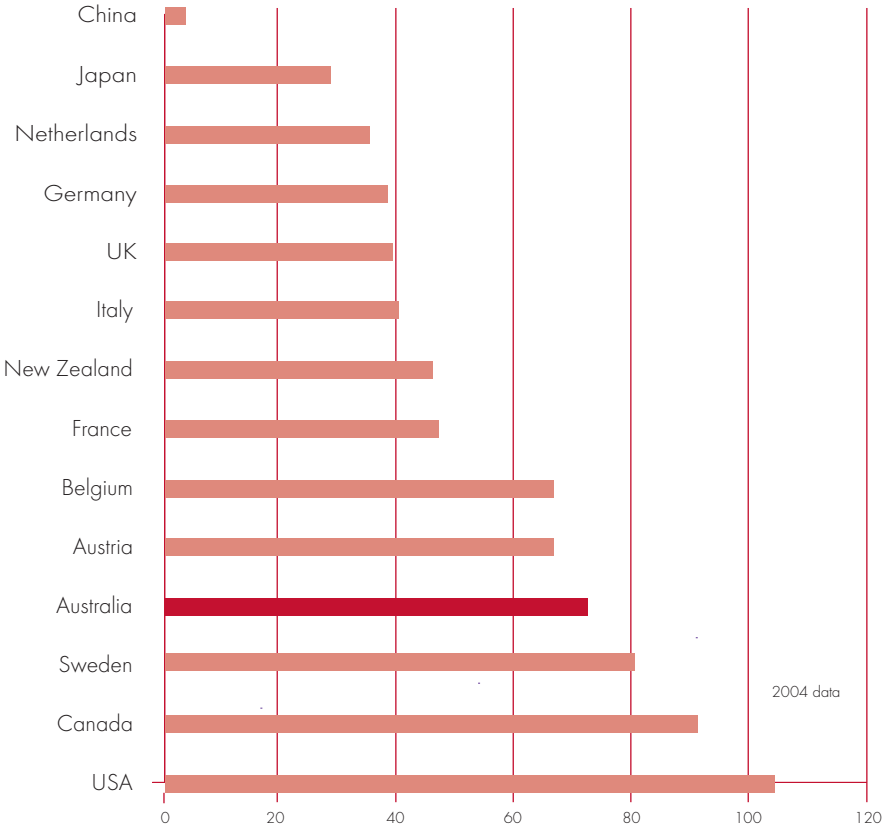
Intravenous Immunoglobulin (IVIg)

Of all blood products, in Australia and overseas, IVIg has the most rapid growth in indications for use and, consequently, in demand. The growth of IVIg use in North America (Canada and the USA) between 1992 and 2005 has averaged 11% per annum. This represents around 103g/1,000 population, making North America by far the largest user of IVIg in the world. By comparison Europe used around 25g/1,000 population in 2003. The growth rate for IVIg usage in Europe since 1992 has been similar to that of North America at around 12%. This situation is depicted in **Figure 11**.

Historically, Australian consumption of IVIg lies between that of North America and Europe with a rate of 73g of IVIg issued/1,000 population in 2005–06. This puts the average of the annual growth rates for IVIg issued in Australia over the last decade at 14.8%, and, as shown below, the rate of IVIg issued/1000 population has seen a corresponding rise (**Figure 12**).

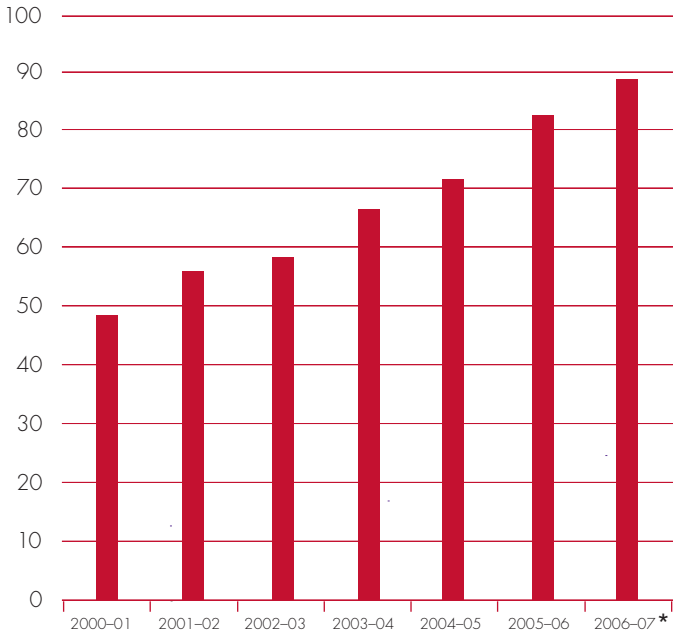
In Australia, CSL supplies an IVIg product, Intragam®. However, in recent times, demand for IVIg in Australia has risen relatively steeply, as discussed above, to the point where, if the shortfall in plasma for fractionation is taken into account, domestic supply of IVIg has been unable to meet demand. This situation is shown in **Figure 13**.

FIGURE 11. IVIG USAGE IN GRAMS PER 1000 POPULATION



In 2004–05, in order to ensure an adequate supply of IVIg for Australia, governments agreed that the NBA put in place contingency arrangements for the supply of imported IVIg to meet shortfalls in domestic IVIg supply. The proportions of imported IVIg are shown in **Figure 14**.

FIGURE 12. GRAMS IVIG PER 1000 POPULATION IN AUSTRALIA SINCE 2001



*06/07 figure based on AHMC approved estimates

FIGURE 13. INCREASE IN PLASMA COLLECTION VERSUS INCREASE IN ISSUES OF IVIG SINCE 1994

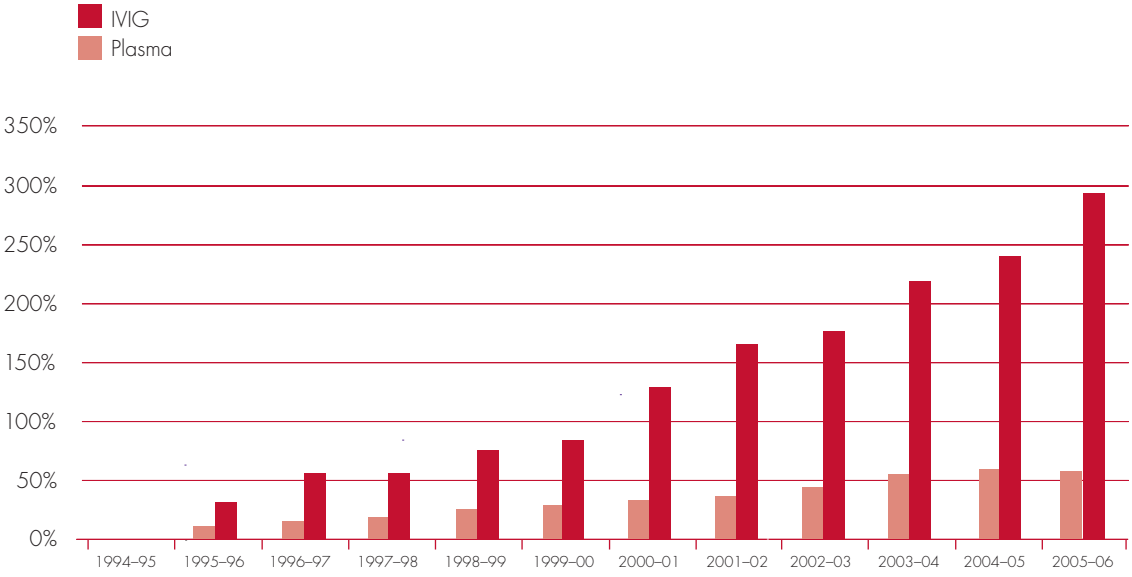
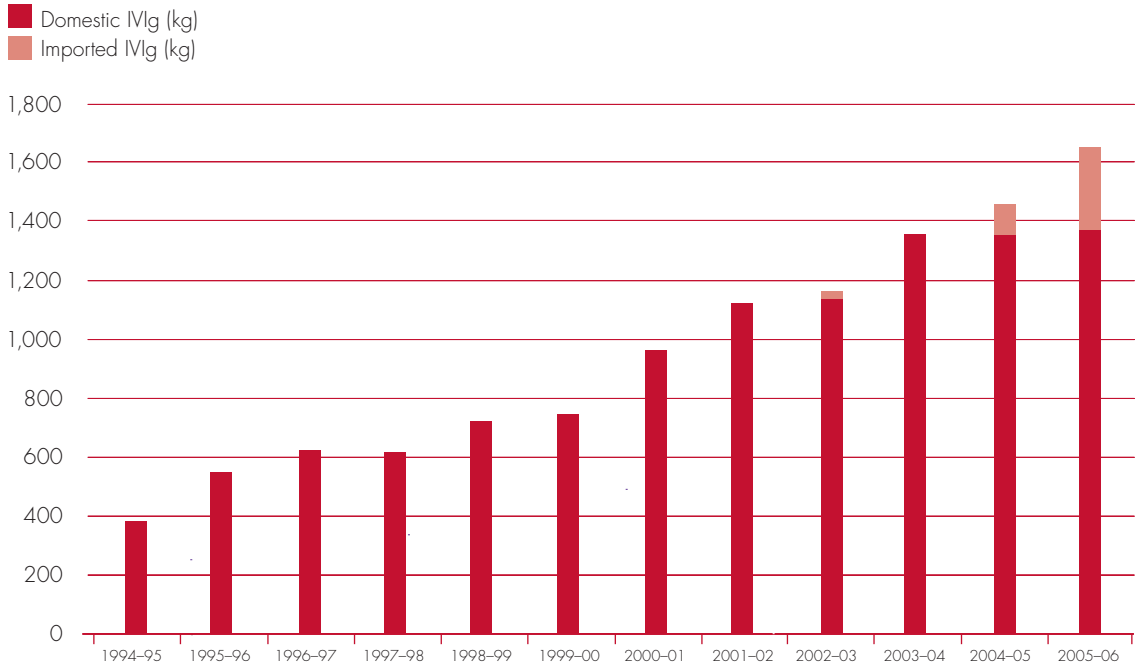


FIGURE 14. IVIG ISSUES IN AUSTRALIA



In 2005–06, the challenges in supply of domestic IVIg required the NBA to adopt the same intensive product management arrangements for this product as described above for Biostate®. Additionally, during 2005–06, the NBA progressed the following initiatives which focus on the management and use of IVIg in Australia:

- review of the evidence and consultation with clinicians to inform a review of the Australian Health Ministers Advisory Council (AHMAC) (2000) IVIg Guidelines
- Development of revised criteria for subsidised IVIg therapy in Australia
- commencement of a pilot track and trace system to identify and map the flow of product through the system from the point of ordering to administration to a patient
- exploration of drivers of demand for IVIg through research of published and unpublished literature to inform the development of a model by the NBA to predict IVIg demand.

During 2005–06 the NBA researched, developed and published on its website a paper on '*The Supply and Use of Plasma Products in Australia*'. Amongst other important data and information in this paper, there are data and forward estimates which show the historical use and predictions of future use of IVIg in Australia.

Apart from imported IVIg, Australia has been importing a range of plasma products for some years to treat some rarer bleeding disorders. This overseas supply was again needed in 2005–06 as these plasma products are not manufactured in Australia. A list of these overseas-sourced plasma products is in Appendix 4.

Rh(D)/WinRho HF

Rh(D) is a plasma-derived preparation for intramuscular administration, used to prevent Rhesus disease from occurring in the babies of pregnant women, where the mother and baby's blood groups are incompatible. Stage 3 of the Rh(D) antenatal prophylaxis program commenced in March 2006, which meant that, for the first time in a number of years, domestic plasma derived Rh(D) immunoglobulin is used for routine Rh(D) antenatal and postnatal prophylaxis, as opposed to using WinRho®. WinRho® is an imported product containing antibodies to Rh(D). A number of years ago it was discovered that the donor pool used for the collection of the special plasma needed by CSL to produce the domestic plasma derived Rh(D) immunoglobulin had been depleted to the point where Australia could no longer be self-sufficient for this product. The ARCBS, with additional government funding, commenced to rebuild the donor pool, but imported WinRho® was required to supplement the domestic supply for some time.

The capacity to implement the Stage 3 program saw Australia return to self-sufficiency for this product by the end of 2005-06. However, governments require a small amount of WinRho® to be available where intravenous administration is required, as opposed to the intramuscular administration of the domestic Rh(D). Examples of where this may be necessary are following a major transplacental haemorrhage (TPH) or transfusion of Rh(D) positive red cells to an Rh(D) negative woman of child-bearing potential.

4.1.4 Product change proposals

Under the National Blood Agreement interested parties can make proposals for changes to products or services on the National Products and Supply List. This provides the mechanism whereby such changes, usually new or modified products or services, could

attract Government funding. Schedule 4 of the Agreement provides for evidence-based evaluation, information and advice to be provided to support decisions about these changes.

Recognising the importance of effective processing of such applications to the development of national blood supply arrangements, the JBC and the NBA formed a working party in 2005 to develop guidance material to assist parties in making applications for changes to national blood supply arrangements. Draft guidelines and an application form were published on the NBA website in late 2005 for stakeholder review and comment. Comments have been received and the documents have been amended and approved by the JBC. The guidelines and application form are being prepared for publication in finished form on the NBA website.

At the same time, NBA recognised its support of JBC consideration of change proposals as a significant activity requiring excellent performance. Accordingly, the NBA has developed and documented a Key Business Process, covering the procedures used within the NBA to ensure such proposals are processed and evaluated in a timely and effective way consistent with the policy requirements of the JBC and the National Blood Agreement. Project management techniques and tools are used to conduct the evaluation process.

An important element of the NBA's procedure is to ensure and manage stakeholder consultation about the proposal and the evaluation process. Key to this consultation, which must also be respectful of applicant expectations about commercial confidentiality, is the publication of two notices on the NBA website for each proposal. The first notice is published shortly after the proposal is received and accepted for evaluation. It describes the proposal in minimal detail, and invites comment or submission from other interested parties to be considered in the evaluation. The second notice is published after the evaluation has been completed, and includes advice as to the position JBC proposes to take in regard to the proposal. Comment is invited before the decision is finalised.

These procedures are now being applied to the first application received for a new product to be added to the national blood supply arrangements. This first application is from Octapharma Australia Pty Ltd in respect of Octaplas. A notice about this proposal can be found on the NBA website. It is expected that the Octaplas proposal will be presented for decision during 2006–07.

4.2 Improving the performance of the blood sector

In 2005–06 the NBA embarked on an additional phase of our work program with a focus around performance of the blood sector as a whole. This complements our existing work program in supply planning and contracting for blood and blood products. This substantial shift was a reflection of the decision by governments in May 2005 to provide an additional $4 million per year in funding to the NBA. In particular this meant that the NBA could commence a range of activities in the areas of:

- improved risk management and contingency planning within the blood sector
- initiatives to support increasing the appropriate use of blood and blood products
- collection, analysis and publication of data to benchmark Australian blood sector performance internationally.

This section sets out our activities and achievements in these areas.

4.2.1 Risk management and contingency arrangements

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

- ensuring a sufficient supply of blood and blood products to all States and Territories
- the establishment and management of risk mitigation and contingency measures in relation to the national blood supply.

Until 2005–06 the NBA was not resourced to commence work on risk management and contingency arrangements. The funding provided in 2005–06 was timely given a substantial increased focus by governments on the need for thorough and detailed identification of risks to the health sector and the development of appropriate contingency arrangements.

To meet our obligations with regards to contingency planning and risk mitigation measures, a number of projects and activities were undertaken or commenced during 2005–06.

Supply Risk and Risk Mitigation Project

During 2005–06 the NBA finalised a Supply Risk and Risk Mitigation (SRRM) Project that aimed to review and provide recommendations to the JBC on the security of the Australian supply of plasma and recombinant products, including a range of proposed risk mitigation (management) strategies for each product. In undertaking this project, assistance was sought from clinicians, professional groups, community representatives and suppliers of plasma and recombinant products.

The first phase involved an assessment that considered:

- potential supply and demand emergency scenarios
- the likelihood and consequences of each of the scenarios
- the availability of alternative products or treatments to mitigate supply risks.

The NBA then considered the effectiveness of a suite of mitigation strategies to reduce the likelihood or impact of each scenario identified. Using this information and the assessment made in the first phase of the project, the NBA developed a mix of mitigation strategies for each of the plasma and recombinant products that provided:

- security of supply
- value for money
- adequate resources to ensure agreed outcomes were implemented.

In September 2005, these proposed strategies were provided to the JBC for their consideration. The JBC agreed to a range of measures being implemented, reviewed or strengthened to provide greater supply assurance. These strategies included:

- second supplier arrangements where Australia would have access to an equivalent product if the primary suppliers were unable to provide the product
- the requirement for suppliers to hold agreed reserves or levels of products
- Standing Offers with second suppliers of products such as IVIg, to provide products during times of shortages.

Australia has been identified as a preferred customer or market in some supply arrangements, making it a priority for supply in the event of a global shortage. The NBA has been able to achieve this through intensive, well researched contractual negotiations with these suppliers.

The NBA has commenced the implementation of these recommendations and will build on this during 2006–07.

ARCBS Interim Emergency Management Plan

As part of the requirements under the National Blood Agreement to develop specific risk mitigation and contingency measures, the NBA facilitated the JBC's consideration of the ARCBS' Interim Emergency Management Plan. This work with the ARCBS has led also to a draft proposal for more effectively managing short-term shortfalls in red blood cells nationally.

By developing a national approach to both management of short term red cell shortfalls and shortages of fresh blood products in the event of an emergency, inventory will be managed in a manner that most effectively meets crucial demand in a time of short supply.

National Blood Supply Contingency Plan

An important part of the recommendations arising from the SRRM Project, was an agreement by the JBC that the NBA develop a National Blood Supply Contingency Plan (NBSCP). Accordingly, in February 2006, the NBA commenced an open tender process, aimed at engaging a suitably qualified and experienced organisation to develop the Plan. A fundamental element of the process will be to ensure that we gain ownership from stakeholders of the actions necessary in the event of an emergency. The consultant will also design, implement and manage a detailed simulation exercise to test the readiness and to clarify the roles and responsibilities of all stakeholders.

Our goal is to develop a NBSCP during 2006–07 that is actively integrated with other crisis management plans within the sector. In particular this Plan will mesh with the risk and contingency plans developed, maintained and managed by suppliers, to ensure an integrated response to any emergency. It will also reflect and be appropriately integrated with the comprehensive network of risk management planning for the health sector that is being coordinated by the Department of Health and Ageing.

In preparing for the development of the NBSCP, the NBA has commenced extensive research on the current environment, with regards to the increased emphasis on health sector contingency planning generally, and international events that have influenced the blood sectors in other countries.

The research has included the impacts and effects of Severe Acute Respiratory Syndrome (SARS) on the supply and demand of blood products and a thorough assessment of the effectiveness of the mitigation strategies implemented. The NBA has also commenced a collaborative process with the Department of Health and Ageing Office of Health Protection, on the blood activities related to the Australian Health Management Plan for Pandemic Influenza.

Health Infrastructure Assurance Advisory Group

The NBA has participated in the Health Infrastructure Assurance Advisory Group (HIAAG), part of the Trusted Information Sharing Network for Critical Infrastructure Protection (TISN). This has enabled us to keep abreast of information in relation to possible general threats and vulnerability to critical health infrastructure. Active participation in forums such as this will assist the NBA in improving our ability to manage risk mitigation and contingency measures in relation to the national blood supply.

National Managed Fund

The National Managed Fund (NMF) was established by the Australian Health Ministers'

Advisory Council to cover future liability claims made against the ARCBS 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 (NIRG), a technical advisory sub-committee to the JBC. The NBA provides secretariat support to the NIRG. The Australian Government, State and Territory governments and the ARCBS each pay an annual contribution to the National Managed Fund. The NBA took over the responsibility of the National Managed Fund on 1 July 2003.

The NBA has engaged two contract service providers in 2005–06 through an open tender process to assist in the management of the National Managed Fund:

- Claims Management and Advice Services (CMAS). The contract provider for CMAS, Marsh Pty Limited, provides day-to-day handling of claims under the NMF. The services comprise:
  - preparation of incidence and claims documentation
  - claims management and processing
  - record keeping and reporting of incidence and claims data.
- Management and Advice Support Services (MASS). The contract provider for MASS, PricewaterhouseCoopers, performs three main functions:
  - provision of liability services
  - provision of actuarial services
  - provision of financial oversight services.

Since their appointment, Marsh Pty Ltd have begun work on the development of a Claims Manual, detailing the process for managing potential claims against the ARCBS. In addition, work has commenced on reviewing historical incidence data supplied by the ARCBS. The analyses of this information will not only inform the ARCBS and the NBA of potential risks but will also be used as the basis of the actuarial advice to be provided by the MASS contractor, PricewaterhouseCoopers.

4.2.2 Blood Counts

The Blood Counts Program is an integral part of the NBA's strategy to meet its safety and quality obligations under the National Blood Agreement. The Program's aim is to '*Support the States, Territories and health care professionals in improving patient outcomes through appropriate utilisation of blood and blood products*'.

The Blood Counts Program was formalised during the 2005–06 year and a team of four assembled. The Program of work was developed by the team in consultation with State and Territory health departments and individuals within the clinical community, and has been endorsed by the JBC.

The Program will focus on:

- developing stronger links with the clinical community
- the publication of evidence based guidelines for Factor VIII and Factor IX
- developing criteria for the use of IVIg in Australia
- developing a national haemovigilance framework
- promoting health care standards relating to blood
- developing transfusion expertise in nurses
- benchmarking the performance of Australia's blood sector.

The Program also undertook work on a number of other projects. The following summarises progress to-date against each of these initiatives.

4.2.2.1 Developing stronger links with the clinical community

The NBA recognises that clinical input into new initiatives is key to their successful implementation. To ensure quality clinical input at the concept, design and implementation phases of initiatives, the NBA has established two new areas.

Clinical Advisory Council

The purpose of this group is to provide clinical input that will help the NBA to develop and successfully implement clinical programs that influence and inform the appropriate use of blood and blood products. The Clinical Advisory Council, which has membership from around Australia, comprises experts in haematology and transfusion medicine, change management, pathology, intensive care medicine, quality and safety, epidemiology and emergency medicine. Over the forthcoming year, it is intended to expand the membership to include expertise in nursing and surgery.

The members of the CAC are:

- Professor Richard Smallwood (Chair), National Blood Authority Board
- Dr Simon Towler, Executive Director, WA Health Policy and Clinical Reform Division
- Dr Simon Brown, Consultant Haematologist/ Clinical Advisor, Queensland Health Pathology and Scientific Services
- Dr Chris Hogan, Consultant Haematologist, Department of Haematology, Royal Melbourne Hospital
- Professor John McNeil, Head, Department of Epidemiology and Preventative Medicine, Monash University
- Professor Michael Ward, Head, Central Clinical Division, Queensland School of Medicine
- Dr Gary Lum, Supervising Pathologist, Northern Territory Department of Health and Community Services
- Dr Peter Lewis-Hughes, Executive Director, Queensland Health Pathology and Scientific Services.

NBA Fellows Program

The Fellows Program, announced in June 2006, is an initiative designed to provide the NBA with access to independent specialist advice from clinical and scientific practitioners, and other relevant experts. NBA Fellows are experts in their fields who have demonstrated a commitment to working with the NBA to achieve the NBA's goal of *saving and improving Australian lives through a world-class blood supply*.

The four Fellows appointed to date are:

- Dr Sean Riminton, Senior Staff Specialist in Clinical Immunology and Immunopathology, Sydney South West Area Health Services, Concord Hospital
- Professor Robert Flower, Principal Scientist and Divisional Manager, Transfusion Services, Pacific Laboratory Medicine Services (PaLMS), Northern Sydney Central Coast Health Service, located at Royal North Shore Hospital
- Dr Chris Hogan, Consultant Haematologist, Department of Haematology, Royal Melbourne Hospital
- Professor Michael Ward, Head, Central Clinical Division, Queensland School of Medicine.

4.2.2.2 Evidence based guidelines for Factor VIII and Factor IX products

Over the past decade Australian governments have developed policies to increase both the safety and availability of Factor VIII and Factor IX products for Australians with haemophilia and von Willebrand Disease. In 2004, Governments agreed that recombinant products should be available for clinically appropriate use, and that evidence based guidelines should be developed and circulated.

In 2005–06, after extensive consultation with clinical experts, including members of the Australian Haemophilia Centre Directors' Organisation (AHCDO), new evidence based clinical practice guidelines were finalised. The guidelines were endorsed by the JBC and the AHCDO, and approved by the Haemophilia Foundation of Australia and the Australian Heath Ministers' Advisory Council.

The guidelines represent a nationally standardised approach to safe and effective treatment strategies for people with haemophilia and von Willebrand Disease. They support the national policy of providing patients with a choice of plasma-derived and recombinant products to treat a range of clinical conditions. They also provide treatment regimes for the use of alternatives such as anti-fibrinolytics and bypassing agents. Importantly, the guidelines recommend extending routine prophylaxis beyond 18 years of age, which will improve the quality of life for patients.

To maximise the reach of the guidelines and promote awareness within the clinical and haemophilia patient communities, a comprehensive communications plan has been implemented. In June 2006, the guidelines were published both in print and on the NBA website. A number of clinical organisations have established web links to the guidelines from their sites. Approximately 150 copies have been distributed to a wide range of stakeholders throughout Australia.

The guidelines will be reviewed periodically to maintain their currency, and the NBA plans to monitor their impact.

Over 2,000 people in Australia are diagnosed with haemophilia A or B, and over 1,000 are diagnosed with von Willebrand Disease, although most forms of the latter are mild or moderate. Despite its relative rarity, haemophilia is expensive to treat due to the high cost of products and the lifelong nature of the disease. Replacement of clotting factors may make up to 90% of treatment costs. Australian governments expended $129.96 million in 2004–05, and $130.1 million in 2005–06 on products to treat haemophilia and von Willebrand Disease in Australia.

4.2.2.3 Criteria for the use of intravenous immunoglobulin (IVIg) in Australia

Human plasma is the raw material that is used to manufacture a number of therapeutic products, including IVIg. IVIg is used in the treatment of a number of autoimmune and immune deficiency disorders.

Due to an increase in the number of conditions for which it is viewed as potentially useful, there is an increasing demand for this product.

To ensure that IVIg is used appropriately, revised criteria for use are being developed. It is intended these new criteria update and replace the recommendations of the 2000 *Review of the Use and Supply of Intravenous Immunoglobulins in Australia*, developed by the former Blood and Blood Products Committee. In April 2005, a subcommittee of the JBC was established to oversee the development of the

new criteria. The NBA provides administrative support and secretariat services to this subcommittee.

During 2005–06, the NBA commissioned a report on the supply and management of IVIg in Australia. The report provides recommendations on the new criteria for use, and updates a systematic review of published evidence on the efficacy of IVIg treatment in around 96 conditions for which there is present or historical use. One clear finding of this work, and work undertaken subsequently, is that the evidence-base for the use of IVIg is not comprehensive. The new criteria therefore will draw upon published evidence, where available, and expert clinical opinion where published evidence is lacking or incomplete. Extensive consultation with the clinical community will be undertaken in the development of these criteria.

The 'criteria for use' document will provide the basis for identifying those medical conditions, and the therapeutic thresholds, for which IVIg is likely to provide a genuine health benefit. The document is expected to be complete in the first half of 2007.

4.2.2.4 Developing a national haemovigilance framework

During 2005–06, the NBA consulted with jurisdictions and found significant interest and support from both clinical and government sectors for a national transfusion safety scheme that can contribute to the clinical knowledge base and inform quality improvement initiatives across all stages of the transfusion chain. In this consultation there was preference shown for a standardised system capable of providing ongoing performance data to enable comparison against local, state, national and international peers.

To gain input from interested stakeholders, the NBA developed and distributed a draft project plan, which articulated a proposed scope and methodology to collect and report information about adverse events resulting from transfusion of fresh blood products. Significant and very constructive input was received from jurisdictions and the Clinical Advisory Council.

To inform the design of the project, the NBA was keen to explore the capacity of existing incident management systems used in public hospitals to provide blood related adverse events information. In collaboration with the Department of Health in South Australia, the NBA organised a review of the Advanced Incident Monitoring System (AIMS) used in South Australian public hospitals.

The results of this research provided a positive indication that existing systems can indeed be used to extract blood related information. Encouragingly, initial results indicate that with expert guidance and some system development it will be possible to obtain data that has a strong concordance with the European Haemovigilance Network (EHN) and European Union (EU) dataset of adverse events and their definitions. This would enable comparison of transfusion safety performance internationally.

During the latter part of the year, the NBA began to constitute a governance body for the project. The Haemovigilance Working Group is expecting to have representation from key stakeholders including the ARCBS, the Australian and New Zealand Society of Blood Transfusion (ANZSBT), the JBC, and health care providers from transfusion medicine, nursing and pathology. This group will provide stewardship and guidance for the haemovigilance project, and ensure the project goals align with stakeholder needs.

The haemovigilance project is expected to span the next three years.

4.2.2.5 Promoting health care standards relating to blood

Along the 'transfusion chain', only the production of blood and blood components and transfusion laboratory processes are presently regulated or accredited in any detail. In the hospital setting, there is presently no nationally standardised oversight of transfusion-related activities outside the blood bank laboratory. One of the NBA's key aims is to work collaboratively with clinical communities to improve the standard of blood handling and transfusion practice in hospitals, noting that in the absence of universally applied standards, current transfusion practice is likely to be variable across hospitals and the country.

The Australian Council on Healthcare Standards (ACHS), as part of the 4th edition of its Evaluation and Quality Improvement Program (EQuIP) has proposed standards that will direct health care organisations, guidelines and other material dealing with the care and management of blood and blood components. The ACHS focus is for health care facilities to have in place systems for the prescription, sample collection, storage and transportation, and administration of blood and blood products that ensure safe and appropriate practices. Presently, the ACHS is the only hospital accreditation organisation that has a standard covering blood transfusion practice within hospitals.

In April 2006, the NBA met with representatives of the ACHS, ANZSBT, and the Royal College of Nursing Australia (RCNA) to discuss strategies to promote national standards for blood and blood component handling and administration in hospitals. The role the NBA is playing in this endeavour is:

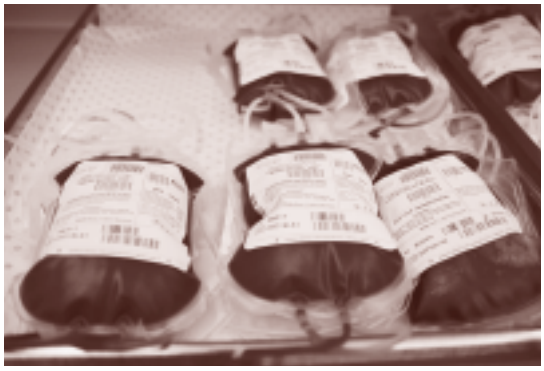
- undertaking work to promote the role of transfusion nurses (see Section 4.2.2.6)
- working collaboratively with clinicians to support a 'Transfusion Practice Improvement Network'
- looking at ways to influence the uptake of standards for the handling and administration of blood and blood components through service level agreements.

The NBA continues to consult with the ACHS, the ANZSBT and the RCNA on projects to continuously improve transfusion practice in Australia.

4.2.2.6 Developing transfusion expertise in nurses

Despite transfusion nursing not being formally recognised as a specialist area of nursing in Australia, a core group of nurses have developed expertise in this field.

The NBA established relationships with transfusion nurses and sponsored a transfusion nurse meeting to develop curriculum content relevant to transfusion nursing for undergraduate nurses. An expert curriculum consultant was employed to facilitate the meeting. Because undergraduate nursing curricula are already quite full, the group identified areas within existing curricula where transfusion related units could supplement existing content. For example, patient identification is a common topic across all curricula. Most curricula use pharmaceuticals to emphasise the importance of checking patient identity. The group developed a



unit around patient identification using transfusion as the example. The proposed curriculum has been provided to the Deans of Australian nursing schools for consideration and implementation.

Further, the NBA has researched suitable resource material to support transfusion improvement initiatives and has made this material available on its website.

4.2.2.7 Benchmarking the performance of Australia's blood sector

A study to benchmark the performance of Australia's blood sector against other major blood agencies around the world was initiated in mid 2005. This study sought and received the cooperation of a large number of countries to develop benchmarking data on production characteristics and costs of production of blood products. Analysis was also undertaken on the drivers of demand for fresh blood products. In undertaking the study, the NBA sought to include agencies and countries with systems significantly different from Australia's, as it is through an understanding of these differences that potential improvements may be found.

The study was finalised in May 2006 and the NBA is in the process of seeking agreement from contributors to make the information available publicly. It is hoped that such benchmarking studies will become a regular activity for the NBA.

4.2.2.8 Other projects

The anti-D immunoglobulin project

The third and final stage of the anti-D immunoglobulin project commenced on 31 March 2006. This project aims to replace imported anti-D immunoglobulin with domestically sourced product. In stage three, all Rh(D) negative women in Australia are being supplied with anti-Rh(D) immunoglobulin sourced entirely from Australian donors. In conjunction with the ARCBS and CSL, the NBA has provided extensive educational material to inform clinicians, patients and laboratories about this final stage rollout of domestic product.

International Neonatal Immunotherapy study

The NBA, in conjunction with Australian governments and the ARCBS, continues to support the International Neonatal Immunotherapy Study (INIS) by providing Intragam P® to treat babies with neonatal sepsis in the first four months of life.

The study is an evidence based placebo-controlled clinical trial looking at the clinical effectiveness of treating these infants with IVIg. The study is recruiting up to 4000 sick infants, and up to 1500 are expected to be from Australia and New Zealand. Currently 1134 Australia and New Zealand babies are part of the study. The trial has been delayed by slower than expected recruitment, and is now expected to conclude in May 2007.

4.2.3 Collection, analysis and publication of data and information

The NBA inherited an environment with very little information systems support. It has over the last two years established an initial set of systems to support the delivery of essential tasks, such as financial payments and base level supply planning. The NBA has discussed with jurisdictions the need for greater investment in a comprehensive integrated data management capability within the NBA to drive improved demand and supply planning and improved use of blood products.

To assist the NBA in structuring its information framework a consultancy was conducted in October 2005. This framework defined three information domains:

- clinical, in which blood products are used and which is managed essentially at a regional or local level

- supply, which includes the suppliers and shippers of product and the medical providers (mainly hospitals) which place and receive specific orders
- sector management and policy, which determines policy for the blood sector and manages and funds the sector. Much of this is national, including the NBA, the JBC and the TGA, though it also includes jurisdictional policy management.

Existing systems within the sector include communication mechanisms sufficient to arrange the supply and distribution of product and payment for them, but not to facilitate the effective management of the sector at a national or local level. In particular, they do not provide adequate information to assist in optimising production and distribution, appropriateness and quality of use.

Strengthening supply domain information and data

Work undertaken over the last 12 months has been designed to further strengthen the NBA's access to supply domain data and commence the move to a more integrated capability across the sector. Details of key projects are below.

Track and Trace Pilot

This project is designed to explore the potential for the establishment of a common tracking capability for specific high-cost high-demand products. It will map, in a high level of detail, existing IVIg product and information flows and recommend the most suitable system to use to pilot a Track and Trace Project, taking into account the need to more effectively integrate information from across the sector.

This project is being used as a pilot to determine the extent to which the NBA may be able to obtain improved product inventory information along the entire supply chain. It is expected that the information gained will strengthen the NBA's capacity in terms of inventory management through control, or at least access to:

- automated product invoice reconciliation and auditing, including verifying and auditing supply, receipt, volume, cost and payments processes
- specific orders from Approved Recipients/ Approved Health Providers
- data on how product moves through the supply chain, including location and age of stock
- information on what volume of products are not utilised and the reasons why this is the case.

In turn, this information will strengthen the NBA's capacity to predict demand more accurately and influence some demand factors and product utilisation. Clearly an added bonus will be the development of a system that will enable 'look back' on the movement of blood products, or selected blood products, through their entire progress in the supply chain.

The NBA chose IVIg as a suitable product with which to undertake this pilot because:

- the supply chain for IVIg is more concentrated than for other products
- there are relatively few end users of IVIg which will make the initial design and analysis more manageable
- IVIg is usually in short supply and there is increasing demand for IVIg.

The project will be implemented through a four stage process:

- Research will be conducted in four hospitals
- a 'Build Stage' will involve development of a track and trace system to meet the specifications detailed in the Research Stage

- a 'Pilot Stage' will test the 'track and trace' system developed as a result of the Research Stage and the Build Stage. It is expected that this Stage, when successfully implemented, will serve as 'proof of concept' testing as a basis for consideration of wider implementation of the system
- an 'Evaluation Stage' will evaluate the extent to which the pilot has been successful, and identify issues to be considered in the wider implementation/promotion of the track and trace system.

Final outcomes from the pilot will be available in mid-2007.

Integrated data management system

The NBA is conducting tender evaluations for the implementation of an integrated data management system (IDMS) in response to a Request for Tender that was released to the market in March 2006. It is expected that the process will be completed by the end of August 2006. The IDMS will form the foundation for the NBA's IT data management, reporting and analysis into the future. The main functions from this solution will be to replace all our Microsoft Excel® and Microsoft Access® systems used to perform the following functions:

- supply planning–the National Supply Plan and Budget
- budgets and reporting
- inventory tracking and valuation
- contract administration
- compliance tasks for financial obligations
- demand forecasting
- invoice verification
- goods receipt verification
- data libraries
- user friendly reporting.

The outcomes of this project will provide data warehousing and reporting for the NBA, and the ability to integrate the outcomes from other projects such as the 'Track and Trace' project.

Development of barcoding policy

As part of the negotiations for the new defined blood products, the NBA sought to ensure that all products imported into and manufactured in Australia include a barcode. This will allow for enhanced logistical tracking and improved traceability of these products. The NBA is conscious that international trends are moving towards a common standard. The NBA has seen international parent companies implementing the EAN128 barcode standard globally for their defined blood products.

However it is also clear that in relation to fresh products, the emerging international standard reflects ISBT 128 as the preferred standard for fresh blood products. ISBT is a global standard for blood, tissue and organ identification, and is implemented by the International Council for Commonality in Blood Bank Automation (ICCBBA) which manages, develops and issues licences for ISBT 128.

The NBA will implement a process of detailed stakeholder consultations to explore the sector's preferences and the implications before making a recommendation to the JBC on the direction of this as a national policy. These stakeholders include suppliers, distributors, and State and Territory hospital representatives.

Supplier ordering and receipt verification project

The FMA Act requires Chief Executive Officers to manage the affairs of an Agency in a way that promotes efficient, effective and ethical use of Commonwealth resources. The NBA CEI 2.6 Payment of Accounts requires that before approving the payment of an invoice one of the requirements

that Certifying Officers must be satisfied with is that supporting evidence exists that the goods or services have been received and the conditions of any contract or agreement, which the payment is being made under, have been satisfied.

In the case of blood products delivered to the health sector for the benefit of the Australian public it is not possible or feasible for the NBA to verify the receipt of all blood products prior to payment. Contracts entered into by the NBA for the supply of blood products place the emphasis on suppliers of blood products to have in place procedures to ensure that acknowledgement of receipt for all blood product deliveries is obtained from Approved Recipients. The NBA relies on these procedures being in place to allow Certifying Officers to approve the payments for blood products. The NBA must review and audit supplier procedures to ensure that suppliers are:

- applying receipt verification procedures
- accurately capturing and documenting acknowledgment of receipt of products
- applying procedures correctly.

The NBA review and audit of Supplier procedures on ordering and receipt verification is an ongoing requirement that must be completed to ensure that blood products continue to be received by Approved Recipients of blood products. To facilitate this ongoing requirement a project has been set up within the NBA (and using our Internal Auditors for quality assurance) and the major tasks under this project are:

- agree a process for the addition of Approved Recipients with each supplier, ensuring each jurisdictional requirement is adhered to
- review the Standard Operating Procedures of our suppliers and distributors are in line with better practice processes
- walk through with suppliers and distributors the Standard Operating Procedures in place and confirm process with them
- train all staff involved in the audit of ordering and receipt verification process in risk assessment, sample testing and audit processes
- develop a risk analysis for each supplier to determine the sample size for the audit process
- audit the suppliers, distributors and eventually the recipients, paper work and processes
- pilot one supplier (CSL) through the entire process (this is scheduled for September 2006)
- document the process and protocols required to ensure all parties are aware of their responsibilities
- roll out process to all suppliers.

Strengthening access to and use of clinical data

The NBA has limited access to data that is collected and used in the clinical domain. At this stage, the NBA is able to access some IVIg data from the ARCBS, and a minimum amount of data from the Australian Bleeding Disorder Register (ABDR). Enhancing our access to and use of data from the clinical domain is essential to provide insight into demand patterns and trends, and for analysis of practices that achieve best health outcomes. The work that has commenced on national haemovigilance data collection (see Section 4.2.2.4) is an important starting point for this area of data analysis.

Work undertaken in the last 12 months in this area is outlined below.

Design of ARCBS service level agreements

The ARCBS has been working cooperatively with the NBA to improve the range and quality of the information provided to the NBA on the distribution of products, in particular IVIg. The ARCBS is now providing to the NBA on a national basis a suite of information on the ordering and distribution of IVIg including patient characteristics, medical condition and dosage. This suite of information is based on a data set as agreed by the JBC IVIg Working Party, in response to an identified need to collect comprehensive data to inform better gate-keeping and decision making on the use and access to IVIg.

The NBA has also undertaken preliminary work to develop a project plan for discussion with the ARCBS on how best to put in place agreements to supply. It is proposed that these agreements will be between the ARCBS and each approved health provider, and the recipients of blood and blood products.

The NBA supports the development of these supply agreements in recognition of the reliance of the ARCBS on the cooperation and good practices of Approved Health Providers to better integrate planning and demand management. The NBA also supports the implementation of best practice nationally consistent processes in regard to issues such as comprehensive reporting on product usage and inventory management.

Understanding the impact of health demographics on demand for blood products

As part of the international benchmarking study (see Section 4.2.2.7), an initial analysis was undertaken on possible sustainable indicators of demand for fresh blood products in Australia. This work determined that demand for fresh blood products is influenced by an array of factors including demographic change, the prevalence of disease, clinical practice, medical and surgical developments that create new uses of fresh blood products and/or reduce the need for blood transfusion, and supply factors such as service access and availability. The NBA is keen to explore further the development of indicators in these areas to assist in demand modelling.

Data development prioritisation

Planning commenced in early 2006 for a National Blood Sector Data Workshop, the objectives of which are to:

(a) define key questions from each area of responsibility in the sector, in order to define the data required to assist them do their job better

(b) understand the role of these questions in improving the performance of the sector

(c) explore the value of existing data sets and define additional data that will contribute to answering these questions

(d) comment on prioritisation of data development for each area of responsibility within the sector.

The workshop will be held in September 2006 in Sydney and will be fundamental in driving future data activities in the NBA.

Sector Research

During the year extensive world-leading research was undertaken in relation to several aspects of the NBA's activities. The key projects are outlined below.

Supply and demand of plasma products

During 2005–06 the NBA undertook a significant research project, partly to support the Plasma Fractionation Review, and partly to provide a reliable reference resource on the supply and use of plasma products in Australia. This research project involved compiling, analysing and verifying a range of data sets associated with the supply of starting plasma to

CSL by the ARCBS, and various other disparate data and information about the supply and use of plasma products in Australia. The 2001 Stephen Review Report noted the disparate and fragmented nature of national data and information in the Australian blood sector, and recommended that, amongst other purposes, a National Blood Authority be established to manage national data and information for the Australian blood sector. This research project, combined with others conducted by the NBA in 2005–06, including the establishment and staffing of an NBA data library, represents a significant improvement in this situation.

This research will be published in August 2006 and a copy of the report will be available on the NBA website.

Estimating demand for Factor VIII up to 2015

This research project had a similar aim to the *Supply and Use of Plasma Products in Australia* project described above, but it was specifically aimed at assembling and verifying the data necessary to provide a sound basis for more accurately estimating demand for Factor VIII, plasma-derived and recombinant products used to treat people with haemophilia and other bleeding disorders, in order to support improved NBA supply planning. In addition to the significant work done by the NBA on this project, the NBA also consulted with the Australian Haemophilia Centres Directors' Organisation to obtain their views and advice on the findings of the project. The NBA wishes to acknowledge the contribution made by the AHCDO to this very important research project.

This research will be published in August 2006 as a Discussion Paper on the NBA website.

4.3 Ensuring the NBA is a high performing organisation

4.3.1 Organisational capability

The NBA's role requires committed people with the appropriate skills, effective processes and systems, good quality information and data, and the adequate resources to make it all work. Combined, these aspects determine overall capability.

The following section describes the strategies we are putting in place to ensure the NBA has the organisational capacity to achieve outcomes expected of it by the JBC and the Minister.

People

NBA staff

Enhancing the skills of NBA staff is an essential element of the NBA's organisational capacity strategies. The NBA provides an individual skills and development program which is tailored and separately funded for each staff member. June 2006 saw the commencement of activities designed to address the priority demands arising from the skills and knowledge assessment undertaken in February 2006. Recruitment activities are directly targeting skills in these areas as a way of rapidly obtaining the required skills. Through our ongoing knowledge transfer sessions, staff are then able to absorb skills and information from other staff members.

NBA has also maintained a deliberate policy of actively encouraging mature and close to retirement people to apply for positions in the NBA. The NBA considers itself fortunate to have recruited a number of people who have had extensive work history and who can apply this experience to the benefit of the NBA.

To attract and retain suitable staff the NBA remuneration arrangements are benchmarked against alternative employers in Canberra to ensure we remain competitive. AWAs, with improved remuneration packages, are offered to staff who have particular skill sets that are important to the NBA. This has allowed the NBA to select and retain staff.

NBA partners

The NBA has sought to develop a range of relationships with external people who can continue to work with the NBA for many years and provide access to contemporary expertise that we would not expect to maintain within the organisation.

During the year, the NBA issued a tender for a panel of experts in 17 different fields, and selected several consultants who may work with the NBA in future. It is hoped that ongoing work with the same consultants will develop in them a knowledge and understanding of the NBA, so that ongoing work can be more productive. The panel arrangements have also allowed for the NBA to utilise necessary skills in a time efficient manner.

A key recommendation from the Review of the JBC by Alan Bansemer in February 2006 was for the NBA to secure appropriate expertise to guide policy development and activities in relation to technological, clinical, risk and other developments in the sector. Both the NBA Fellows Program and the Clinical Advisory Committee (Section 4.2.2.1) provide ready access to independent specialist advice from clinical and scientific practitioners, and other relevant experts.

Processes and systems

Performance improvement processes

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 capture learning for our most crucial business operations
- development of a central repository of all key business processes, 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 JBC of the NBA's performance.

The performance framework also established key process owners responsible for:

- documenting the steps of that process
- improving the process, under the oversight of the executive performance improvement monthly meetings
- 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.

Key business processes

The development of key processes is fundamental to retaining within the organisation the learnings about the activities that we do on a regular basis. The NBA now has key business processes (KBPs) covering procurement, contract management, supply planning, project management, changes to blood products and

services, JBC administration and risk management. Each KBP has an owner who is responsible for advising on the process and improvements being made to each area. Suggestions for change are considered at the monthly performance improvement executive meetings and the KBP is modified as appropriate.

2005–06 saw further progress on the development of the suite of Management Instructions which are designed to standardise the processes and approaches that NBA staff use to complement common and recurring activities. These instructions promote a high level of operational efficiency and provide clear documentation against which auditing and compliance checks can be implemented.

ISO quality accreditation

To improve the management and coordination of Australia's blood supply and the NBA's understanding of the external environment, it is important that we work closely with all stakeholders and have effective communication. Internally, the NBA will continue to increase flexibility and capacity in its people and enhance capability in processes and systems. The NBA plans to work towards accreditation as a quality organisation recognised under the ISO 9001 series of standards for quality management systems Accreditation and the implementation of a quality management system will reinforce processes and help further monitor the NBA's performance.

To date, the NBA has trained a number of staff in the Standard and how to use it. An Internal Quality Audit Committee was established and trial internal audits have been scheduled. The NBA aims to be fully accredited as an ISO Quality Management organisation by 2009.

Information, data and other resources

Information management systems

The NBA commenced a high level review of its information communication technology systems, processes and procedures. This review is to ensure that they were meeting business imperatives, operational needs and supporting NBA staff and stakeholders in achieving our goals.

The review will recommend the necessary IT systems needed by the NBA to achieve these goals in the next three to five years. It will also identify a number of projects that will need to be completed to improve our IT systems.

Data Management Group

In August 2005, the NBA established a Data Library of international and Australian blood products, usage and price for planning and other business purposes. A designated Data Librarian has been recruited and commenced in 2006. The NBA established a Data Management Group in May 2006 which is responsible for the coordination of data collection, analysis and provision of data for internal and external work required of the NBA. The Group has enhanced the holdings in the NBA Data Library, provided a range of verified data sets for senior NBA staff to use in presentations in external forums, NBA website publications and other publications provided to external parties.

Legal support and advice

The NBA relies on a small in-house professional legal team, and the services of selected external law firms, to provide an effective and accountable legal capability to support its operations.

The in-house team provides flexible legal support attuned to the specific requirements of the NBA across the breadth of the NBA's operations. As well as providing legal advice and services as required, the

team helps to foster and support the legal capability of NBA staff generally through formal and on-the-job training, and provision of template documents and other legal resources. During 2005–06 the in-house team presented a number of Knowledge Management Forums to NBA staff on key legal and compliance elements of the NBA's operating environment.

The in-house team is lead by the General Counsel, who reports directly to the General Manager, and contributes to the NBA's strategic direction and management as part of the NBA executive team.

The in-house team also acts as an informed purchaser to ensure the effective procurement of legal advice and services from external providers. During 2005–06, a panel of legal providers was established through competitive tender, comprising:

- Australian Government Solicitor
- Blake Dawson Waldron
- Corrs Chambers Westgarth
- Phillips Fox.

The NBA's in-house and external legal service providers played a major role in a number of significant and successful projects and activities for the NBA in 2005–06, including:

- continuing negotiation of the ARCBS Deed of Agreement
- defined blood products procurement
- contractual arrangements for the administration of the National Managed Fund
- publication of clinical guidelines
- NBA key business processes
- NBA corporate contracts
- NBA governance and compliance.

Much of the NBA's activity has a high legal content. However, the NBA's combination of internal and external legal resourcing delivers a high quality and cost effective outcome.

4.3.2 Strategic and operational planning

Strategic Risk Management Plan

During 2005–06 the NBA successfully used its new KBP on Risk Management to develop a Strategic Risk Management Plan (SRMP) that reflected a range of key risks associated with our functions. These high level risks were initially identified through internal audit processes.

As part of an ongoing review and monitoring process the SRMP was updated regularly throughout the year. In particular, it was reviewed as part of the NBA Executive Corporate Planning Workshop. The outcomes of this review enabled the NBA to ensure that the strategies included in the proposed 2006–09 Corporate Plan, would adequately address the strategic risks identified.

2006–2009 Corporate Plan development

Part 6 Section 43 of the *National Blood Authority Act 2003* requires that the NBA must, at all times after its first year of operation, have a Corporate Plan that sets out its current objectives and business strategies, and that has been approved by the Minister. The Act also provides that the Minister may approve a corporate plan submitted by the NBA if the plan has been endorsed by the Ministerial Council.

In response to the significant changes in our operating environment, the NBA commenced a process to develop a 2006–2009 NBA Corporate Plan. In developing this plan the NBA embarked on a rigorous process that involved engagement

and consultation with both internal and external stakeholders. As part of this the NBA:

- surveyed a range of external stakeholders (including jurisdictional, clinical and community representatives) on environmental influences and the relevance of the goals and strategies in the current 2004–07 Corporate Plan
- conducted several internal staff workshops, which invited staff to provide feedback on:
  - what works well in the NBA?
  - what are our key challenges and issues over the next three years (2006 to 2009)?
  - what will make the NBA successful during 2006–2009?
- undertook a horizon scanning exercise, to consider the social, political, regulatory, technological and economic issues that may influence the direction of the NBA or what the NBA is trying to achieve during 2006–09.

Additionally, the NBA General Manager consulted the Chief Executive Officer and/or senior official or Chief Medical Officer (CMO) from each State and Territory Health Department. The information provided by stakeholders was invaluable in focusing the NBA's Executive in early 2006 on the key organisational goals and strategies that should be reflected in the 2006–09 Corporate Plan.

The 2006–2009 NBA Corporate Plan will set the strategic direction for the NBA over the next three years. The proposed plan has been considered by both the NBA Board and the JBC and is currently being considered by AHMAC and AHMC before referral for final approval by the Australian Government Minister for Health and Ageing.

2005–2006 Operational Plan performance

An annual Operational Plan is developed to guide the detailed and specific priority actions and targets (key success measures) of the NBA, while establishing a framework for measuring and reporting the success of the NBA against each strategy in the NBA's Corporate Plan.

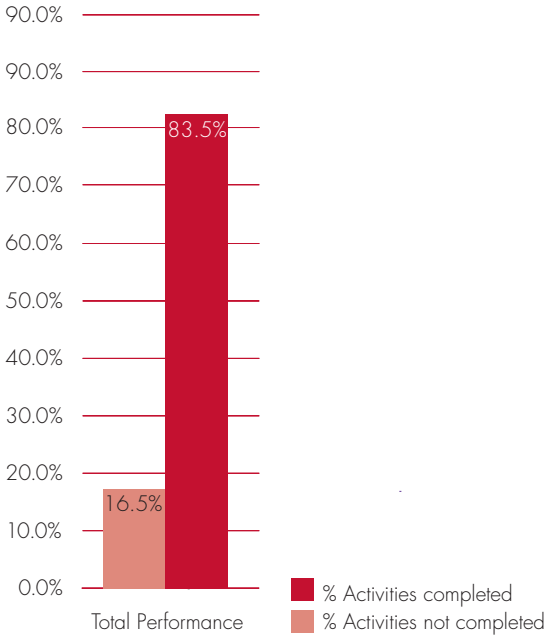
The 2005–06 Operational Plan provided guidance for all NBA operations during the year and is an essential management tool in ensuring that the NBA is on track in meeting the objectives set for it by governments. During 2005–06 the NBA commenced a new operational reporting program. The bi-monthly reporting provided an overview of performance to date against each strategic goal, as well as overall performance. This allowed management to monitor progress and achievement, keep operations on track and assist with other reporting such as the annual report.

For a small agency that was still in the process of recruiting core staff, the NBA was very successful during 2005–06 in not only the breadth of activities undertaken, but also in its ability to remain on track and complete a significant number of operational tasks. **Figure 15** provides a broad summary of the status of the activities undertaken during 2005–06.

As reflected in **Figure 15** the NBA completed around 83% of planned activities in 2005–06. Our ability to meet milestones was demonstrated by 81.2% of the key measures being reached for those activities completed. Around 16% of our activities were not completed during 2005–06. Non-completion with activities was generally due to a delay in the activity, although a few planned activities were cancelled due to their substitution by other priorities. Reasons for delay were usually one of the following:

- inability to acquire the resources needed (staff or consultants) within the anticipated timeframe
- addition of new or enlarged steps into the conduct of the activity e.g. expansion of consultation program
- relevant staff needed for higher priority tasks.

FIGURE 15. 2005–06 NBA OPERATIONAL PERFORMANCE



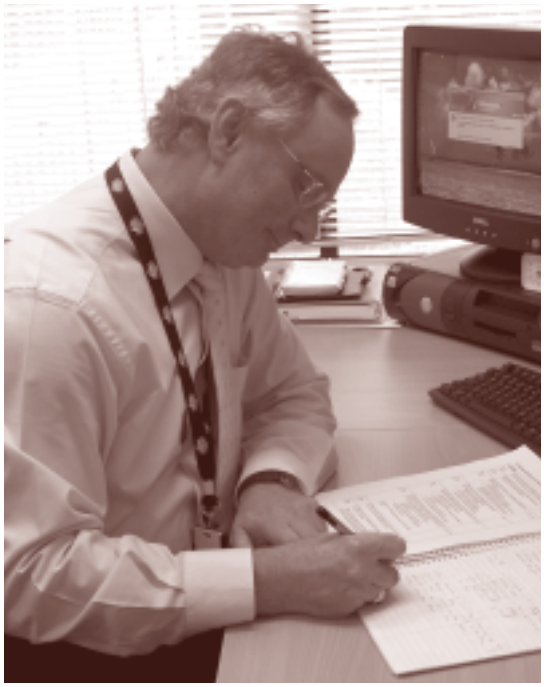
Development of 2006–07 Operational Plan

In March 2006 the NBA began to develop an operational plan for 2006–07 that aligned with the proposed 2006–09 Corporate Plan. The process for developing the new operational plan has been improved to ensure linkages between related activities and requirements for risk management planning are clearly identified.

4.3.3 Risk management and contingency planning

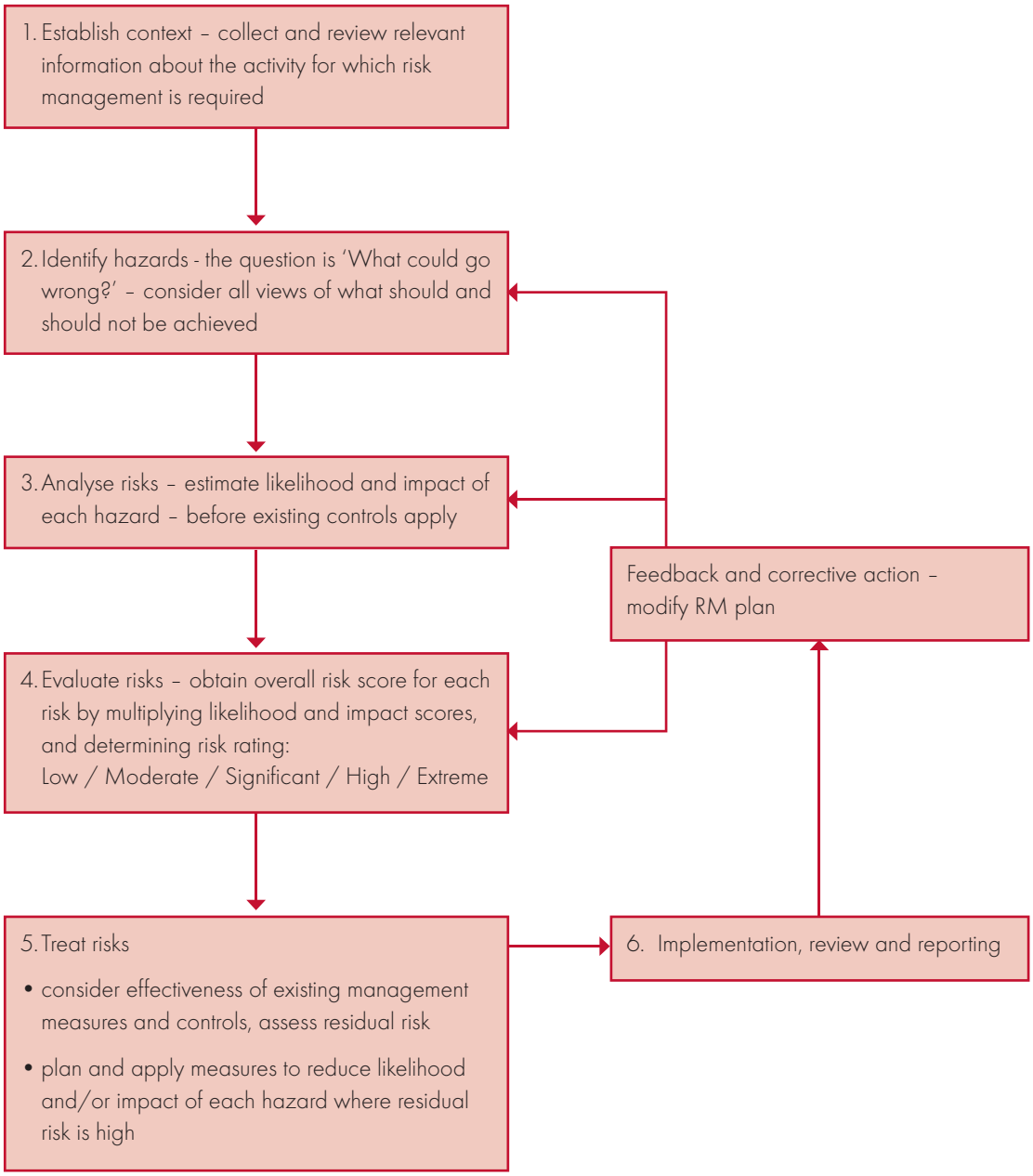
Building on last year's risk management activities, the NBA endorsed a KBP based on Australian Standard 4360:2004. The KBP commenced on 1 July 2005, and aimed to ensure appropriate risk management practices within the NBA. This process encouraged a uniform approach to risk management across the organisation.

For the most part it provided a mechanism for the identification, assessment and treatment of risks. As part of this procedure, a system of quarterly reporting on organisational risk management to the NBA Executive was implemented. It also provided systems for developing contingency plans where necessary. An overview of steps involved is outlined in **Figure 16**.



NBA staff member Peter Hade

FIGURE 16. RISK MANAGEMENT



The NBA also participated in the Comcover Risk Management benchmarking survey. This provided valuable feedback on the overview performance of the NBA with regards to risk management practices. Although the outcomes from the survey indicated a range of improvements that could be made, the NBA achieved above average results in the areas of risk management governance, risk sharing and business continuity planning when compared to other small agencies. The NBA aims to address those areas that require improvement during 2006–07.

During 2005–06, the NBA conducted a review of current practices with the aim of improving and strengthening risk management KBP. The revised Risk Management Policy, Framework and KBP were approved for implementation during 2006–07. Key changes were:

- streamlining processes for developing and reviewing the Strategic Risk Management Plan (SRMP)
- establishing clearly defined responsibilities and accountability for risk management activities
- improving aspects of the Risk Management Plan Register
- introducing an automated quality system to provide an indication of risk profiles and key risk themes for individual risk management plans and the organisation as a whole
- improving discipline in risk assessment to focus on factors generating risk.

Business continuity plan

The NBA commenced a procurement process in 2004–05 for outsourcing the business continuity planning (BCP) process, and the successful supplier was chosen in early 2005–06. The business continuity plan process commenced with workshops with key staff in order for the supplier to understand the operations of the NBA, document these and then perform a risk and needs analysis. A draft business continuity plan (BCP) was then reviewed by staff within the NBA and the final report was tabled at the April 2006 NBA Audit Committee for review. Measures recommended in the BCP have been implemented. A simulation exercise will occur in 2006–07. As part of this arrangement the NBA implemented a range of measures to ensure that it is able to continue core business at all times.

External scrutiny

There was no formal external scrutiny of the NBA in 2005–06.

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 met four times during 2005–06. The committee is chaired by an NBA Board Member. The membership of the Audit Committee includes another NBA Board member and an independent member. Representatives from the Internal Audit and the Australian National Audit Office (ANAO) attend the Audit Committee as observers. The Chair of the Audit Committee reports to the NBA Board on the actions of the committee.

During 2005–06 the Audit Committee signed off the charter and agreed a workplan for the next two years. The NBA has also developed a checklist for the Audit Committee based on the ANAO Better practice guide for public sector audit committees.

This will ensure that the workplan supports the functions in the Audit Charter.

In 2005–06 the Audit Committee provided advice on:

- review and agreement on the Fraud Control Plan
- review and agreement on the Internal Audit Plan
- review and agreement on the Business Continuity Plan
- review of the management response to the ANAO audit findings for the 2004–05 financial statements
- review of the monthly financial reports for the NBA
- review of the NBA Corporate Plan and Strategic Risk Assessment Plan for 2006 to 2009
- review of delegations, IT and physical security in the NBA
- the NBA's annual financial statements
- compliance with legislative obligations.

Relationship with Australian National Audit Office

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

Corporate governance initiatives

The NBA completed in 2005–06 a full review, required under the *Financial Management and Accountability Act 1997,* of its Instrument of Delegation and Chief Executive Instructions (CEIs). The Instrument of Delegation was put in place in May 2006 and the CEIs will be promulgated in August 2006.

Financial procedures have been developed and reviewed in conjunction with the review of the CEIs. These procedures will be completed by the end of 2006.

Internal Audit

In 2004–05 the NBA entered into an outsourcing arrangement with Protiviti Pty Ltd for the provision of internal audit services. A full risk assessment was undertaken in order to develop an Internal Audit Plan that has been agreed by the NBA Audit Committee. Ongoing review of the Internal Audit Plan is conducted by the NBA Audit Committee as a standing agenda item.

Three internal audit programs were carried out in 2005–06 to review the compliance, financial delegations and authorisations within the NBA in accordance with government policy and the NBA key business processes. All recommendations from the internal audit programs have been reviewed and where necessary processes have been put in place by the NBA to ensure the NBA is operating at optimum performance and compliance.

The NBA also requested the Internal Auditor provide quality assurance on two key business initiatives within the NBA. This was carried out to provide assurance to the Executive that the NBA processes are better practice within the sector and comply with government policies.

Fraud Control Plan

The NBA also entered into an outsourced arrangement with Ernst and Young to update the interim Fraud Control Plan developed in 2003–04.

Part of the program highlighted that training on fraud awareness was required for all NBA staff. This awareness training was conducted in 2005–06 and will be part of the ongoing training that the

NBA undertakes on an annual basis and through induction processes.

As part of the fraud control program a full fraud risk assessment was carried out in accordance with government policy. An action plan has now been tabled with the NBA Audit Committee and will be a standing agenda item at all future meetings. Processes have been put in place to address the recommendations from the Fraud Control Plan in the NBA and these have been scheduled for completion in 2006–07.

Ecologically sustainable development

The NBA continued to strive to improve its environmental performance and contribution to ecologically sustainable development by:

- subscribing to the Whole of Government (WOG) electricity scheme and increasing the amount of green energy purchased to 8%
- offering individual paper recycling bins to staff for their workstations to improve paper recycling efforts
- prescribing the use of only pH neutral, biodegradable, environmentally friendly cleaning products in a new cleaning contract
- recycling old telecommunication handsets, batteries and printing consumables through approved recycling services
- purchasing only white office paper with a minimum of 50% recycled paper component.

4.3.4 NBA governance

The NBA's internal governance arrangements reflect its commitment to continuous planning, reporting, evaluation and improvement. The governance arrangements allow for effective management of limited resources and have provided the discipline in our decision-making to allow the achievement of results.

The Executive Managers' (EM) Committee is the NBA's key decision-making body and it supports the General Manager on matters relating to all organisational governance matters. It ensures that all areas of the NBA are operating effectively and are adequately monitored, and that the governance framework and related processes are in place. It also pro-actively manages operational risks and issues, and sets priorities around business and resources.

The Committee's primary responsibility is to provide leadership, strategic guidance and formal executive level decision-making for the delivery of NBA responsibilities and internal management including:

- acting as the prime decision-making body for operational planning, resource allocation and prioritisation
- providing leadership and strategic direction, particularly in the management of stakeholder issues
- monitoring compliance and performance against key elements of the governance framework, especially operational plans, risk management plans and key business processes
- setting priorities for policy and program directions, human resources and corporate strategy, performance improvement and organisational change
- overseeing outcomes of performance improvement and organisational change programs
- guiding the development of NBA corporate and operational plans.

The Committee meets with a four weekly cyclical program. This cycle and the key issues discussed at each meeting during the year are detailed below:

- Strategy and Planning. This meeting focuses on key emerging policy issues and during the year the EMs developed NBA positions on a range of issues, for example, the new 2006–09 Corporate Plan and NBA barcoding policy
- Performance Improvement. This meeting focuses on strategies to improve the overall performance of the NBA–both internally and in the way in which we engage with external stakeholders. Examples of issues discussed were the plan for ISO accreditation, refinements to our KBPs (especially tendering and contract negotiations), assessment of blood supply change proposals, risk management and the establishment of the CAC and NBA Fellows program
- Corporate Development. This meeting monitors the progress of all major NBA corporate projects and key issues discussed included the IDMS, the IT Strategic Review, the knowledge management strategy and the operational plan
- Performance Reporting and Measurement. This meeting allows for the monitoring of efficiency and effectiveness of the NBA and identification of performance pressure points. In particular this meeting considers performance reports against key business deliverables including supply planning, contract management, intensive product management, budget and finance and an overall NBA performance scorecard.

4.3.5 *Knowledge management strategy*

The consultancy which defined the external information management architecture of the blood sector also commented on key knowledge management activities that the NBA needed to implement to ensure adequate capture of internal knowledge. Key projects that have been commenced to address these recommendations include:

Baxter Healthcare Pty Ltd Area Managing Director Australia/New Zealand Maree Coy, and NBA Deputy General Manager Peter DeGraaff at the signing of the Defined Blood Products Deed of Agreement

- development of an information hub on the NBA's intranet which was launched on 31 May, to provide navigation tools to internal and external resources through an electronic alert. The new functions are: keywords/subjects, organisations, journals, events and other resources (including external databases)
- mapping staff effort in environmental scanning with a view to identifying gaps, overlaps and ensuring key business intelligence sources are adequately considered
- establishment of the NBA Knowledge Management Steering Committee (KMSC) in June 2006. The KMSC replaces and broadens the scope of the Information Technology Steering Committee and will ensure that the NBA's business imperatives are supported by effective management and development of knowledge management capability
- implementation of a series of knowledge management seminars which included internal and external stakeholders presenting key sessions on a range of topics covering blood and corporate activities. Some of the sessions delivered include: the session presented by Dr Jukka Rautonen of the Finnish Red Cross Blood Transfusion Service; a session on blood components and a range of compliance topics covering procurement, tendering, contracts and life in the Australian Public Service
- redesign of the shared computer drive and development of a more refined taxonomy to support the efficient and greater use of the NBA's information.

Industry research

The NBA has developed an approach to its business, especially for the conduct of major procurement

projects, whereby it undertakes domestic and international blood sector business research and analysis to support the particular business activity. This research and analysis involves international price benchmarking, research and analysis on the business strategies of the large, multinational pharmaceutical companies with which the NBA deals, and analysis of stock analysts' reports (including stock analysts with whom the NBA has deliberately established a relationship). For example, for the large 2005–06 procurement project to renew supply contracts for a range of imported blood products (Defined Blood Products), the NBA engaged a recently retired Emeritus Professor of Economics to lead a business intelligence and strategy analysis effort to support the project. This activity undertook price benchmarking and strategy analysis of the potential suppliers and the products to be procured which, on final analysis, had a very strong influence on the NBA procurement strategy and the approach in the Request for Tender.

Agreements with international agencies

The NBA has established Confidentiality Agreements with five overseas agencies which undertake the same or similar activities to the NBA in their respective countries. The arrangements allow those involved to exchange sensitive, but valuable, information and data to support large projects, business activities and organisational improvement. The Agreements have proved invaluable in assisting the NBA to achieve excellent results in large procurements, and in providing successful examples of data and information management systems which the NBA has used effectively in the development of its own national data and information management systems.

Overseas networking

In order to optimise NBA performance, and to get full value from the Confidentiality Agreements and other relationships established by the NBA, it has taken a planned approach to establishing and then strengthening a strong network of internal contacts with companies, government agencies and individuals. Part of this planned networking involves attendance by senior NBA executives at peak blood sector conferences and symposiums, and conducting targeted side visits to leverage both the location of the conference and the range of delegates attending.

PART FIVE: OUR FINANCES

This section provides an overview of the NBA's financial position in 2005–06, including a summary of the resources used to deliver the NBA's outputs in the reporting year.

5.1 Summary resource table

The total value of the NBA's outputs in 2005–06 was $8.2 million. Table 9 summarises the resources used to deliver the NBA's output in 2005–06.

TABLE 9. TOTAL RESOURCES FOR OUTCOME 1 ($'000) 2005–06

	(1) Actual 2005–06 ($'000)	(2) Budget 2005–06 ($'000)	Variation (1)–(2) ($'000)	Budget 2006–07 ($'000)
ADMINISTERED EXPENSES				
Grants	299 296	284 045	15 251	322 275
Suppliers	266 843	283 041	(16,198)	303 735
TOTAL ADMINISTERED EXPENSES	**566 139**	**567 086**	**(947)**	**626 010**
DEPARTMENTAL PRICE OF OUTPUTS				
Output 1: Manage and coordinate Australia's blood supply in accordance with the National Board agreed by the Australian Government States and Territories	7 628	10 769	(3 141)	10 175
Revenue from Government (Appropriation) for Departmental Outputs	4 623	6 226	(1 603)	6 065
Revenue from Other Sources	3 570	4 543	(973)	4 110
TOTAL DEPARTMENTAL PRICE OF OUTPUTS	**8 193**	**10 769**	**(2 576)**	**10 175**
TOTAL FOR OUTCOME 1 (Total Price of Outputs and Administered expenses)	**574 332**	**577 855**	**(3 523)**	**636 185**
STAFFING	49	40	9	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.

As one of the key functions of the NBA is to procure blood and blood products, the NBA has developed a KBP to ensure that all procedures and processes are documented and followed. The NBA Internal Auditor has commenced a number of audit programs that will test the process within the NBA to ensure that it meets Government policy and good practice. KBPs are continually reviewed and refined as part of the NBA's own requirement for continual improvement in the management of its core business functions. The NBA has commenced development of a new KBP for Procurement of non-blood related goods and services, ensuring that the policies of the Commonwealth are complied with.

The NBA completed a number of open source procurements during 2005–06 in line with the Annual Procurement Plan. The key procurements for 2005–06 were arrangements for:

- multi-disciplinary panels for legal services, finance and accounting services, project and risk management services
- purchase of Defined Blood Products
- risk management services for development of a Blood Supply Contingency Plan
- an integrated data management system for the operations of the Authority.

The NBA has outsourced all air travel bookings. The NBA requires of the provider '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 2005–06.

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 2005–06.

5.3 Competitive tendering and contracting

The NBA adheres to Australian Government policy in seeking value for money in service delivery.

The NBA has outsourced its payroll function, some secretariat services, travel, information technology support and maintenance services, and some of its governance activities such as business continuity planning, internal audit and fraud control. The NBA still manages the process but, due to the size of the NBA, it was decided that optimum value for money would be gained by using a specialist outsourced service provider in the provision of these services.

Other corporate functions have been reviewed in line with government policy and will not be market tested as they provide governance and management processes that must be maintained by the organisation. The NBA has also set up panel arrangements for a number of disciplines that will provide service and support to the organisation for projects forwarding future.

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 for the replacement of assets as these come to the end of their useful lives. A full refresh of IT hardware and infrastructure will be carried out in 2006–07 following the IT Strategic Review.

5.5 Advertising and market research (Section 311A of the *Commonwealth Electoral Act 1918*)

During 2005–06, the total expenditure for payments over $1,500 on all advertising, market research and direct mail services amounted to $61,668. The expenditure for advertising, market research and direct mailing services reported in 2004–05 was $39,982. The increase in advertising costs this financial year is largely due to an increase in recruitment and tender advertising. Details of payments of $1,500 and above, as required under section 311A of the *Commonwealth Electoral Act 1918*, are contained in Table 10. All amounts are GST inclusive.

TABLE 10. TOTAL EXPENDITURE FOR PAYMENTS OVER $1,500 ON ADVERTISING, MARKET RESEARCH AND DIRECT MAILING SERVICES, 2005–06

	Purpose	Expenditure ($'000)
ORGANISATION		
HMA Blaze Pty Ltd	Tendering	34 097
HMA Blaze Pty Ltd	Recruitment	23 842
National Mailing and Marketing	Distribution of Anti-D documentation to clinicians and the public	3 729
TOTAL EXPENDITURE FOR PAYMENTS OVER $1 500 (GST Inclusive)		**61 668**

5.6 Consultants

In 2005–06, 13 new consultancy contracts were entered into involving total actual expenditure of $387,535 (GST inclusive). In addition, three ongoing consultancy contracts were active during the 2005–06 year, involving total actual expenditure of $366,769 (GST inclusive).

The policies and procedures for selecting consultants, and approving the required expenditure, are 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 11 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 11. TOTAL EXPENDITURE ON CONSULTANCY SERVICES, 2004–05 AND 2005–06

	2005–06 Total expenditure on new and existing consultancies ($'000)		2004–05 Total expenditure on new and existing consultancies ($'000)
No. let 13	754 304	No. let 16	633 954

Table 12 provides details of consultancy contracts let by the NBA in 2005–06 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 12. CONSULTANCY SERVICES LET DURING 2005–06, OF $10,000 OR MORE

Consultant name	Description	Contract price (GST incl)	Selection process	Justification
Morison Consulting Pty Ltd	Consultancy services for an independent member of the NBA's Audit Committee	11 088.00	Direct sourcing	A
Corex Pty Ltd	Consultancy services to identify the overall information architecture required by the NBA to allow it to acquire and manage information and knowledge	36 562.10	Direct sourcing	A
APIS Consulting Group Pty Ltd	Provision of consultancy services for the IT Integration project	79 824.80	Direct sourcing	A
Further Options Pty Ltd	Consultancy services for Plasma Products Project under panel arrangement	132 000.00	Open tender	A
Horwath (NSW) Pty Ltd	Development of a Business Continuity Plan for the NBA	60 999.40	Select tender	A
Australian Health Care Associates Pty Ltd	Consultancy services to undertake a benchmarking study on the costs and performance of the production of fresh blood products in Australia	73 645.23	Open tender	B
University of Sydney	Development of Options for Clinical Guidelines for the use of Intravenous Immunoglobulin in Australia	61 688.00	Direct sourcing	B
Getronics Australia Pty Ltd	Strategic review of the NBA IT systems and an infrastructure health assessment to assess compliance with Australian Government security requirements for IT systems	24 750.00	Select tender	C
KPMG	Consultancy service to undertake a financial management review of the ARCBS	38 115.00	Select tender	A
Pricewaterhouse Coopers (Administered)	Provision of services to provide Management and Advice Support Services for the National Managed Fund	600 000.00	Open tender	A

(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.

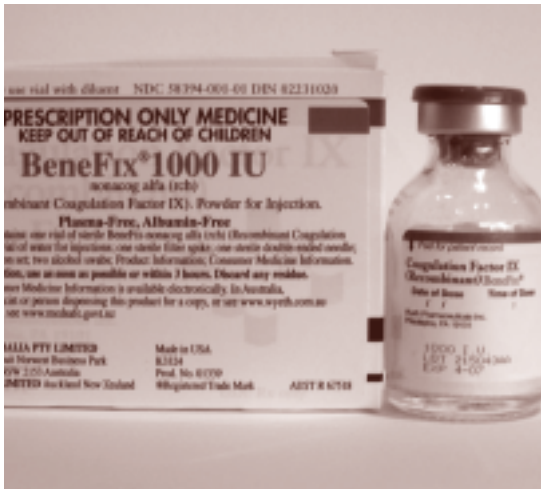
Direct Sourcing: A procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which conditions for direct sourcing apply under the mandatory procurement procedures.

(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 *Public Service Act 1999* and a range of Ministerial, Parliamentary and financial reporting requirements.

5.7.1 Funding

The NBA is funded 63% by the Australian Government and 37% 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.

In 2005–06 the NBA further refined its development of cash flow and supply planning forecasting models and monitored supplier obligations on a monthly basis. In 2005–06 we had two years of data trends and this allowed us to better manage and understand supply and cash flow trends, and in 2005–06 we were able to rely on our supply and 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.

As part of its commitment to the new blood sector arrangements the Australian Government provided $11.2 million additional funding over four years for the NBA ($3.2 million in 2005–06). This money allowed the NBA to maintain its commitment to improved contract management while expanding its capacity to deliver functions mandated by the National Blood Agreement. The State and Territory jurisdictions matched this funding in accordance with the cost share arrangements under the National Blood Agreement. The NBA will also receive additional ongoing funding of approx $6.5 million from States and Territories over the next four years ($1.9 million in 2005–06).

For this ongoing funding to be effective, the NBA also received 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 first stage of this process was a Request for Tender for an integrated data management system. The Request for Tender was released to the market in March 2006 and responses are currently being evaluated. This system will provide a platform for all other IT projects that will be required for the NBA in the future.

The NBA has a number of key initiatives underway that will enable the NBA to meet all legislated and mandated requirements and to drive demand management strategies to influence the rate of growth of administered outlays. Delays in some of these projects in 2005–06 were due to delays in recruiting, other priorities and lack of key resources to drive some of the projects. The NBA has now commenced a number of the projects envisaged as part of the funding request and during 2006–07 consultations will enable the NBA to specify and develop solutions for these.

5.7.2 Financial performance in 2005–06—overview

This section provides a summary of the NBA's financial performance for 2005–06. 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 2005–06.

Operating result

The NBA's Income Statement reports an operating surplus for 2005–06 of $0.565 million. (In 2004–05 an operating surplus of $1.796 million was reported.)

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 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 Blood 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 include annual funding from all Governments and the Australian Red Cross Blood Service and special account interest from the Australian Government.

Dr Alison Turner, General Manager, NBA

5.7.3 Income Statement

Revenue

Total revenue received in 2005–06 was $8.2 million, made up of $4.5 million from appropriations for outputs, $0.1 million from resources received free of charge, and $2.7 million from contributions received from States and Territories and $0.8 million revenue from other sources. This represented an increase of $0.15 million over the revenue for 2004–05.

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.

Expenses

The NBA's expenses for 2005–06 were $1.4 million more than in 2004–05. This was due to the increase in employee expenses of $0.6 million as a result of the additional funding received in 2005–06. This increase was still less than that expected due to delays in recruiting. There was also an increase in supplier expenses of $0.7 million as the NBA commenced a number of the projects which were the subject of request to Governments for additional funding in 2005–06.

The NBA expects to ramp up a number of these projects in 2006–07, at which time the expenses and revenues will increase.

TABLE 13. DEMONSTRATES THE NBA'S KEY RESULTS FOR THE FINANCIAL YEARS 2004–05 AND 2005–06.

	2005-06 $'000	2004-05 $'000	Movement (per cent)
Contributions from Australian Government	4 623	4 826	-4%
Contributions from States and Territories and Other Revenue	3 750	3 214	11%
Total Revenue	**8 193**	**8 040**	**2%**
Employee Expenses	4 859	4 212	15%
Supplier Expenses	2 395	1 814	32%
Other Expenses	374	218	72%
Total Expenses	**7 626**	**6 244**	**22%**
Operating Result	**565**	**1 796**	**-69%**

5.7.4 Balance Sheet

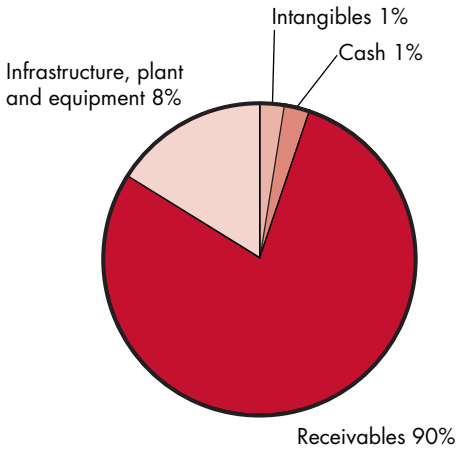
Assets

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 department).

The proportions of each category of asset held during 2005–06 are illustrated in **Figure 17.**

FIGURE 17. COMPOSITION OF NBA ASSETS AT 30 JUNE 2006



The NBA had $0.06 million in cash as at 30 June 2006. The cash balance is the minimum required to be held in the NBA bank account at the end of each month. Funds received from all jurisdictions are swept into the Official Public Account held by the Department of Finance and Administration under the NBA special account. This is recorded as appropriation receivable and represents 90% of our asset base. The funds have been set aside to enable the NBA to implement key IT projects, and consultancies on the quality and appropriate use of products in Australia. 2006–07 should see the NBA utilise this funding. A schedule of projects that will occur in 2005–06 and 2006–07 is being implemented.

The NBA's total assets increased from $5.6 million in 2004–05 to $8.6 million in 2005–06. This increase was made up of $3.0 million in cash to be used for major IT implementation in 2006–07 and 2007–08.

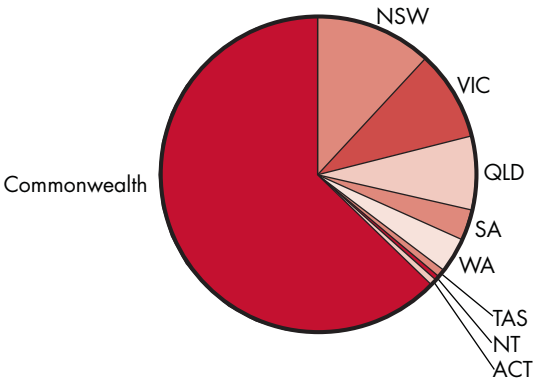
Liabilities

The NBA's total liabilities increased by $2.0 million to $4.9 million from $2.9 million in 2004–05. This increase is due to an increase in unearned revenue as a result of the delay in IT projects and commencement of significant projects due to a number of factors previously mentioned.

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 2005–06 is depicted in **Figure 18**.

FIGURE 18. COMPOSITION OF CONTRIBUTIONS FROM ALL GOVERNMENTS FOR 2005–06



Administered expenses

Table 14 provides for comparison between the NBA's 2004–05 and 2005–06 administered expenses.

TABLE 14. KEY RESULTS OF ADMINISTERED EXPENSES

	2005–06 $'000	2004–05 $'000	Movement (per cent)
ADMINISTERED EXPENSE			
Grants to the Private Sector–Non-Profit Organisation	299 296	267 776	12%
Rendering of goods and services–external entities	266 843	237 100	13%
National Reserve inventory writedown	–	8 013	N/A
TOTAL ADMINISTERED EXPENSES	566 139	512 889	10%

Administered expenses are above budget for 2005–06 due to an increase in the funding for the ARCBS offset by a decrease in usage of plasma derived products and recombinant/overseas product.

Administered assets

Administered assets are comprised of inventory held for resale, inventory not held for resale (the National Reserve of blood products) and receivables. The increase in administered assets of $6 million in 2005–06 over 2004–05 is due to an increase in receivables and increase in inventories held by the NBA. Receivables for the end of 2005–06 increased by $5 million and related to invoices raised on jurisdictions for additional funding required to meet ARCBS funding.

Inventories increased by $1 million and are under the control of the NBA but held by a major supplier and managed by them on behalf of the NBA.

Administered liabilities

Administered liabilities are comprised of accrued expenses, creditors (suppliers) and unearned revenue. There was an increase of $44 million in liabilities in 2005–06 over 2004–05. Supplier liabilities increased by $36.5 million due mainly to the increase in funding for the ARCBS and increase in other supplier expenses due to the increase in usage of product in 2005–06 over 2004–05.

Unearned revenue increased by $7.5 million in 2005–06. This is mainly due to funding received from jurisdictions being held over until 2006–07 for capital funding for the ARCBS and National Reserve funding.

PART SIX: APPENDIXES


Tetanus
Immunoglobulin-VF
For Intravenous Injection Only

Australian National Audit Office

INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the National Blood Authority for the year ended 30 June 2006. The National Blood Authority's General Manager is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the National Blood Authority's annual report.

Scope

The financial statements and General Manager's responsibility

The financial statements comprise:

- Statement by the Chief Executive Officer and Chief Finance Officer;
- Income Statement, Balance Sheet and Cash Flow Statement;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the National Blood Authority for the year ended 30 June 2006.

The National Blood Authority's General Manager, as the Chief Executive, is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the National Blood Authority, and that comply with the

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BARTON ACT
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Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The National Blood Authority's General Manager is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

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

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

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 1997*, 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 financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the General Manager.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate 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 1997*; and

(b) give a true and fair view of the National Blood Authority's financial position as at 30 June 2006 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

Michael J. Watson
Group Executive Director

Delegate of the Auditor-General

Canberra
4 August 2006

NATIONAL BLOOD AUTHORITY
INCOME STATEMENT
for the year ended 30 June 2006

	Notes	**2006** **$'000**	2005 $'000
INCOME			
Revenue			
Revenues from Government	4A	**4 532**	4 736
Goods and services	4B	**3 570**	3 214
Total revenue		**8 102**	7 950
Gains			
Other gains	4C	**91**	90
Total gains		**91**	90
Total Income		**8 193**	8 040
Expenses			
Employees	5A	**4 859**	4 212
Suppliers	5B	**2 395**	1 814
Depreciation and amortisation	5C	**285**	217
Write-down and impairment of assets	5D	**83**	-
Net loss from disposal of assets	5E	**6**	1
Total expenses		**7 628**	6 244
Operating Result		**565**	1 796

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

NATIONAL BLOOD AUTHORITY
BALANCE SHEET
as at 30 June 2006

	Notes	2006 $'000	2005 $'000
ASSETS			
Financial assets			
Cash	6A,10	**61**	4 485
Receivables	6B	**7 755**	250
Total financial assets		**7 816**	4 735
Non financial assets			
Buildings - leasehold improvements	7A, 7E	**324**	329
Infrastructure, plant and equipment	7B, 7E	**317**	327
Intangibles	7C, 7E	**120**	184
Other non-financial assets	7D	**8**	23
Total non-financial assets		**769**	863
Total assets		**8 585**	5 598
LIABILITIES			
Provisions			
Employees	8A	**904**	1 036
Total Provisions		**904**	1 036
Payables			
Suppliers	9A	**498**	448
Other payables	9B	**3 483**	1 374
Total payables		**3 981**	1 822
Total liabilities		**4 885**	2 858
NET ASSETS		**3 700**	2 740
EQUITY			
Reserves		**21**	34
Capital Injection		**406**	-
Retained Surpluses		**3 273**	2 708
TOTAL EQUITY		**3 700**	2 742
Current assets		**7 824**	4 758
Non-current assets		**761**	840
Current liabilities		**4 767**	2 153
Non-current liabilities		**118**	705

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

NATIONAL BLOOD AUTHORITY
STATEMENT OF CASH FLOWS
for the year ended 30 June 2006

	Notes	**2006** **$'000**	2005 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**6 229**	4 732
Goods and services		**4 161**	3 639
Net GST received from ATO		**297**	156
Total cash received		**10 687**	8 527
Cash used			
Employees		**5 064**	3 707
Suppliers		**2 417**	2 072
Total cash used		**7 481**	5 779
Net cash from operating activities	10	**3 206**	2 748
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of infrustructure, plant and equipment		**-**	4
Total cash received		**-**	4
Cash used			
Purchase of infrastructure, plant and equipment		**336**	668
Purchase of intangibles			
Total cash used		**336**	668
Net cash used by investing activities		**(336)**	(664)
Net increase in cash held		**2 870**	2 084
Cash at the beginning of the reporting period		**4 485**	2 401
Cash transferred to the Official Public Account		**(7 294)**	-
Cash at end of the reporting period	6	**61**	4 485

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

NATIONAL BLOOD AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

Item	Accumulated Results		Asset Revaluation Reserve		Contributed Equity/Capital		Total Equity	
	2005-06 $'000	2004-05 $'000	**2005-06 $'000**	2004-05 $'000	**2005-06 $'000**	2004-05 $'000	**2005-06 $'000**	2004-05 $'000
Opening Balance								
Balance carried forward from previous period	**2 708**	912	**34**	-	**-**	-	**2 742**	912
Adjustment for errors	**-**	-	**-**	-	**-**	-	**-**	-
Adjustment for changes in accounting policy	**-**	-	**-**	-	**-**	-	**-**	-
Adjusted Opening Balance	**2 708**	912	**34**	-	**-**	-	**2 742**	912
Income and Expense								
Revaluation adjustment	**-**	-	**(13)**	34	**-**	-	(13)	34
Subtotal income & expenses recognised directly in equity	**2 708**	912	**(13)**	34	**-**	-	**2 729**	946
Net Operating Result	**565**	1 796	**-**	-	**-**	-	**565**	1 796
Total Income and Expenses	**3 273**	2 708	**(13)**	34	**-**	-	**3 294**	2 742
Transactions with Owners								
Distributions to Owners								
Returns of Capital	**-**	-	**-**	-	**-**	-	**-**	-
Contributions by Owners								
Appropriation (equity injection)	**-**	-	**-**	-	**406**	-	**406**	-
Subtotal Transactions with Owners	-	**-**	**-**	**-**	**406**	**-**	**406**	**-**
Transfers betweeen Equity Components	**-**	-	**-**	-	**-**	-	-	-
Closing Balance at 30 June	**3 273**	2 708	**21**	34	**406**	-	**3 700**	2 742

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF COMMITMENTS AND CONTINGENCIES
as at 30 June 2006

COMMITMENTS	2006 $'000	2005 $'000
BY TYPE		
Other commitments		
Operating leases	**1 406**	1 540
Goods and service contracts	**440**	549
Total other commitments	**1 846**	2 089
Commitments receivable		
GST receivable	**168**	190
Total commitments receivable	**168**	190
Net commitments by type	**1 678**	1 899
BY MATURITY		
Other commitments		
One year or less	**373**	462
From one to five years	**67**	87
Total other commitments	**440**	549
Operating lease commitments		
One year or less	**412**	344
From one to five years	**994**	1 196
Total operating lease commitments	**1 406**	1 540
Commitments receivable		
One year or less	**71**	73
From one to five years	**97**	117
Total commitments receivable	**168**	190
Net commitments by maturity	**1 678**	1 899

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

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF COMMITMENTS AND CONTINGENCIES (continued)
as at 30 June 2006

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.

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF ADMINISTERED ITEMS

Income Administered on Behalf of Government *for the year ended 30 June 2006*	**Notes**	**2006** **$'000**	2005 $'000
Revenue			
Non-taxation revenues			
State and Territory Contributions	16	**213 875**	189 217
Interest	16	**-**	9
Other sources of non taxation revenues	16	**3 200**	30 963
Total non-taxation revenues		**217 075**	220 189
Total Revenues Administered on Behalf of Government		**217 075**	220 189

Expenses Administered on Behalf of Government *for the year ended 30 June 2006*			
Grants	17	**299 296**	267 776
Suppliers	17	**266 843**	237 100
Inventory adjustment	17	**-**	18 063
Total Expenses Administered on Behalf of Government		**566 139**	522 939

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF ADMINISTERED ITEMS (continued)

Assets Administered on Behalf of Government *as at 30 June 2006*	**Notes**	**2006** **$'000**	2005 $'000
Financial Assets			
Cash	18A	**-**	-
Receivables	18B	**12 087**	7 081
Other	18C	**-**	23
		12 087	7 104
Non Financial Assets			
Inventory	18D	**49 066**	47 888
Total Assets Administered on Behalf of Government		**61 153**	54 992
Liabilities Administered on Behalf of Government *as at 30 June 2006*			
Payables			
Suppliers	19A	**54 689**	18 148
Unearned income	19B	**24 893**	17 432
Total Liabilities Administered on Behalf of Government		**79 582**	35 580
Net Assets Administered on Behalf of Government	20	**(18 429)**	19 412
Current Assets		**61 153**	54 992
Non-current Assets		**-**	-
Current Liabilities		**79 582**	35 580
Non-current Liabilities		**-**	-

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

Administered Cash Flows
for the year ended 30 June 2006

	2006 $'000	2005 $'000
OPERATING ACTIVITIES		
Cash received		
State and Territory Contributions	**219 556**	210 256
Other - GST received from ATO	**52 960**	36 681
Other	**3 406**	9
Total cash received	**275 922**	246 946
Cash used		
Grants	**304 067**	271 078
Suppliers	**283 078**	257 720
Other - GST paid to ATO	**-**	1 033
Total cash used	**587 145**	529 831
Net cash used by operating activities	**(311 223)**	(282 885)
Net increase in cash held	**(311 223)**	(282 885)
Cash at the beginning of the reporting period	**-**	-
Cash from Official Public Account for:		
Special Account	**587 145**	529 831
	587 145	529 831
Cash to Official Public Account for:		
Special Account	**275 922**	246 946
	275 922	246 946
Cash at end of the reporting period	-	-

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

Administered Commitments *as at 30 June 2006*	2006 $'000	2005 $'000
BY TYPE		
Other commitments [1]		
Other commitments	**1 096 341**	171 077
Total other commitments	**1 096 341**	171 077
Commitments receivable		
GST receivable	**99 667**	15 552
Total commitments receivable	**99 667**	15 552
Net commitments	**996 674**	155 525
BY MATURITY		
Other commitments		
One year or less	**353 923**	88 973
From one to five years	**742 418**	82 104
Total other commitments	**1 096 341**	171 077

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Commitments (continued) *as at 30 June 2006*	**2006** **$'000**	2005 $'000
Commitments receivable		
One year or less	**32 175**	8 088
From one to five years	**67 492**	7 464
Total commitments receivable	**99 667**	15 552
Net commitments by maturity	**996 674**	155 525

NB: All commitments are GST inclusive where relevant

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

The National Blood Authority is currently renegotiating one major agreement that expired on 30 June 2005. An interim arrangement was in place for the current 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.

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

NATIONAL BLOOD AUTHORITY
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies
as at 30 June 2006

There were no quantifiable administered contingent liabilities as at 30 June 2006.

Unquantifiable and remote but material contingencies are disclosed in **Note 21: 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 2005-06 which have been tabled in Parliament.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

INDEX

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

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 quality and appropriateness of blood products.

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 provide 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 the Department of Health and Ageing Portfolio Outcome 10. Acute Care, under the following outcome and outcome group:

Outcome	Administered Items and Output Groups
Australia's blood supply is secure and well managed.	*Output Group 1* – Meet product demand through effective planning and the management of supply arrangements.

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

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

1.2 Basis of Preparation of the Financial Statements

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 1 July 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the Australian Accounting Standards Board and the Urgent Issues Group that apply for the reporting period.

This is the first financial report to be prepared under the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at fair value or amortised cost. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Assets and liabilities are recognised in the Balance Sheet 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 14).

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

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 Significant Accounting Judgments and Estimates

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

1.4 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS).

Australian Accounting Standards require the Authority to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Authority in the future. The nature of the impending change within the table has been out of necessity abbreviated and users should consult the full version available on the AASB's website to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Authority's initial assessment at this date, but may change. The Authority intends to adopt all of the standards upon their application date.

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

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-1	AASB 139	1 Jan 2006	Amends hedging requirements for foreign currency risk of a highly probable intra-group transaction.	No expected impact.
2005-4	AASB 139, AASB 132, AASB 1, AASB 1023 and AASB 1038	1 Jan 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and AASB 139	1 Jan 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-6	AASB 3	1 Jan 2006	Amends the scope to exclude business combinations involving entities or businesses under common control.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-9	AASB 4, AASB 1023, AASB 139 and AASB 132	1 Jan 2006	Amended standards in regards to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 Jan 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB 121	31 Dec 2006	Changes in requirements for net investments in foreign subsidiaries depending on denominated currency.	No expected impact.
	AASB7 Financial Instruments: Disclosures	1 Jan 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown

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

1.5 Revenue

Revenues from Government
Amounts appropriated for Departmental outputs appropriations for the year (less any current year additions 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.

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 4).

Other Revenue
Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the entity.

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

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

Receivables for goods and services which have 30 day terms, 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 no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139.

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.

1.6 Gains

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

Other Gains
Gains from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.7 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.

Equity injections
Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

1.8 Employee Benefits

As required by the Finance Minister's Orders, the Authority has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date are measured at their nominal amounts.

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

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 for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the 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 2006. In determining the present value of the liability, the Authority has taken into account attrition rates and pay increases through promotion and inflation.

Superannuation

Staff of the Authority are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or the Australian Government Employee Superannuation Trust. The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSap is a

defined contribution scheme. From 1 July 2005, new employees are eligible to join the PSSap scheme.

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.

The liability for their defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

1.9 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. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. The Authority has no finance leases as at 30 June 2006.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 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.

1.11 Financial Risk Management

The Authority's activities expose it to normal commercial financial risk. As a result of the nature of the Authority's business and internal Australian Government policies, dealing with the management of financial risk, the Authority's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.12 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).

Contingent Liabilities and Contingent Assets
Contingent liabilities or assets are not recognised in the Balance Sheet but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or 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 or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.13 Impairment of Financial Assets

As prescribed in the Finance Minister's Orders, the Authority has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are assessed for impairment at each balance date. As at 1 July 2005 and 30 June 2006 there were no impairments of Financial Assets for the Authority.

For receivables, amounts are recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

1.14 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

1.15 Property, Plant and Equipment (PP&E)

Asset Recognition Threshold
Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, 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

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

Reclassification

During 2005-06, the NBA reclassified $122,000 of Buildings - Leasehold Improvements purchased in 2004-05 to Infrastructure Plant and Equipment, in order to more appropriately represent the nature of these assets. As these assets are depreciated on a similar basis, there is no impact to the accumulated surplus

Revaluations

Basis

All valuations are conducted by an independent qualified valuer and were undertaken by the Australian Valuation Office at 30 June 2006.

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 & equipment	Market selling price

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

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

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 depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

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

	2005-06
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.

1.16 Impairment of Non-Current Assets

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

No indicators of impairment were found for assets at fair value.

1.17 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:

	2005–06
Purchased software	3 years
Internally developed software	3 years

All software assets are assessed for impairment at each balance date. As at 30 June 2006 there were no impairments of intangibles for the Authority.

1.18 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
- for receivables and payables.

1.19 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.

1.20 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.

1.21 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 Departmental items, including the application of Australian Accounting Standards.

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 20. 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 commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed.

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

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"). 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 in December 2004. These arrangements formalised the control of an inventory buffer, known as Post Payment Inventory of Blood Products ("POPI"), held at CSL Ltd for use by governments.

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

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

Inventories held for distribution are measured at the lower of cost and current replacement cost. 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 as per the National Blood Agreement.

National Managed Fund

The National Managed Fund was established to manage the liability risks of the Australian Red Cross Blood Service in relation to the provision of blood and blood products. The National Managed Fund 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 2006 is $31,740,889. 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.

	2005 **$'000**	2004 $'000
NOTE 2 The impact of the transition to AEIFRS from previous AGAAP		
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Total equity under previous AGAAP	**2 737**	912
Adjustments to retained earnings:		
Non Current Employee Entitlements	**5**	9
Total equity translated to AEIFRS	**2 742**	921
Reconciliation of profit or loss as presented under previous AGAAP to AEIFRS		
Prior year profit as previously reported	**1 791**	
Adjustments:		
Employee Expenses	**5**	
Prior year profit translated to AEIFRS	**1 796**	

NOTE 2 The impact of the transition to AEIFRS from previous AGAAP (continued)

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.

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS

The Authority has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous AGAAP have been taken up at 1 July 2005.

	2005 **$'000**	2004 $'000
The impact of the transition to AEIFRS from previous AGAAP (Administered)		
Reconciliation of Total Assets Administered on Behalf of Government under previous AGAAP to that under AEIFRS		
Total Assets Administered on Behalf of Government under previous AGAAP	**29 462**	39277
Adjustments		
Inventories	**(10 050)**	(7 674)
Total Assets Administered on Behalf of Government translated to AEIFRS	**19 412**	31 603
Reconciliation of Expenses Administered on Behalf of Government under previous AGAAP to that under AEIFRS		
Prior year Expenses Administered on Behalf of Government under previously reported	**512 889**	
Adjustments		
Administered Inventories	**10 050**	
Prior year Expenses Administered on Behalf of Government translated to AEIFRS	**522 939**	

Administered inventories were previously measured at cost or deemed cost. Under AEIFRS, Administered Inventories must be measured at the lower of cost or replacement cost.

NOTE 3 Events after the Balance Sheet Date

There were no significant events occurring after 30 June 2006.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 $'000	2005 $'000
NOTE 4 Income		
Revenues		
Note 4A - Revenues from Government		
Appropriations for outputs	**4 532**	4 736
Total revenues from government	**4 532**	4 736
Note 4B - Goods and Services		
Goods	**-**	-
Services	**3 570**	3 214
Total sales of goods and services	**3 570**	3 214
Rendering of services to:		
Related entities	**821**	306
External entities	**2 749**	2 908
Total rendering of services	**3 570**	3 214
Gains		
Note 4C - Other Gains		
Resources received free of charge	**91**	90

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

	2006 **$'000**	2005 $'000
NOTE 5 Operating Expenses		
Note 5A - Employee Expense		
Wages and Salaries	**2 997**	2 307
Superannuation	**570**	467
Leave and other entitlements	**591**	977
Other employee expenses	**701**	461
Total employee expenses	**4 859**	4 212
Note 5B - Supplier Expenses		
Goods from external entities	**133**	119
Goods from related entities	**-**	-
Services from related entities	**218**	242
Services from external entities	**1 712**	1 153
Operating lease rentals *	**291**	269
Workers compensation premiums	**41**	31
Total supplier expenses	**2 395**	1 814

* These comprise minimum lease payments only.

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

NOTE 5 Operating Expenses (continued)	**2006 $'000**	2005 $'000
Note 5C - Depreciation and amortisation		
The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset as follows:		
(i) Depreciation		
Infrastructure, plant and equipment	**81**	63
Leasehold improvements	**102**	59
Total Depreciation	**183**	122
(ii) Amortisation		
Intangibles - Computer Software	**102**	95
Total depreciation and amortisation	**285**	217

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

NOTE 5 Operating Expenses (continued)	2006 $'000	2005 $'000
Note 5D - Write Down of Assets		
Non-financial assets:		
Write off Non Financial Assets	**3**	-
Leasehold improvements - revaluation decrement	**80**	-
Total write-down of assets	**83**	-
Note 5E - Net Loss from Disposal of Assets		
Infrastructure, plant and equipment		
Proceeds from disposals	**-**	(4)
Net book value of assets disposed	**6**	5
Write-offs	**-**	-
Net loss from disposal of infrastructure, plant and equipment	**6**	1
Total proceeds from disposals	**-**	(4)
Total value of assets disposed	**6**	5
Total net loss from disposal of assets	**6**	1

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

	2006 $'000	2005 $'000
NOTE 6 Financial Assets		
Note 6A - Cash and Cash Equivalents		
Cash at Bank - Special Account	**61**	4 485
Total cash and cash equivalents	**61**	4 485
Note 6B - Receivables		
Goods and services	**-**	173
less allowance for doubtful debts	**-**	-
	-	173
All debt is current and therefore no provision is required.		
Goods and services tax (GST) receivable from ATO	**55**	74
Appropriation Receivable - Special Account	**7 700**	3
Total receivables (net)	**7 755**	250
Receivables is represented by:		
Current	**7 755**	250
Non-current	**-**	-
Total receivables (net)	**7 755**	250
All receivables are with entities external to the entity.		
Credit terms are net 30 days (2005: 30 days).		
Receivables (gross) are aged as follows:		
Not overdue	**7 700**	3
Overdue by less than 30 days	**55**	247
Total receivables (gross)	**7 755**	250

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

	2006 **$'000**	2005 $'000
NOTE 7 Non Financial Assets		
Note 7A - Leasehold improvements		
Leasehold improvements - at fair value	**324**	331
less leasehold improvements accumulated amortisation	**-**	(2)
Total leasehold improvements (non-current)	**324**	329
Note 7B - Infrastructure, plant and equipment		
Infrastructure, plant and equipment - at fair value	**317**	331
less accumulated depreciation - infrastructure, plant and equipment	**-**	(4)
Total infrastructure, plant and equipment (non-current)	**317**	327
Note 7C - Intangible Assets		
Computer software - internally developed - at cost	**39**	39
less accumulated amortisation	**(32)**	(19)
	7	20
Computer software - purchased - at cost	**288**	251
less accumulated amortisation	**(175)**	(87)
	113	164
Total intangibles (non-current)	**120**	184
Note 7D - Other Non-Financial assets		
Prepayments	**8**	23

All other non financial assets are current assets.

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

Note 7E - Analysis of property, plant and equipment and intangibles

Table A - Reconciliation of the opening and closing balances of Property, Plant and Equipment, and Intangibles

Item	Buildings - leasehold improvements	Infrastructure plant and equipment	Intangibles - Computer software purchased	Intangibles - Computer software internally developed
	$'000	$'000	$'000	$'000
As at 1 July 2005				
Gross book value	331	331	251	39
Accumulated depreciation/amortisation	(2)	(4)	(87)	(19)
Opening Net book value	**329**	**327**	**164**	**20**
Additions				
By purchase/internally developed	179	88	37	
Other				

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

NATIONAL BLOOD AUTHORITY
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Note 7E - Analysis of property, plant and equipment and intangibles (continued)

Table A - Reconciliation of the opening and closing balances of Property, Plant and Equipment, and Intangibles (continued)

Item	Buildings - leasehold improvements	Infrastructure plant and equipment	Intangibles - Computer software purchased	Intangibles - Computer software internally developed
	$'000	$'000	$'000	$'000
Net revaluation increment/(decrement)	(82)	(11)		
Depreciation/amortisation expense	(102)	(81)	(88)	(13)
Impairments recognised in the operating result				
Recoverable Amount write-downs				
Disposals				
Other disposals		(6)		
As at 30 June 2006				
Gross book value	324	317	288	39
Accumulated depreciation/amortisation	-	-	(175)	(32)
Closing Net book value	**324**	**317**	**113**	**7**

Table B - Assets under Finance Leases

The Authority does not have any assets under finance leases.

Table C - Assets under construction

The Authority does not have any assets under construction.

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

	2006 $'000	2005 $'000
NOTE 8 Provisions		
Note 8A - Employee Provisions		
Salaries and wages	**42**	18
Leave	**862**	1 018
Total employee provisions	**904**	1 036
Current	**786**	331
Non-current	**118**	705
Total employee provisions	**904**	1 036
NOTE 9 Payables		
Note 9A - Suppliers		
Suppliers	**498**	448
Total supplier payables	**498**	448
All supplier payables are current liabilities		
Note 9B - Other payables		
Unearned revenue from States and Territories	**1 094**	140
Unearned revenue from Outputs	**1 694**	-
Unearned revenue - S31 Receipts	**695**	1 234
Total other payables	**3 483**	1 374
All other payables are current liabilities		

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

	2006 **$'000**	2005 $'000
NOTE 10 Cash Flow Reconciliation		
Reconciliation of cash per Balance Sheet to Statement of Cash Flows		
Cash at year end as per Statement of Cash Flows	**61**	4 485
Balance Sheet items comprising above cash:		
Financial Asset - Cash	**61**	4 485
Reconciliation of operating result to net cash from operating activities:		
Operating Result	**565**	1 796
Depreciation/amortisation	**285**	217
Revaluation reserve increment	**(13)**	34
Revenue from sale of assets	**-**	(4)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	**196**	472
Decrease/(increase) in non-financial assets	**147**	(8)
Increase/(decrease) in employee liabilities	**(132)**	306
Increase/(decrease) in supplier liabilities	**50**	(1 214)
Increase/(decrease) in other liabilities	**2 108**	1 147
Net cash from operating activities	**3 206**	2 746

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

NATIONAL BLOOD AUTHORITY
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NOTE 11 Remuneration of Executives

The number of executives who received or were due to receive total remuneration of $130,000 or more:

	2006 Number	2005 Number
$130 000 to 144 999	-	-
$145 000 to 159 999	1	-
$160 000 to 174 999	-	1
$175 000 to 189 999	-	1
$190 000 to $204 999	1	-
$205 000 to $219 999	-	-
$220 000 to $234 999	-	-
$235 000 to $249 999	-	-
$250 000 to $264 999	-	1
$265 000 to $279 999	1	-
	3	3

	$	$
The aggregate amount of total remuneration of executive officers shown above	617 923	601 011
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 in remuneration agreements.

In 2005-06 some executives were employed for part of the year due to the permanent staff being on leave.

NOTE 12 Remuneration of Auditors

	2006 $	2005 $
Financial statement audit services are provided free of charge to the Authority The fair value of the services provided was:	91 150	90 000
	91 150	90 000

No other services were provided by the Auditor-General.

NOTE 13 Staffing Levels

	2006 Number	2005 Number
The Full Time Equivalent (FTE) staffing levels for the Authority as at reporting date were:	49	36

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

NOTE 14 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 15 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.

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

NOTE 15 Financial Instruments (continued)

(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 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 15 Financial Instruments (continued)

Note 15A 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							
		2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 %**	2005 %
Financial assets															
Cash	6A	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**61**	4 485	**61**	4 485	**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	**55**	247	**55**	247	**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	**7 700**	3	**7 700**	3	**n/a**	n/a
Total financial assets (recognised)										**7 816**	4 735	**7 816**	4 735		
Total Assets												**8 585**	5 598		
Financial liabilities															
Trade and other creditors	9A	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**498**	448	**498**	448	**n/a**	n/a
Total financial liabilities (recognised)										**498**	448	**498**	448		
Total Liabilities												**4 885**	2 858		

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

NOTE 15 Financial Instruments (continued)

Note 15B Net fair value of financial assets and liabilities

		2006		2005	
		Total carrying amount	**Aggregate net fair value**	Total carrying amount	Aggregate net fair value
	Note	**$'000**	**$'000**	$'000	$'000
Financial assets					
Cash	6A	**61**	**61**	4 485	4 485
Receivables for goods and services	6B	**55**	**55**	247	247
Appropriation receivable - Special account	6B	**7 700**	**7 700**	3	3
Total financial assets		**7 816**	**7 816**	4 735	4 735
Financial liabilities (recognised)					
Trade and other creditors	9A	**498**	**498**	448	448
Total financial liabilities (recognised)		**498**	**498**	448	448

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 Balance Sheet.

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 16 Income Administered on Behalf of Government	2006 $'000	2005 $'000
Revenue		
State and Territory contributions	**213 875**	189 217
Interest		
Interest from ATO	**-**	9
Other sources of non taxation revenues		
Contributions of assets	**-**	30 963
Other	**3 200**	-
Total Revenues Administered on Behalf of Government	**217 075**	220 189

NOTE 17 Expenses Administered on Behalf of Government	$'000	$'000
Grants		
Private sector - non profit entities	**299 296**	267 776
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	**266 843**	237 100
Inventory Adjustment		
National Reserve inventory writedown	**-**	18 063
Total Expenses Administered on Behalf of Government	**566 139**	522 939

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

NOTE 18 Assets Administered on Behalf of Government	2006 $'000	2005 $'000
Financial Assets		
Note 18A - Cash and Cash Equivalents		
Administered bank account	-	-
	-	-
Note 18B - Receivables		
Goods and services receivable	2 080	(32)
less provision for doubtful debts	-	-
	2 080	(32)
Goods and services tax receivable	10 007	7 113
Total receivables (net)	12 087	7 081
Receivables is represented by:		
Current	12 087	7 081
Non-current	-	-
Total receivables (net)	12 087	7 081
Receivables (gross) are aged as follows:		
Not overdue	12 087	3 601
Overdue by:		
Less than 30 days	-	3 480
Total receivables (gross)	12 087	7 081
Non Financial Assets		
Note 18C - Other		
Grant prepayments	-	-
Other debtors	-	23
Total other	-	23
Note 18D - Inventory		
National Reserve - Inventory not held for resale	27 615	23 039
Inventory held for resale	21 451	24 849
Total inventory	49 066	47 888
Total Assets Administered on Behalf of Government	61 153	54 992

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

NOTE 19 Liabilities Administered on Behalf of Government	**2006 $'000**	2005 $'000
Note 19A - Suppliers		
Suppliers	**54 689**	18 148
Note 19B - Other Payables		
Unearned Income - Other	**206**	-
Unearned income - States and Territories	**24 687**	17 432
Total payables	**24 893**	17 432
Total Liabilities Administered on Behalf of Government	**79 582**	35 580

All liabilities are expected to be settled within 12 months of balance date.

NOTE 20 Administered Reconciliation Table	2006 $'000	2005 $'000
Opening administered assets less administered liabilities at 1 July	**19 412**	39 277
Plus Administered revenues	**217 075**	220 189
Less Administered expenses	**(566 139)**	(522 939)
	(329 652)	(263 473)
Administered transfers to/from Government		
Transfers from OPA		
Appropriation transfers from OPA - Special account	**587 145**	529 831
Transfers to OPA		
Appropriation transfers to OPA - Special account	**(275 922)**	(246 946)
	311 223	282 885
Closing Administered assets less liabilities	**(18 429)**	19 412

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

NOTE 21 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 of damage suffered by a recipient of certain blood products. The Austalian Governments 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.

Under the terms of a current supply agreement, the Australian Government has an obligation to seek to reach agreement with CSL Limited, within certain parameters, on payments to be made to CSL Limited in recognition of the unavoidable and unrecoverable fixed costs incurred by CSL Limited in the production and supply of low volumes of certain products under that agreement. The amount of any payment cannot be quantified until agreement is reached.

NOTE 21 Administered Contingent Liabilities (continued)

The Australian Government was paid monies from a supplier for an incident occurring in 2001.

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.

Unquantifiable Administered Contingent Assets

There are no unquantifiable administered contingent assets in this reporting period.

Remote Material Administered Contingencies
There are no remote material administered contingent liabilities or contingent assets in this reporting period.

NOTE 22 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	18A	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	18B	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.

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

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NOTE 22 Financial Instruments (continued)

(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 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	19A	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 22 Administered Financial Instruments

Note 22A - 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							
		2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	%
Financial assets															
Cash	18A	**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	18B	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**12 087**	7 081	**12 087**	7 081	**n/a**	n/a
Total financial assets (recognised)		**-**	-	**-**	-	**-**	-	**-**	-	**12 087**	7 081	**12 087**	7 081		
Total Assets Administered on Behalf of the Government												**61 153**	54 992		
Financial liabilities															
Trade and other creditors	19A	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**54 689**	18 148	**54 689**	18 148	**n/a**	n/a
Total financial liabilities (recognised)		**-**	-	**-**	-	**-**	-	**-**	-	**54 689**	18 148	**54 689**	18 148		
Total Liabilities Administered on Behalf of the Government												**79 582**	35 580		

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

NOTE 22 Administered financial instruments (continued)

Note 22B Net fair value of financial assets and liabilities

		2006		2005	
		Total carrying amount	Aggregate net fair value	Total carrying amount	Aggregate net fair value
	Note	$'000	$'000	$'000	$'000
Administered					
Financial assets					
Cash	18A	**-**	**-**	-	-
Receivable for goods and services	18B	**12 087**	**12 087**	7 081	7 081
Total financial assets		**12 087**	**12 087**	7 081	7 081
Financial liabilities (recognised)					
Trade and other creditors	19A	**54 689**	**54 689**	18 148	18 148
Total financial liabilities (recognised)		**54 689**	**54 689**	18 148	18 148

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

Note 23 Appropriations

Note 23A - Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	Administered Expenses		Departmental Outputs		Total	
Particulars	**2006**	2005	**2006**	2005	**2006**	2005
Year ended 30 June	**$**	$	**$**	$	**$**	$
Balance carried from previous period	**102 768 428**	17 010 430	**4 488 854**	1 615 352	**107 257 282**	18 625 782
Reductions of appropriations (prior years)						-
Adjusted balance carried from previous period	**102 768 428**	17 010 430	**4 488 854**	1 615 352	**107 257 282**	18 625 782
Appropriation Act (No. 1)	**-**	5 764 000	**6 226 000**	4 506 635	**6 226 000**	10 270 635
Appropriation Act (No. 3)	**3 091 000**	-	**-**	-	**3 091 000**	-
Departmental adjustments by the Finance Minister (Appropriation Acts)	**-**	-	**-**	-	**-**	-
Advance to the Finance Minister	**-**	-	**-**	-	**-**	-
Adjustment of appropriation on change of entity function (FMAA s.32)	**-**	-	**-**	228 929	**-**	228 929
Refunds credited (FMAA s.30)	**-**	-	**-**	-	**-**	-
Appropriation reduced by section 9 determinations (current year)	**-**	-	**-**	-	**-**	-
Sub Total Annual Appropriations	**3 091 000**	5 764 000	**6 226 000**	4 735 564	**9 317 000**	10 499 564
Appropriations to take account of recoverable GST (FMAA s.30A)	**52 959 787**	36 680 744	**296 839**	156 495	**53 256 626**	36 837 239
Annotations to 'net appropriations' (FMAA s. 31)	**-**	-	**286 200**	1 782 160	**286 200**	1 782 160
Total appropriations available for payments	**158 819 215**	59 455 174	**11 297 893**	8 289 571	**170 117 108**	67 744 745
Cash payments made during the year (GST inclusive)	**587 174 996**	530 155 028	**7 817 672**	6 447 283	**594 992 668**	536 602 311
Appropriations credited to Special Accounts (excluding GST)	**586 820 390**	573 468 282	**3 874 729**	2 646 566	**590 695 119**	576 114 848
Balance of Authority to Draw Cash from the CRF for Ordinary Annual Services Appropriations	**158 464 609**	102 768 428	**7 354 951**	4 488 854	**165 819 560**	107 257 282
Represented by					**-**	-
Cash at bank and on hand	**-**	-	**61 227**	4 485 478	**61 227**	4 485 478
Appropriation receivable -Special Accounts	**158 464 610**	-	**7 293 723**	-	**165 758 333**	-
Receivables - GST receivable from the ATO	**-**	-	**-**	-	**-**	-
Undrawn, unlapsed appropriations	**-**	102 768 428	**-**	3 376	**-**	102 771 804
Total	**158 464 610**	102 768 428	**7 354 950**	4 488 854	**165 819 560**	107 257 282

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 23B - Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations				
	Equity		Total	
Particulars	**2006**	2005	**2006**	2005
Year ended 30 June	**$**	$	**$**	$
Balance carried from previous period	-	-	-	-
Reductions of appropriations (prior years)	-	-	-	-
Adjusted balance carried from previous period	-	-	-	-
Appropriation Act (No. 2)	**406 000**	-	**406 000**	-
Appropriation Act (No.4)	-	-	-	-
Departmental Adjustments and Borrowings	-	-	-	-
Advance to the Finance Minister	-	-	-	-
Adjustment of appropriation on change of entity function (FMAA s.32)	-	-	-	-
Refunds credited (FMAA s.30)	-	-	-	-
Appropriation reduced by section 11 determinations (current year)	-	-	-	-
Sub Total Annual Appropriations	**406 000**	-	**406 000**	-
Appropriations to take account of recoverable GST (FMAA s.30A)	-	-	-	-
Total appropriations available for payments	**406 000**	-	**406 000**	-
Cash payments made during the year (GST inclusive)	-	-	-	-
Appropriations credited to Special Accounts (excluding GST)	-	-	-	-
Balance of Authority to Draw Cash from the CRF for other than Ordinary Annual Services Appropriations	**406 000**	-	**406 000**	-
Represented by			-	-
Cash at bank and on hand	-	-	-	-
Appropriation Receivable	**406 000**	-	-	-
Receivables - GST receivable from the ATO	-	-	-	-
Undrawn, unlapsed administered appropriations	-	-	-	-
Total	**406 000**	-	**406 000**	-

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

NOTE 24 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.

National Blood Account - Departmental

	2006 $	2005 $
Balance carried from previous year	**4 488 854**	1 615 352
Appropriation Act (No.1) 2004-05	**-**	4 735 564
Appropriation Act (No.1) 2005-06	**6 226 000**	-
Other receipts - States and Territory contributions	**3 852 219**	4 428 726
Other receipts (FMAA s31)	**286 200**	-
GST credits (FMAA s30A)	**296 839**	156 495
Available for payments	**15 150 112**	10 936 137
Payments made to employees	**5 064 410**	3 707 848
Payments made to suppliers	**2 733 918**	2 739 435
Total debits	**7 798 327**	6 447 283
Balance carried to next period	**7 351 785**	4 488 854
Represented by:		
Cash - held by the entity	**61 227**	4 485 478
Cash - held in OPA	**7 290 559**	3 376
Receivables - Net GST receivable from the ATO		
Payable - Suppliers - GST portion		
Total	**7 351 785**	4 488 854

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

NOTE 24 Special Accounts *(continued)*	2006 $	2005 $
National Blood Account - Administered		
Balance carried from previous year	**80 494 223**	17 010 430
Appropriation Act (No. 2) 2005-06	**1 605 000**	5 764 000
Other receipts - Commonwealth contributions	**355 848 145**	340 605 159
Other receipts - States and Territory contributions	**219 555 455**	210 256 004
Other receipts - Interest from ATO	**-**	9 091
Other Receipts - External Entities	**3 405 800**	-
GST credits (FMA s30A)	**52 959 787**	36 680 744
Available for payments	**713 868 410**	610 325 428
Payments made to suppliers	**587 144 689**	529 831 205
Balance carried to next period	**126 723 721**	80 494 223
Represented by:		
Cash transferred to the Official Public Account in OPA	**126 723 721**	80 494 223

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.

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

NATIONAL BLOOD AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 $	2005 $
NOTE 24 Special Accounts (continued)		
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.		
National Managed Fund (Blood and Blood Products) - Administered		
Balance carried from previous year	**22 274 205**	-
Appropriation Act (No.1) 2005-06	**1 486 000**	-
Other receipts - Commonwealth contributions	**4 936 114**	19 315 321
Other receipts - States and Territory contributions	**2 898 986**	3 111 107
Other receipts - External Entities	**175 890**	171 600
GST credits (FMA s30A)	**-**	-
Available for payments	**31 771 195**	22 598 028
Payments made to suppliers	**30 306**	323 823
Balance carried to next period	**31 740 889**	22 274 205
Represented by:		
Cash held in the Official Public Account	**31 740 889**	22 274 205
OTHER TRUST MONEY SPECIAL ACCOUNT		
Legal Authority: Financial Management and Accountability Act , 1997 s20		
Purpose: For expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth		
Other Trust Money Special Account		
Balance carried from previous year	**-**	-
Appropriation for reporting period	**-**	-
Other receipts - Related Entities	**22 510**	-
Other receipts - External Entities	**-**	-
GST credits (FMA s30A)	**-**	-
Available for payments	**22 510**	-
Payments made	**19 345**	-
Balance carried to next period	**3 165**	-
Represented by:		
Cash held in the Official Public Account	**3 165**	-

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.

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

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	
Year ended 30 June 2006	**2006 $'000**	2005 $'000
Administered	**566 139**	522 939
Departmental	**7 628**	6 244
Total expenses	**573 767**	529 183
Costs recovered from provision of goods and services to the non-government sector		
Administered	**217 075**	189 217
Departmental	**3 570**	3 214
Total costs recovered	**220 645**	192 431
Other external revenues	**-**	-
Administered	**-**	-
Other	**-**	
Total Administered	**-**	
Departmental		
Gains from disposal of assets	**-**	-
Goods and services revenue from related entities	**-**	-
Other	**-**	-
Total Departmental	**-**	-
Total other external revenues	**-**	-
Net cost/(contribution) of outcome	**(353 122)**	(336 752)

The National Blood Authority operates under one outcome and one output. Transactions reported under this output are reported in the Income Statement and the Balance Sheet.

Note 26 Reporting of Outcomes

Note 26B - Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

Particulars	Output 1	
	2006 $'000	2005 $'000
Departmental expenses		
Employees	**4 859**	4 212
Suppliers	**2 395**	1 814
Depreciation and amortisation	**285**	217
Other expenses	**89**	1
Total departmental expenses	**7 628**	6 244
Funded by:		
Revenues from government	**4 532**	4 736
Sales of goods and services	**3 570**	3 214
Other non-taxation revenue	**91**	90
Total departmental revenue	**8 193**	8 040

Note 26C - Major Administered Revenues and Expenses by Outcomes

Particulars	Outcome 1	
	2006 $'000	2005 $'000
Administered revenues		
Sales of goods and services	**213 875**	189 217
Other non-taxation revenue	**3 200**	30 972
Total Administered Revenues	**217 075**	220 189
Administered Expenses		
Suppliers	**266 843**	237 100
Grants	**299 296**	267 776
Inventory Adjustment	**-**	18 063
Total Administered Expenses	**566 139**	522 939

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

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, 2005–06

During 2005–06, the NBA:

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

National Blood Authority functions and powers

Information about the structure and functions of the NBA can be found in Part 2 of the annual report, while information on the organisation's performance of its functions is in Part 4. Information can also be found on the NBA's website.

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 JBC.

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 the 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 dealing with Australian Government and State and Territory ministers, committees and other government agencies under the National Blood Agreement; and other documents in relation to the performance of the NBA's functions under the *National Blood Authority Act 2003*.
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, organisational 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 change	The NBA holds no documents in this category.
Documents customarily available free of charge upon request	The NBA's annual report and selected documents relating to the NBA are available through the NBA website.

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.

Enquiries 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. BLOOD PRODUCTS SUPPLIED BY THE AUSTRALIAN RED CROSS BLOOD SERVICE

Product Number	Fresh Products Supplied by ARCBS
1a	Whole Blood
1b	Whole Blood–Leucodepleted
2a	WB Red Cell
2b	WB Red Cell–Leucodepleted
2c	WB Red Cell–Buffy Coat Poor
2d	WB Paediatric Red Cell–Leucodepleted (Set of 4)
2e	WB Washed Red Cell
2f	WB Washed Red Cell–Leucodepleted
2g	Apheresis Red Cell–Leucodepleted
3a	WB Platelet
3b	WB Platelet Pool–Buffy Coat Poor
3c	WB Platelet Pool–Leucodepleted
3d	Apheresis Platelet–Leucodepleted (Set of 4)
3e	Paediatric Apheresis Platelet–Leucodepleted (Set of 4)
4a	WB Clinical FFP–Standard
4b	WB Clinical FFP–Buffy Coat Poor
4c	Paediatric WB Clinical FFP (Set of 4)
4d	Apheresis Clinical FFP
5a	WB Cryoprecipitate
5b	Apheresis Cryoprecipitate
6a	WB Cryo-depleted Plasma
6b	Apheresis Cryo-depleted Plasma
7a	Autologous donation
7b	Directed donation complying with
7c	AHMAC Guidelines
7d	Therapeutic Venesections for WB for Discard
7e	Serum Eye Drops–5mL or equivalent
7f	Granulocytes
7g	Plasma for Fractionation

APPENDIX 4. PLASMA PRODUCTS SUPPLIED UNDER CONTRACT

List of products supplied under the PPA

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
	Immunoglobulins	
	Hyperimmune 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
	Clotting Factors	
	Biostate®	Used to manage haemophilia A (Factor VIII)
	MonoFIX®-VF	Used to manage haemophilia B (Factor IX)
	Prothrombinex®-VF	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

List of products supplied under the IVIg Standing Offer

Supplier	Product type/trade name	Clinical use
CSL Limited	Sandoglobulin®	Used to reduce susceptibility to infections and manage many immune system disorders
Octapharma (Australia) Pty Ltd	Octagam®	Used to reduce susceptibility to infections and manage many immune system disorders

List of rare bleeding disorder imported plasma products

Supplier	Product type/trade name	Clinical use
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

*WinRho is a plasma-derived Rh(D) product imported by CSL.
**FEIBA is listed on the Australian Register of Therapeutic Goods (ARTG) for export only. It is not registered on the ARTG for marketing in Australia.

List of recombinant products to be supplied under the new supply contracts from 1 July 2006

Supplier	Product type/trade name	Clinical use
Novo Nordisk Pharmaceuticals Pty Ltd	rFVIIa/NovoSeven®*	Used to treat bleeding episodes including surgical interventions in haemophilia A and 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
Baxter Healthcare Pty Ltd	rFVIII/Advate®*	Used to treat Factor VIII deficiency, known as haemophilia A
Wyeth Australia Pty Ltd	rFIX/Refacto®*	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

PART SEVEN: GLOSSARY AND INDEXES

Glossary—Abbreviations and acronyms

AASB	Australian Accounting Standards Board
ABDR	Australian Bleeding Disorder Registry
ACHS	Australian Council on Healthcare Standards
AEIFRS	Australian Equivalents to International Financial Reporting Standards
AHCDO	Australian Haemophilia Centres Directors' Organisation
AHMAC	Australian Health Ministers Advisory Council
AHMC	Australian Health Ministers' Conference
AHNG	Australian Haemophilia Nurses Group
AHPs	Australian heath providers
AIMS	Advanced Incident Monitoring System
ANAO	Australian National Audit Office
ANZSBT	Australian and New Zealand Society of Blood Transfusion
ARCBS	Australian Red Cross Blood Service
ARTG	Australian Register of Therapeutic Goods
AUSFTA	Australia–United States Free Trade Agreement
AWA	Australian Workplace Agreement
BCP	business continuity plan, business continuity planning
CA	Certified Agreement
CAC	Clinical Advisory Council
CEIs	Chief Executive Instructions
CMAS	Claims Management and Advice Services
CSL	CSL Limited
DBP	Defined Blood Products
EHN	European Haemovigilance Network
EU	European Union
FIX	Factor IX
FOI Act	Freedom of Information Act 1982
FVIII	Factor VIII
GBAC	Government Blood Advisory Committee
HFA	Haemophilia Foundation Australia
HIAAG	Health Infrastructure Assurance Advisory Group
ICCBBA	International Council for Commonality in Blood Bank Automation

IDMS	integrated data management system
IIMS	Incident Information Management System
INIS	International Neonatal Immunotherapy Study
IU	International Unit
IVIg	intravenous immunoglobulin
JBC	Jurisdictional Blood Committee
JDO	Jurisdictional Direct Order
jurisdictions	The Australian Government and all State and Territory governments
KBPs	key business processes
KMSC	Knowledge Management Steering Committee
MASS	Management and Advice Support Services
NBA	National Blood Authority
NBA Act	National Blood Authority Act 2003
NBMS	National Blood Management System
NBSCP	National Blood Supply Contingency Plan
NIRG	National Indemnity Reference Group
NMF	National Managed Fund
PDS	Personal Development Scheme
POPI	Post Payment Inventory of Blood Products
PPA	Plasma Products Agreement
RBCs	red blood cells
RCNA	Royal College of Nursing Australia
rFIX	recombinant Factor IX
rFVIIa	recombinant Factor VIIa
rFVIII	recombinant Factor VIII
SES	Senior Executive Service
SRMP	Strategic Risk Management Plan
SRRM	Supply Risk and Risk Mitigation
Stephen Review	*Review of the Australian Blood Banking and Plasma Product Sector*, chaired by Sir Ninian Stephen and released in March 2001
TEC	Tender Evaluation Committee
TGA	Therapeutic Goods Administration

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