# ANNUAL REPORT

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2015–16

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We’re proud to deliver one of the world’s safest supplies of life-saving blood and blood products, as well as world-class services in transplantation and immunogenetics.
As custodians of Australia’s blood supply, our job is to collect the blood given freely by almost half a million blood donors, and transform it into blood products for distribution across the nation.
WHAT WE STAND FOR

OUR VISION

To improve the lives of patients through the power of humanity.

This expresses the belief that unifies everyone at the Blood Service: that improving the lives of patients brings us together as one organisation. In short, ‘one organisation, one direction’.

OUR MISSION

To perform a critical role in healthcare by providing a safe, secure and cost-effective supply of quality blood products, essential services and leading edge research to meet the needs of patients.

We achieve our vision and mission through pursuing the objectives outlined in our five-year strategic plan, At the Leading Edge. Copies of the plan can be obtained by contacting +61 3 9863 1600 or visiting donateblood.com.au/corporate/publications.

OUR VALUES

Our values set out how we will behave in the pursuit of our vision, mission and strategic objectives.

COLLABORATION
We work together to achieve our goals.

ACCOUNTABILITY
We take ownership of our actions and behaviours to achieve our goals.

EXCELLENCE
We strive to be the best at what we do.
2015–16 SNAPSHOT
This year marked highlights across a range of our performance areas.

CLINICAL SERVICES AND RESEARCH

70,000 complex donor enquiries managed by our Medical Services teams
130,000 visits to transfusion.com.au, our website for health professionals
125 flow charts developed to assess donation eligibility for 40% of new donors
675,000 part-time volunteers

DONOR SERVICES

94,220 new blood donors welcomed in 2015-16, joining a total of 460,119 donors
1,000 employees nominated in our annual Employee Awards program
27.7 minute average waiting time for donors, reduced from 28.4

FINANCE

$12.8 million saved through improvements in procurement
7 new or refurbished blood donor centres opened
75% less time to complete our tax return using new Fringe Benefit Tax software
6 international blood services benchmarked using our new database system

HUMAN RESOURCES

87.7% of staff participated in our survey of employee engagement
1,000 employees nominated in our annual Employee Awards program
6,521 injuries per million hours worked resulted in the loss of 43,782 work hours, our lowest on record
382% increase in hazards identified, helping us to prevent injuries before they happen

INFORMATION SERVICES

99.8% critical systems available over the last financial year
97 blood donor centres and mobile donor centres supported with technology platforms
4,000 employees served with 3,800 computers, laptops and tablets
1,157 requests and incidents received each week by Information Services

MANUFACTURING

91% or 20,939 days in 2015-16 within our inventory sufficiency bands for meeting blood supply demands
1,008,831 fresh blood products delivered to our customers
621,269 litres of plasma delivered to CSL for fractionation for plasma products
15,271,112 mandatory tests for markers of infectious diseases conducted, an increase of 17.7%

STRATEGY AND QUALITY

93% or 339 days in 2015-16 within our inventory sufficiency bands for meeting blood supply demands
1,008,831 fresh blood products delivered to our customers
621,269 litres of plasma delivered to CSL for fractionation for plasma products
15,271,112 mandatory tests for markers of infectious diseases conducted, an increase of 17.7%
MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE

For both of us this was our first year with the Australian Red Cross Blood Service, so we want to start by thanking our predecessors — Blood Service Board Chair, the Hon. Dr David Hamill AM, and Chief Executive, Ms Jennifer Williams — for handing over the reins to a successful organisation with such a strong history of performance and vision.

There is so much to acknowledge and celebrate in these achievements for the financial year 2015–16. Everyone worked hard to help the Blood Service move closer to our goal, set out in our strategic plan for 2014–19. At the Leading Edge, of being in the top echelon of international blood operations. We want to thank everyone involved in this successful year: our generous 460,119 volunteer donors, our dedicated staff members and volunteers, and our health sector stakeholders and other partners. We’re proud to say that with this support the Blood Service continues to deliver one of the world’s safest standards of blood and blood products. Australian governments continue to fully fund the provision of blood products and services to the Australian community and their commitment, and support through the National Blood Authority, makes this achievement possible.

Even with the constant changes in demand for different blood products, this year the Blood Service accurately forecast and met customer requirements, and we improved our efficiency, with productivity in processing blood improving by 6.5 per cent and in testing blood by 17.7 per cent compared to last year. While achieving this, we used sustainable taxpayer funds wisely and for the seventh consecutive year delivered an operating surplus — this time $5.4 million, after providing for a return of $42 million to the government — by focusing on leaner, more efficient operations.

This surplus has allowed the National Blood Authority to release some of the funds in our initiatives to grow plasma collections next year. Like other blood services across the world, we are facing a continual rise in demand for plasma, which is used to make 38 different medical products. The past year was a record year for plasma collections at the Blood Service, in which we met our commitment to government and delivered 601.2 tonnes of plasma for fractionation to CSL Behring. To prepare for another year of increased growth in plasma demand, we have been optimising the ways we recruit and retain plasma donors, collect donations and process plasma.

Ultimately, by fulfilling the Australian government’s requirement to supply red cells, plasma and platelets to the people of this country, the Blood Service has met the real, urgent need of those who require life-saving and life-changing blood products.

Some of the Blood Service’s other notable achievements for the year include:

• Better service for our donors. The satisfaction of donors is up to 92.6 per cent due to a number of measures to improve their experience. These include technology improvements to the National Contact Centre (NCC) to improve our initial contact with them, a new ‘Thank you’ text message to let donors know when and where their blood was sent, a refresh of our public website, the opening of six brand new donor centres and refurbishment in our centre, and a technology upgrade to 25 mobile centres.

• Contributions beyond blood. This year we’ve continued growing our contributions to the health and wellbeing of Australians in ways that leverage our significant existing expertise and infrastructure. The Blood Service is already working in the areas of transplantation and the manufacture of cell and tissue-based therapies. We’re also planning the pilot of a new Human Milk Bank and investigating potential opportunities in other areas, including Fiscal Microbiota Transplantation banking and packaged lysates.

• Frozen blood for the military. After five years of challenging research and development, this year we were thrilled to begin the manufacture of frozen blood for use of the Australian Defence Force in operations.

• Better employee engagement. Our Employee Engagement Index increased by 0 per cent this year, putting us above industry norms in this and our other target areas of performance enhancement and leadership.

• New Deal of Agreement. This year we signed a new New Deal of Agreement with the National Blood Authority. This significant achievement provides certainty about what’s required from the Blood Service for the next nine years and allows us to plan effectively for the future.

In Australia we are facing an emerging challenge: the high and growing demand for O negative red cells, up 3.2 per cent over the year and now making up 15.3 per cent of all red cell orders. This rapid rise has made managing and addressing O negative demand a focus for the next financial year.

Beyond this challenge, the Blood Service is operating in an ever-changing blood sector. There is the continued increase in demand for red cells overall, down 3.4 per cent in 2015–16, contrasted with the increased demand for plasma, as we also see the modernisation of blood operations worldwide. With rapid change around us, future-proofing the Blood Service has never been more important, and in the years to come we'll be focusing on keeping pace with this change by transforming our leadership, culture and performance.

MS SHELLY PARK
Chief Executive
WHEN THANK YOU IS NOT ENOUGH

It took three hospitals in two countries, an international critical care flight and more than 240 units of donated blood to help Cairns dad Brett Goodban cheat death, but this year he thanked all those involved in his remarkable story of survival.

The 42-year-old started to feel sick just days into a family holiday in Tokyo with his wife and three kids. Unbeknown to Brett, he had contracted a rare strain of influenza but he made the critical decision to visit a doctor. It was at this consultation that Brett’s life would change forever.

“I sat up and looked at the doctor, had a huge cough and fell dead,” he said. “When I coughed, five massive clots had travelled into my heart and shut it down.”

Brett Goodban died. He was then resuscitated and placed on life support. However, that day in 2014 was just the beginning of a life-saving journey that involved over 250 emails and 1,000 phone calls.

Brett was taken immediately to Prince Charles Hospital where he received over 240 units of blood components during an operation to remove over 300 blood clots from his body. He is now on the road to recovery and is able to spend time with his three young boys and wife.

In 2015-16 Brett was the face of our National Blood Donor Week and thanked the many blood donors that helped save his life.

“How do you look 200 people in the face and say ‘thank you, you saved my life and gave my kids their dad back’? The people that gave up their time to give blood to me, who have never met me, they’re angels you know,” Brett said. “They’re the unsung heroes.”

Brett Goodban cheat death, but this year he

Our strategic goals

Our work this year was guided by the three pillars of our 2014-19 strategic plan, At the Leading Edge, and our 18 objectives:
This year we marked an important milestone: 20 years ago the Australian Red Cross Blood Service as a national body was formed. Up until then we were eight separate state and territory Red Cross blood banks. 

Australian's first major blood transfusion service was established in 1929 by the Red Cross in Victoria, with Dr Lucy Bryce as honorary director, calling for volunteers to freely give blood to help others. For decades after, separate state-based Red Cross blood banks managed the collection and supply of blood across the country. 

In the early years we used direct transfusion and then from the late 1930s glass bottles were used to store blood, but in the 1960s we started using plastic bags when collecting blood. This revolutionised the way we did things and how blood and blood products were used, as it facilitated separating blood into red blood cells, platelets and plasma. In 1980s Australia became the first country to screen the entire blood supply for human immunodeficiency virus (HIV), and in 1990 the second country in the world to screen all blood for the hepatitis C virus.

When Australian governments formed the National Blood Authority in 2003, it meant the Blood Service no longer needed to negotiate individually with states and territories for funding. Jennifer Williams took on the role of Chief Executive in 2009 and further drove national consolidation by streamlining donor management and production systems.

In 2016 — the year of our 20th anniversary — Jennifer Williams handed over to our new Chief Executive, Shelly Park, and Dr David Hamill AM handed over to new Chair Jim Birch AM, and we began a new era for the Blood Service.

It’s heart-warming and rewarding when you think about all those Australians whose lives have been very much improved, and often saved, thanks to the outstanding work done by the Blood Service and our loyal donors.

CELEBRATING OUR NATIONAL ANNIVERSARY

MEASURING OUR PERFORMANCE

Our key performance indicators are reported to the Blood Service Board, which monitors our performance monthly.

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<th>MEASURE</th>
<th>ACTUAL 15-16</th>
<th>TARGET 15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee engagement</td>
<td>72%</td>
<td>70%</td>
</tr>
<tr>
<td>Wait time (days): Frequency</td>
<td>≤1</td>
<td>≤1.5</td>
</tr>
<tr>
<td>Number of process-related recalls per 10,000 units (before recall)</td>
<td>&lt;0.8</td>
<td>&lt;0.8</td>
</tr>
<tr>
<td>Number of days the total red cell blood stocks for group O provide less than five days’ coverage</td>
<td>≤0</td>
<td>≤0</td>
</tr>
<tr>
<td>Percentage of supply plus waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red cell yield</td>
<td>≥91.6%</td>
<td>≥90.0%</td>
</tr>
<tr>
<td>Red cell supply figure (billion)</td>
<td>601,158</td>
<td>601,000</td>
</tr>
<tr>
<td>CSL Behring plasma supply met</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Total IVIg supply (kg)</td>
<td>4,966</td>
<td>4,931</td>
</tr>
<tr>
<td>Total platelet supply figures (equivalent adult doses)</td>
<td>113,014</td>
<td>117,255 (forecast)</td>
</tr>
<tr>
<td>Percentage of supply plan met</td>
<td>≥40%</td>
<td>≥40%</td>
</tr>
<tr>
<td>Percentage of supply plan (mL)</td>
<td>4,692</td>
<td>4,692</td>
</tr>
<tr>
<td>UO (excluding plasma supply mll)</td>
<td>694,100</td>
<td>694,100</td>
</tr>
<tr>
<td>UO (excluding plasma supply mll)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Donor management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor satisfaction (score of ≥ 8 out of 10)</td>
<td>92.6%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Time to reach donors (before appointment and blood test)</td>
<td>≤21</td>
<td>≤21</td>
</tr>
<tr>
<td>Customer satisfaction (blood service)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor service provided by Blood Service (average score out of 10)</td>
<td>≥5</td>
<td>≥5</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main operating Program financial result</td>
<td>≤$7.0m</td>
<td>≤$7.0m</td>
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* There is no target because our aim is to meet demand. The comparison is to forecast.
* Main Operating Program result prior to the return of $42 million to the National Blood Authority.

Dr Robert Hettzel, left, and Jim Birch AM were chief executive officer and chair of the Blood Service Board 20 years ago.
As recently as 2006–07, the Blood Service supplied sufficient plasma for fractionation to CSL. Barring it to meet 100 per cent of domestic demand for all plasma products. Despite significant increases in plasma collections, the 2015–16 year only 57 per cent of all IgG provided to Australian patients came from plasma that was sourced in Australia.

The Blood Service is working with government to establish a policy for the appropriate balance of imported and domestic plasma supply to meet the needs of Australian patients whilst providing value for taxpayer money. In 2015–16 we undertook a strategy project to identify opportunities to reduce costs, increase collections and improve efficiency across the plasma supply chain. In April 2016 strategic independence for Australian plasma was given the highest priority by the Blood Service Board. The policy is underpinned by an understanding of the role that a heavy reliance on global markets brings and looks to mitigate that risk through increased domestic supply. In the upcoming financial year we will be implementing a centrally coordinated plasma program to transform our plasma supply chain.

The declining demand for red blood cells is impacting blood services across the world, including Australia. This year strong leadership by the medical sector and government to ensure adequate blood product usage and waste reduction, combined with advancements in healthcare, saw the Blood Service issue 22,534 fewer red cells than last year, a drop of 3.37 per cent. In 2016–17 we predict demand will fall by a further 2.77 per cent.

MATCHING SUPPLY TO DEMAND

We work hard to match our collection and supply of blood products to the changing need for blood by hospitals and healthcare providers to care for patients. Our inventory sufficiency bands track how we are meeting the blood supply demand. In 2015–16 we achieved our best ever result of 339 days of the year within the bands, meaning we had enough blood in our inventory to comfortably meet demand without unnecessary wastage.

AUSTRALIA - NATIONAL RED CELL DEMAND

The declining demand for red blood cells is impacting blood services across the world, including Australia. This year strong leadership by the medical sector and government to ensure adequate blood product usage and waste reduction, combined with advancements in healthcare, saw the Blood Service issue 22,534 fewer red cells than last year, a drop of 3.37 per cent. In 2016–17 we predict demand will fall by a further 2.77 per cent.
OUR ORGANISATION

We are a major Australian manufacturer of biological products. Over 97 blood donor centres and mobile donor centres across the country and state-of-the-art manufacturing facilities in Brisbane, Sydney, Melbourne and Perth provide a safe, secure and cost-effective blood supply.
HOW WE ARE GOVERNED

THE BLOOD SERVICE BOARD

The Blood Service is governed by an independent board comprising nine non-executive members and one executive member, the Chief Executive. This has been a year of significant change for the Board, with the Hon. Dr David Hamill handing over as Chair to James Birch in February 2016, and Shelly Park replacing Jennifer Williams as Chief Executive in March 2016. Adrian Boxtel and Sandhya Chakravarty also left the Board.

The original Deed of Agreement between the NBA and the Australian Red Cross Society was signed in 2006. The new deed, signed after seven years of negotiations, is a significant advancement on the previous deed. It outlines our obligations and what governments can expect from us in greater detail, and in turn, what we can expect from governments. The new deed came into effect on 1 July 2016.

Our day-to-day operations are reflected in the Funding and Service Agreement and a suite of National Service Requirements and Standards. Government funding to the Blood Service is provided by the Ossian Blood Funding Model and outlines the terms and conditions of funding from 2016 to 2019.

JURISDICATIONAL BLOOD COMMITTEE

All Australian governments are represented on the Jurisdictional Blood Committee. It is the conduit between governments and the National Blood Authority. It oversees the National Blood Authority’s role in blood supply contracting. It is also the primary body responsible for providing advice and support on these matters to the Australian Health Ministers’ Conference.

THERAPEUTIC GOODS ADMINISTRATION

The Therapeutic Goods Administration is the regulatory body which licences the Blood Service to manufacture blood and blood products. It is responsible for administering the provisions of the Therapeutic Goods Act 1989. To meet the requirements of this Act, the Blood Service must comply with the Australian Code of Good Manufacturing Practice for Human Blood and Blood Components, Human Tissues and Human Cellular Therapy Products.

Our day-to-day operations are reflected in the Funding and Service Agreement and a suite of National Service Requirements and Standards. Government funding to the Blood Service is provided by the Ossian Blood Funding Model and outlines the terms and conditions of funding from 2016 to 2019.

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About the Blood Service Board

Board members are selected on the basis of their skills and experience and are generally appointed for a three-year term, but may be eligible for reappointment. In addition to the generic skills that are required for most boards, our Board’s skills matrix includes knowledge and experience of the health sector, transfusion medicine, manufacturing in a highly regulated environment and government relations and policy. There are no gaps against the skills matrix with the current board membership.

The Blood Service Board plays a vital role in ensuring the good governance of the Blood Service. It is responsible for the organisation’s efficient operation and takes the lead in setting the culture of operating in a responsible way within the community. Our Good Governance Principles Policy is available on our website, donateblood.com.au, and provides more detail. The Blood Service Code of Conduct describes our expectations of how we behave and
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THE EXECUTIVE

The Executive team is led by Ms Shelly Park.

Membership 2015–16:

MS JANINE WILSON
EXECUTIVE DIRECTOR, DONOR SERVICES
BSc (Physio), MBA
Executive Director, Donor Services, Australian Red Cross Blood Service since June 2011

MS ANNE HEYES
EXECUTIVE DIRECTOR, HUMAN RESOURCES
BA (Hons), M.Com, GAICD
Executive Director, Human Resources, Australian Red Cross Blood Service since 2004

MR JACQUELINE CAUFIELD
EXECUTIVE DIRECTOR, MARKETING AND CHIEF FINANCIAL OFFICER
CPA, BBus (Accounting), GAICD
Executive Director, Marketing and Chief Financial Officer, Australian Red Cross Blood Service since July 2011

MR JOHN BROWN
EXECUTIVE DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER
CPA, BBus (Accounting), GAICD
Executive Director, Finance and Chief Financial Officer, Australian Red Cross Blood Service since January 2013

MR PETER MCDONALD
EXECUTIVE DIRECTOR, STRATEGY AND QUALITY
BA (Economics), MPA, FCPA, GAICD, FHFM
Executive Director, Information Services and Chief Information Officer, Australian Red Cross Blood Service since June 2011

MR MARK GARDINER
EXECUTIVE DIRECTOR, INFORMATION SERVICES AND CHIEF INFORMATION OFFICER — To April 2016
M. Bus (Manufacturing Management), GAICD
Executive Director, Information Services and Chief Information Officer, Australian Red Cross Blood Service since September 2011

DR JOANNE PINK
EXECUTIVE DIRECTOR, CLINICAL SERVICES AND RESEARCH AND CHIEF MEDICAL OFFICER
MBBS, FRACP, FRCPA, GAICD
Executive Director, Clinical Services and Research and Chief Medical Officer, Australian Red Cross Blood Service since 2009

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MS JANINE WILSON
EXECUTIVE DIRECTOR, DONOR SERVICES
BSc (Physio), MBA
Executive Director, Donor Services, Australian Red Cross Blood Service since June 2011

MS ANNE HEYES
EXECUTIVE DIRECTOR, HUMAN RESOURCES
BA (Hons), M.Com, GAICD
Executive Director, Human Resources, Australian Red Cross Blood Service since 2004

MR JACQUELINE CAUFIELD
EXECUTIVE DIRECTOR, MARKETING AND CHIEF FINANCIAL OFFICER
CPA, BBus (Accounting), GAICD
Executive Director, Marketing and Chief Financial Officer, Australian Red Cross Blood Service since July 2011

MR JOHN BROWN
EXECUTIVE DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER
CPA, BBus (Accounting), GAICD
Executive Director, Finance and Chief Financial Officer, Australian Red Cross Blood Service since January 2013

MR PETER MCDONALD
EXECUTIVE DIRECTOR, STRATEGY AND QUALITY
BA (Economics), MPA, FCPA, GAICD, FHFM
Executive Director, Information Services and Chief Information Officer, Australian Red Cross Blood Service since June 2011

MR MARK GARDINER
EXECUTIVE DIRECTOR, INFORMATION SERVICES AND CHIEF INFORMATION OFFICER — To April 2016
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This year, after much planning and preparation, we opened the Melbourne CBD Blood Donor Centre at Level 1, 367 Collins Street. The centre, Australia’s largest, will play host to around 26,000 blood donors and is expected to collect approximately 60,000 blood donations in its first year.

With a state-of-the-art design, ample floor space and additional couches, the centre has the size and the flexibility to meet changing needs for blood and blood products into the future. We are proud to be providing further improved facilities for donors in easily accessible city locations. The new centre was officially opened on 14 June 2016, World Blood Donor Day, and is open seven days a week.
“More than 23,000 Australians visited our donor centres every week in 2015-16 to make life-saving donations of blood.”

**THE JOURNEY OF BLOOD FROM DONORS TO AUSTRALIAN PATIENTS**

1. Make an appointment by phoning 13 14 95 or visiting donateblood.com.au
2. Visit one of our 97 blood donor centres or mobile donor centres
3. Make a donation of whole blood, plasma or platelets; it takes less than an hour
4. Relax and enjoy a snack and cool drink to stay hydrated
5. Every donation is processed and a small amount is tested to ensure safety and quality
6. Your donation is collected and delivered to one of our processing centres
7. We use your blood to manufacture blood products: red cells, platelets, plasma
8. Our customer service delivery teams take orders for blood products from hospitals, laboratories and medical centres
9. Blood products are dispatched to hospitals, laboratories and medical centres. Plasma is supplied to CSL Behring
10. Australian patients receive life-saving blood products. To find out how your donated blood is used, see page 32

**WHEN WE WORK TOGETHER ANYTHING IS POSSIBLE**

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Continuing to donate came easily for Beryl, who during the 1970s was teaching children with special needs. “They couldn’t go to school because of illnesses — it was conditions like leukaemia, cancer and haemophilia — and they all used blood regularly. Seeing that every day spurred me on to continue my donations.”

Beryl was recognised for her extraordinary commitment during our 2015 National Blood Donor Week, 26 July – 1 August, our chance to thank all our generous donors for their life-saving contributions and celebrate with those marking donation milestones.

When asked to sum up how she feels about blood donation, Beryl was humble as always. “It takes no effort, it’s something money can’t buy — you can’t walk into a shop and buy it. It’s a delight to give blood, it doesn’t hurt, it’s a wonderful thing, and it gives you a really great feeling after you’ve given it, because you know you’re going to help someone.”

The modest words are by blood donor Beryl Millman who has been donating blood for almost six decades and marked a milestone of 200 blood donations in 2015–16. What makes Beryl’s milestone extraordinary is her donations have all been whole blood which can only be given up to four times a year.

It was seeing her mother in hospital that made 10-year-old Beryl decide she would donate blood when she grew up. “My mother was very ill,” Beryl recalled. “She was in the old Prince Henry hospital, and she had many operations, and as a kid I suppose it really stayed with me. I remember her getting many blood transfusions and that was when I decided, when I grew up, I’d give blood.”

Times have changed greatly since Beryl made her first blood donation in 1958, when donations went into glass bottles, held by nurse aids: “poor souls, used to sit holding the glass bottle beside you the whole time!”

Source: Bloodhound Study Monash Institute of Health Services Research 2007

2016 NATIONAL BLOOD DONOR WEEK
National Blood Donor Week is a special time in the year when we thank our loyal donors for their life-saving contributions. For the first time it was held in June, to coincide with World Blood Donor Day on 14 June 2016, and the earlier date proved a success.

We held 42 successful donor recognition events around the country with a total attendance of over 5,000 milestone, anti-D and bone marrow donors. We also sent 277,000 ‘Thank you’ emails to current donors and received almost 4,500 social media likes. From Hobart to Darwin, our donors got the message. Following on from a successful National Blood Donor Week in July 2015, this meant we celebrated our donors twice in the financial year — fitting recognition of their extraordinary achievements!

The Clarke family of Adelaide thanked donors for the life-saving blood twins Lexington and Scarlett received in the 24 hours following their premature birth. The toddlers are now thriving since being born at 25 weeks.
Our work is guided by our five-year strategic plan, At the Leading Edge, which outlines our goals and how we need to work to achieve our vision of improving the lives of patients through the power of humanity. In this section we describe our performance in 2015–16 and how our achievements contribute to progress towards the leading edge.

Our goal is to be recognised internationally in the top echelon of international blood operators.
CLINICAL SERVICES AND RESEARCH

Clinical Services and Research supports optimal, safe practices for our donors and patients, while also contributing to the health sector and community through provision of medical, scientific and research services.

MONITORING EMERGING THREATS

The Blood Service has an important role to play when there are emerging threats to the safety of Australia’s blood supply. This year we actively monitored the outbreak of the Zika virus, using our risk calculation model to determine the likelihood of donors transmitting the virus through blood transfusion when engaging in sexual contact with someone returning from a Zika-affected area. This impressive model, which was adopted internationally, found the risk to be negligible. We also reviewed our human T-lymphocytotropic virus testing strategies, conducted a risk assessment of hepatitis E and initiated reports on infectious disease-related matters for tissue and eye banks.

TRANSFUSING RESEARCH INTO IMPROVED PRACTICE

This year our researchers published more than 70 papers in peer-reviewed journals, advancing on the significant growth in our research output over the last five years. Our work explored a strategy to help low-dose余名 manages an array of methods to extend blood product shelf-life, improved the risk assessment of Rickettsia Rickettsia virus and tracked the fate of O-negative blood units in the health system. In June the Blood Service was announced as a partner in the new Centre for BioPharmaceutical Innovation, alongside academics and local and international industry leaders. One of our only two transformation centres announced for the health sector, it focuses on developing biologically-based therapies and training specialist scientists.

AUSTRALIA’S LARGEST LIVE KIDNEY TRANSPLANT

This year our highly specialised transplantation teams performed an integral part in Australia’s largest live kidney transplant. The procedure, conducted under the Australian Paired Kidney Exchange (AKX) program, saw specialists from six hospitals across two states perform 14 surgeries at the same time in a carefully coordinated transplant. The live donor kidney transplants are held quarterly each year, and it’s our teams who piece the puzzle together and ensure each transplant is unique. This year, specialists from six hospitals across two states performed 14 surgeries at the same time in a carefully coordinated transplant.

KEEPING OUR DONORS AND PATIENTS HEALTHY

We’ve investigated and amended, where appropriate, our donation criteria to ensure our donors and patients remain healthy. This year we made changes to age-related eligibility criteria to permit some donors over 70 and some with a history of meningitis to donate. We commenced a review of our requirements for people wanting to donate who have a history of coronary artery disease and heart surgery, and submitted a recommendation to the Therapeutics Goods Administration (TGA) to remove current restrictions for donors who work in an abattoir — the outcome of both may enable some donors to return to donate. TGA approval was also obtained for reducing the deferral period for certain skin penetration activities (including tattoos) from six months to two months as well as for a revised leading panel for plasma for fractionation — both changes will be implemented in September 2016 and maintain the same level of product safety with improvements in cost-efficiency. We also conducted two feasibility studies investigating the use of re-in supplementation in female donors aged between 18 and 45. These findings will help inform future policy in the area of donor iron health.

WORLD-CLASS TRANSFUSION SERVICES

Our highly specialised transfusion teams participated in Australia’s largest live kidney transplant. The team also worked with other divisions to implement a new barcoding software system to increase the number of blood products available, and reported alongside academics and local and international industry leaders to create a faster search process that includes epitope matching.

GUIDING AUSTRALIA’S CLINICIANS

Our role in designing and delivering innovative educational events in patient blood management and transfusion practice continued this year, with over 92 hours of live events and more than 70 recordings provided for Australian clinicians. The Experimental Transfusion Update conference showcased current and emerging translation science, research and practice. We refreshed and enhanced mytransfusion.com.au, our transfusion website dedicated to patients. In addition, a partnership with Canberra Hospital, focusing on improving blood management in obstetrics, resulted in new resources to support the care of pregnant women and new mothers.
DONOR SERVICES
Donor Services manages the complete experience for our generous donors to ensure Australian patients receive the life-saving red cells, platelets and plasma products they need. Our aim is to provide great service for donors, improve organisational capability and deliver value for stakeholders.

MEETING CHANGING DEMANDS FOR BLOOD PRODUCTS
This year we ensured Australian patients received the blood products they need by collecting 715,441 whole blood donations. In addition, with an increasing need for plasma to manufacture into plasma products, we collected 568,285 plasma donations, enabling us to deliver a record 601.2 tonnes of plasma to CSL Behring for fractionation. We welcomed 94,220 new voluntary donors who joined the band of almost half a million Australians that keep our country’s blood supply flowing. We also worked closely with our donors of previous O-negative red cells — known as ‘universal’, meaning they can safely be given to anyone with any blood type — and we investigated initiatives to manage changing patterns of use of O-negative red cells by our customers.

IMPROVING THE EXPERIENCE OF OUR DONORS
Our volunteer donors continue to remain our highest priority and their satisfaction with our service remains extremely high, increasing to 99.6 per cent in 2015–16, aided greatly by improvements in waiting times in donor centres.

This year we conducted a comprehensive review of haematology analyser equipment and implemented a new process that will remove the need for these in-centre analysers while maintaining our high standards of donor safety. This change will result in efficiencies equating to more than $1.1 million per year, maintaining our high standards of donor safety.

ENHANCING DONOR CENTRES
On 14 June 2016 we opened Australia’s largest blood donor centre in Melbourne’s CBD. Other new centres with state-of-the-art facilities were opened in easily accessible locations around the country: Shepparton, Midland, Toowoomba and Chadstone. We also completed a major refurbishment of Mount Waverley Blood Donor Centre. We successfully delivered a mobile upgrade for the National Blood Management System — our core system that provides support for the end-to-end processing of blood collection to distribution — to 25 mobile donor centres. The upgrade assisted our teams to provide better service to donors and improved the quality of collections.

WORKING WITH THE COMMUNITY
Our partnerships with schools, workplaces and community groups through our Re25 program continue to help ensure the blood supply of the Australian population. This year Re25 members made 306,582 blood donations, representing a total of 23.8 per cent of all blood donations. Our partnerships with schools, workplaces and community groups through our Re25 program continues to help ensure the blood supply of the Australian population. This year Re25 members made 306,582 blood donations, representing a total of 23.8 per cent of all blood donations. Our partnerships with schools, workplaces and community groups through our Re25 program continuing to help ensure the blood supply of the Australian population. This year Re25 members made 306,582 blood donations, representing a total of 23.8 per cent of all blood donations.

ENSURING THE SAFETY OF AUSTRALIA’S BLOOD SUPPLY
Transfusion-related acute lung injury (TRALI) is a rare but serious complication of blood transfusions. One of the causes is thought to be antibodies found in the platelet components of women who have been pregnant. As part of our responsibility to provide the Australian community with a safe blood supply, we now ask female donors to donate whole blood or plasma only.
FINANCE

Through partnering with the business, our Finance division manages the organisation’s funding and provides financial information, reporting, analysis and advice to ensure we fulfil our mission of using the taxpayers’ funds to achieve the best possible outcome.

MANAGING OUR PROPERTIES TO MEET DEMAND

We work to provide safe, safe and state-of-the-art facilities for Australians to donate blood. This year we continued to improve our efficiency in managing IT across the network, computing blood donor centres, mobile donor centres and demonstrable centres. We continued to invest in our donor centres, most notably the establishment of the Melbourne CBD Blood Donor Centre, the largest centre in Australia. New donor centres were also opened in Shepparton, Mildura, Toowoomba and Charleville.

We are halfway through a four-year project to refresh and update our Perth Processing Centre to meet the changing demand for blood and the future and enhance its efficiency. This year we re-opened the front entrance, and commercial operational use of one newly refurbished area with the remaining manufacturing areas soon to be commissioned. This major project is on track to be completed in late 2017.

TECHNOLOGICAL EFFICIENCIES

We introduced myDETAILS — the automation of all leave and payroll related functions for our staff — and will be delivering the second component, myTIME, in the next financial year. This will streamline our performance recording and automated rostering, as well as enhancing transparency and efficient processing by our payroll team. In early 2016 we also introduced the manual handling of over 5,000 timesheets per month.

IMPROVING PROCUREMENT PROCESSES

We have continued our focus of improving procurement practices which has led to over $114.8 million in savings across the business in 2015–16. We revitalised new contracts for the supply of electricity to the Blood Service which will result in savings of $1 million compared to 2014–15. We also achieved significant savings by reducing multiple cleaning suppliers to a single, centralised supplier that will deliver a consistent and accountable level of cleaning services across the whole organisation.

IMPROVED FUNDS MANAGEMENT

Our focus, the National Blood Authority, reviewed our capital management practices and confirmed the profitability of the Blood Service Capital Management program which has led to the retention of the current capital funding model for a further three years.

This model has enabled the Blood Service to invest in order to generate more efficient manufacturing and other management practices which have reduced wastage and lowered the cost per unit of product supplied to the Australian taxpayer. In 2015–16 the Blood Service invested $62.5 million on infrastructure through the construction of new donor centres, refurbishment of a number of blood donor centres and the Perth Processing Centre facility, and the replacement of collection, processing and testing equipment. These investments resulted in states of the art modern donor centres for our donors and improved processing efficiency.

BETTER SYSTEMS TO IMPROVE HOW WE WORK

We launched the BLOOD 2020 initiative in 2015 which will streamline and standardise our payroll process. While payroll can be a challenging and time-consuming task, to address this, we introduced a new and streamlined payroll process, building on technological advancements in the Australian payroll sector, to improve the way we work.

MYDETAILS, an activity and timesheet management tool, will allow for an improved recording of time spent and better administration of timesheets, without having to contact the Finance team. The initiative is part of a broader program of work aimed at improving the way we work. Since its introduction in February 2016, more than 6,000 new time lines have been completed online.

We also introduced simplified guidelines and processes to enable our staff to clearly understand the key roles they play in procurement.

INTERNATIONAL BENCHMARKING

Our continuing membership of the Alliance of Blood Operator’s (ABO) Cost Model Working Group (CMWG) enables us to identify opportunities for savings by analysing consistent data and comparing costs across the collections and testing process. Members include the Canadian, Dutch, New Zealand and English blood services, American Red Cross and, most recently, the Sanquin Blood Supply Foundation (The Netherlands). This year we completed work on the collection of double red cells — the production of two units of red blood cells during one donation session — which has led to a Blood Service pilot being undertaken.

As Secretariat for the CMWG we have developed a system which will receive cost and activity benchmark data from all the member countries. The Interbench data repository will now be the new platform to store and source all data reported for various international groups and alliances like the ABO and the Asia-Pacific Blood Network. This work enables us to compare ourselves to other blood services and to identify efficiency and improvement methods.
INVESTING IN OUR PEOPLE

In 2015-16 the Blood Service continued to demonstrate a strong commitment to developing our people across the organisation. Our leadership development workshops saw 1,000 employees attend across 10 topics. This year we saw more training attendance and completion than ever before, fuelled by over 30,000 completed enrolments in our online training and more than 4,000 completed enrolments in our classroom and webinar offerings.

We facilitated workshops including NeuroLeadership and Managing with the Brain in Mind, Leading High Performance Teams, Creating a Positive Workplace Culture, plus a 90-day Leadership Challenge. We also held a leadership summit for the Blood Service’s Senior Leaders to discuss and debate ideas around leadership, performance, organisational culture and change. This has resulted in a number of innovative ideas which we are exploring.

DIVERSITY STRATEGY

The Blood Service continued to deliver on its Diversity Strategy, implementing a number of key initiatives to support our Lesbian, gay, bisexual, transgender and intersex employees, older employees and those managing mental health issues. We created an e-learning module titled LGBTI Inclusion: Working in Rainbow-Shoes, continued the roll-out of the Mindful Employee Program, developed our first Gender Affirmation Policy and a Back to Work Plan for Trans and Gender Diverse employees. We launched a Flexible Working Management Policy which provides a range of flexible work options to assist employees in managing their work and life demands. Over 40 per cent of the Blood Service’s workforce is over 45 years of age, and this year we conducted a Take Ownership of Your Future Generational program pilot.

EMPLOYEE ENGAGEMENT SURVEY

This year we achieved an 87.7 per cent response rate in our Employee Engagement Survey, an increase of 0.6 per cent on the previous year and the highest response rate ever achieved within our organisation. Our results were equally impressive, with the Employee Engagement Index increasing by 2 per cent, the Performance-Enablement Index by 1 per cent and the Leadership category by 4 per cent. We are now sitting above industry norms in all three of these target areas. Please note we are tracking ahead in our progress towards our strategic goal for 2019 of being in the first quartile of all companies for engagement.

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Our critical services and systems were 99.8 per cent available through 2015-16, exceeding our availability target for these services. There are over 30 critical services and this year we introduced a new Business Services Catalogue, detailing the service levels and processes that underpin their support.

MAKING THE NATIONAL BLOOD MANAGEMENT SYSTEM MORE RESILIENT

An important achievement during the year was a successful test of the National Blood Management System backup environment. The National Blood Management System is used to manage the blood supply process across the nation, from collection to testing and processing to distribution.

The primary system for the National Blood Management System was shut down, and operations switched to the backup system housed in a separate data centre. All business activities were run in backup mode for a week, with no impact on the Blood Service’s business operations. This demonstrates the robustness of this most critical system. We will continue to work on this in 2016-17 with a complete modernisation of our critical computer hardware and all the associated storage and network devices.

We also implemented a major technological improvement to the Donor Enquiry Line, our national telephone service, which has improved telephone call handling and management, enabling a greatly improved service for donors.

Maintaining the integrity and performance of our systems is paramount, as is safeguarding the data entrusted to us. Successful projects in 2015-16 include upgrading server operating systems, critical infrastructure technologies, telephony technologies and IT security improvements. A number of these initiatives will continue into next year.

FOSTERING WOMEN IN TECHNOLOGY ROLES

Women currently represent approximately 30 per cent of staff working in Information Services roles in the Blood Service, with 25 per cent of the leadership roles held by women. We are proud that this places us ahead of industry norms, but we aim to continue to be at the forefront of attracting, retaining and fostering women in technology roles. Our Women in Technology program provides women in technology-related roles, or those interested, with an opportunity to network and share knowledge.

BETTER TOOLS TO IMPROVE OUR SERVICE

Better tools can and do make a difference and enable us to reduce our costs and improve our ability to serve donors. The Donor Enquiry Line (DEL) is the Blood Service’s national telephone service that provides real-time support from our doctors and nurses to help frontline staff in donor centres and our National Contact Centre manage queries about donor eligibility. This year we launched a new advanced technological system to improve the DEL’s functionality and help deliver a better and more professional customer service.

A much-needed upgrade, the new tool is far more sophisticated — it talks directly to the system used by our call centre agents, automatically populates donor information and medical notes and has call recording for training and development purposes. All these improvements make it easier for our donors and enhance service for our donors.
MANUFACTURING

Manufacturing receives the blood collected by Donor Services and transforms it into finished blood products that can be used by our customers. We aim to efficiently and reliably deliver the right product, to the right place, at the right time.

IMPROVING OUR PRODUCTIVITY

This year we continued our focus on efficiency and productivity in manufacturing with impressive results. We improved our efficiency in manufacturing blood by 6.5% per cent compared to 2014–15. In testing, our efficiency improved 17.7% per cent compared to last year. A notable achievement, this has positioned us well to reach our strategic goal of being within the top performing 25 per cent of international blood services by June 2019.

We also met our commitment to government and delivered 601.2 tonnes of plasma for fractionation to CSL Behring.

We developed a new conceptual floor layout for our laboratories in the future, which will mean that the manual handling of each test tube will be significantly reduced. This will support an efficient, productive and robust testing process, while also eliminating unnecessary tasks. It will also enhance laboratory capacity, provide an optimal work health and safety environment, improve traceability and reduce human errors.

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SECURING OUR GOVERNMENT CONTRACT
This year we signed a new five-year Deed of Agreement — a commitment between the Blood Service and Australian governments to work together to deliver a safe, secure and affordable supply of blood and blood products to service to Australians. A five-year contract is shorter than the previous deal, so the new deal will support continued business transformation with its improved administrative and funding structure and the addition of much clearer expectations.

EMBRACING IMPROVEMENT METHODOLOGIES
While the adoption of lean and continuous improvement initiatives has traditionally been led by our Manufacturing division, we’ve started embedding the efficiency methodologies in other areas — from offices to donor centres — with the help of our Business Improvement team. This year 87 people were trained in lean methodology and have started applying this learning in their areas. Reflecting this focus, our Quality Services team has changed their governance framework to include trend, data and issues analysis, which will be used to identify opportunities for improvement. This is to ensure we continue to uphold the highest standards of safety, for which we are already well renowned. Encouragingly, this new framework received valuable feedback from the Therapeutic Goods Administration.

TRACING AGAINST OUR STRATEGIC PLAN
The second year of our five-year strategic plan is tracking remarkably well, with some targets already achieved, and in some cases, already exceeded. Supported through a simple, quicker and cleaner way of business planning — the plan’s guiding pillars — Leading Edge Performance, Leading Edge Outcomes and a Leading Edge Network — have proved themselves in helping everyone work towards being at the forefront of our sector. Given our success against our targets, and a change in Chief Executive, we’re looking to refresh some items at the forefront of our sector. Given our success against our targets, and a change in Chief Executive, we’re looking to refresh some items in the plan.

WE’RE MORE THAN BLOOD
We’ve continued to focus on using our scientific, medical and manufacturing capabilities to support the health sector in areas beyond blood. This year we progressed with planning for a three-year Human Milk Banking project, which would see the Blood Service collect, manufacture and distribute donor human milk to partner hospitals for vulnerable pre-term babies. A detailed business case will be presented to the Blood Service Board for approval in the next financial year.

FRAMEWORK TO GUIDE OUR SAFETY DECISIONS
The Blood Service has played an integral role in international blood sector decision-making by helping to develop the Risk-Based Decision-Making Framework, a tool to institutionalise making blood safety decisions that balance risk, costs and benefits. The framework was implemented this year. Our international colleagues have also used the tool and are now driving the implementation of suggestions for improvement.

Locally, we’ve used the tool to establish the cost and risk of reducing some of our testing. We identified some tests that we could stop doing, which would save money without reducing safety at all. These findings are being collated and presented to government for approval.

DRIVING DONATIONS IN OUR COMMUNITY
Our Public Relations team played a pivotal role in communication during the five-year strategic plan to bring attention to our work. The team placed 5,810 news stories in 2015-16 to celebrate our generous donors and encourage others to roll up their sleeves and give.

EASTER MONDAYITIS
We were Instead of the top two in Australia for the category of issues management by the Public Relations Institute of Australia at their annual awards in October 2015. Our team demonstrated the important role public relations can play in preventing a blood supply shortage during a time of need.

When demand for blood increased in the lead-up to the Easter public holiday, we rapidly developed a media campaign calling for the blood donation centres to be open longer, with nurse volunteers and donation units operating for an extra half-long weekend. The Australian community rallied in response and helped cover a major appointment shortfall, which would otherwise have impacted more than 1,300 appointments at our blood donation centres.
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We endeavour to integrate corporate social responsibility into our day-to-day operations and interactions with our stakeholders and the community. This year we continued our work in contributing to local and global communities, creating a positive workplace, ensuring our products are of the highest quality and safe for use by the community, and reducing our environmental impact.

As custodians of one of the safest blood supplies in the world, we need to engage with the issues that affect the community as a whole and work in a way that minimises adverse impacts on the environment and individuals.
CORPORATE SOCIAL RESPONSIBILITY

As part of Red Cross, the Blood Service is guided by a set of principles and values that compel a duty of care towards our employees, donors, the community and the environment in which we operate. We are guided by the Australian Standard, AS 8003-2003+A1) Corporate Social Responsibility and the Blood Service's policy on corporate social responsibility.

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COMMUNITY

We work with, and support, communities at a local, national and global level. From our valued donors to medical practitioners, the broader blood sector, local Australian communities and our international neighbours, we recognise it is important to have a positive relationship with communities and stakeholders to build a safe and more efficient blood sector and a healthier, sustainable society.

CONTRIBUTING TO THE BLOOD SECTOR THROUGH THE STRATEGIC BLOOD FORUM

The annual Strategic Blood Forum is an opportunity for us to engage with leaders and public policy makers in open discussions on emerging strategic issues in the blood sector. Participants include government stakeholders, clinicians and representatives from the colleges of various medical specialties. Below are current topics of importance discussed at the year’s forum in Sydney on 25 November 2015.

Optimising the supply of blood group O-negative red cells

In late 2015 the Blood Service conducted a survey to further understand the use of blood group O-negative red cells ordered by hospitals. Only preliminary results were available at the time of the forum, but participants noted there is scope for hospital clinicians and pathologists to review their local group O-negative red cell inventory holdings to reduce wastage.

The use of blood group A-plasma components

The National Blood Transfusion Committee (NBTC) recently conducted a survey to better understand the use of blood group A-plasma components in the urgent treatment of bleeding patients. A total of 321 health providers participated in the urgent treatment of bleeding patients. A total of 321 health providers participated in the urgent treatment of bleeding patients.

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PARTNERING WITH INTERNATIONAL NETWORKS

The Blood Service is a member of several international blood networks. This allows us to share knowledge and contributes to a more efficient blood sector around the world, and to use that knowledge within our own organisation to improve performance and efficiency. Networks include the Alliance of Blood Operators (ABO), the Asia Pacific Blood Network (APBN) and the Global Advisory Panel on Corporate Governance and Risk Management of Blood Services in Red Cross and Red Crescent Societies.

ALLIANCE OF BLOOD OPERATORS

The ABO is a global network of not-for-profit blood service providers. Its aim is to drive performance improvement for its members, facilitate knowledge exchange and resolve strategic issues for the benefit of patients and health systems. The ABO represents over 90 blood operator members, which together collect 35.5 million units of blood for a total population of 815 million people across three continents: North America, Europe, and Australia. This global network delivers benefit to its members by providing a united blood operator voice on policy issues that cross international boundaries.

In late 2015 the ABO launched the online Risk-Based Decision-Making framework, enabling users to interactively streamline the assessment of risks, benefits, costs, stakeholder perspectives and ethical issues as part of the decision-making process. The online framework has received very positive feedback from multiple operators making use of this tool. For the Blood Service, this has led to the use of an internationally recognized tool to support risk-informed, consistent blood safety decision making.

In 2016 the Blood Service participated in the first phase of an ABO coordinated initiative, which will see blood services across the world work collaboratively to develop solutions to common problems. The Supply Chain Optimisation Project (SCOP) is an international project that focuses on sharing specific project information for opportunities for improvement across the entire supply chain, from donor recruitment to customer supply. The project team includes representatives from the Canadian Blood Services, American Red Cross, NHS Blood and Transplant (English blood service), Blood Systems Inc. (a not-for-profit US blood service) and the Australian Red Cross Blood Service.
COMMUNITY

ASIA PACIFIC BLOOD NETWORK

The APBN is a network of 10 not-for-profit blood operators in the Asia-Pacific region, collecting over 12 million units of blood and reaching a population of over 264 million people. Its mission is to contribute to the safety, efficacy and cost-effectiveness of blood and blood products supplies in the region, based on scientific and ethical principles. The network seeks to provide strategic leadership in the Asia-Pacific region, support policy development and provide a regional voice on blood-related themes. The opportunity is collaboratively to deliver similar blood services in the region brings great benefit to our organisation, for example on the management of tropical diseases such as dengue fever and Zika virus.

GLOBAL ADVISORY PANEL

The Blood Service also has a member of the Global Advisory Panel, a network of Red Cross and Red Crescent Blood services with specific expertise in risk management and corporate governance of blood programs. The network provides technical advice, promotes knowledge sharing and networking, develops tools and guidelines, coordinates assistance in pre-emergency situations and influences global blood policy in conjunction with its partners. For the Blood Service, one of the many benefits includes access to international discussions on policy, risk and governance issues relevant for Red Cross/Red Crescent Blood Services.

HELPING OUR CAMBODIAN NEIGHBOURS

The Cambodian Blood Safety Project is part of a grant by the US President's Emergency Plan for AIDS Relief (PEPFAR) to strengthen blood services in Cambodia. It is administered by the US Centers for Disease Control and Prevention (CDC). After almost three years of planning, the Blood Service, along with key international partners including PEPFAR, CDC, American International Health Alliance and US Pacific Command, has helped design, move and validate three new blood centre facilities in Cambodia.

The site of the new blood centre buildings in Kampot Cham, Siem Reap and Phnom Penh, which opened in February, March and June 2016 respectively, represents significant progress in helping Cambodia provide the safest and most sustainable blood supply possible.

The Blood Service project provided design input for the buildings and developed the technical and management capacity of the Cambodian Blood Service to help them gain full accreditation. Our team delivered validation training, technical design assistance and transfusion transmissible infection donor management guidelines. We were able to leverage the existing skills and knowledge we have in the Blood Service for humanitarian activities and contribute towards improving patient outcomes through safe blood and good clinical practice.

IMPROVING BLOOD SAFETY THROUGH COLLABORATION

We continued our work with the Kirby Institute for infection and immunity in society at the University of New South Wales. An important part of this work is to maximise the safety of the Australian blood supply by minimising the risk of transfusion transmissible infections. This year our collaborative efforts with the Kirby Institute delivered the fifth edition of the annual surveillance report on transfusion transmissible infections in Australia. It summarised doinonations testing data and described the prevalence of trends for transfusion transmissible infections among Australian blood donors.

The report will be a reference document for organisations and individuals interested in the occurrence of transfusion-transmissible infections in Australia and the effectiveness of the Blood Service’s infectious disease blood safety strategy. It was produced in the Blood Service, Evaluation and Research Program, which is responsible for monitoring the pattern of transmission of the human immunodeficiency virus (HIV), viral hepatitis, and specific sexually transmitted infections in Australia. The report has provided evidence to support the importance and effectiveness of donor education and selection through the donor questionnaire.

IMPROVING TRANSFUSION PRACTICE THROUGH PARTNERSHIPS WITH HEALTH PROFESSIONALS

The Blood Service partnered with the Canberra Hospital and Health Services on the Clinical Practice Improvement Project, which focused on improving blood management and transfusion appropriateness in obstetrics to reduce red cell transfusion. Throughout the project, we were involved in community engagement with general practitioners and patients. The project has an opportunity to influence on ezemna management during pregnancy and has helped improve outcomes for pregnant women. As a result of this partnership, we have developed useful clinical and patient resources that are relevant to other health settings in Australia.

Following significant user testing and feedbacks, we re-launched the transfusion website (mytransfusion.com.au) this year with upgraded and improved features. This is the only patient-focused transfusion website in the world. The site contains information about blood transfusion in plain English for patients, their families and anyone else who wants to learn more about blood transfusion.

Over the year we engaged with hundreds of delegates at a number of conferences for early career doctors, and presented the Blood Service as a leading transfusion education provider. We will build on our participation in conferences in the year ahead, including the presentation of workshops. Through improved resources, educational opportunities and engagement with junior medical officers, we aim to expand our transfusion education program to health professionals across the world.

IMPROVING COMMUNITY HEALTH BY SHARING KNOWLEDGE

We are committed to sharing our knowledge and expertise with the medical and scientific communities. In 2015 our researchers were part of a collaborative team that won a NSW Multicultural Health Communications Award in the category of print projects over $1,000 to non-governmental organisations.

The award was presented to the Centre for Health and Social Responsibility, Macquarie University Institute for Health Research, for the publication titled Blood from everyone for everyone: information for the African community about blood donation in Australia. The materials aimed to engage the African community in blood donation. It is important that blood donors represent our diverse communities in order to meet the specific blood needs of our communities. Funded by the Australian Research Council, this work included researchers from the Australian Catholic University, Deakin University, Western Sydney University and the Australian Red Cross Blood Service.

SUPPORTING THE NEXT GENERATION OF GLOBAL INVESTIGATORS

Sharing knowledge and training young researchers is an important part of building skills and expertise in the medical and scientific community. Our Research and Development team welcomes students, including those from overseas, to take part in our research program. Ashish Shrestha came to us from Nepal almost three years ago and completed his PhD in June 2016, supported by a University of Queensland International Scholarship. Last year he was selected, along with several others from around the world, to take place in an innovative program to train young investigators.

Ashish’s PhD research involved studying the role of the hepatitis E virus in the Australian blood supply. He has extended his work to a similar study in his home country of Nepal, where he was collecting samples a month after the devastating earthquake in April 2015. During his final year of research, Ashish was selected to take part in the global training program known as iFIV1, developed by the International Society of Blood Transfusion Transmitted Infectious Disease Working Party.

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FROZEN BLOOD ON THE FRONTLINE

The work of our Research and Development (R&D) team has real-world outcomes, reaching beyond our laboratories to impact the lives of patients and benefit the Australian community.

This year Dr Lexey Johnson, Principal Research Fellow in our R&D team, was recognised for the impact of her work on the re-preservation of platelets, which is putting Australia at the forefront of research into frozen blood technologies, with the potential to save military and civilian lives.

"My goal as a research scientist is to contribute to society in a positive way. That is why I love the applied research area, as you really get to see the work you do get translated into the real world," Dr Johnson said.

Dr Johnson received a 2015 University of Technology Sydney alumni award for her world-leading research to extend the storage life of blood components, particularly platelets which are critical to ensure blood can still be delivered after an injury and are difficult to freeze and successfully store. The short five-day shelf life for platelets makes it a challenge to supply these life-saving products to rural and remote areas, or to combat zones overseas.

Dr Johnson’s research has led to processes for preparing deep-frozen blood products that provide a way to store and deliver these critical components. This year, following five years’ research, we started manufacturing deep-frozen blood products for the Australian Defence Force. In a civilian setting, frozen platelets made at the Blood Service will be used in Australia’s first clinical trial comparing fresh and frozen platelets in patients undergoing cardiac surgery.

ON THE FRONTLINE

Volunteering is an important part of the culture of our Blood Service. Volunteers are a critical component of our organisation, bringing a positive community impact to ourBlood Service in many different ways.

In 2015–16 we worked with almost 7,000 organisations and community groups across the country to help ensure the blood supply of the Australian population, with a target of supplying 25 per cent of all blood donations.

Through our unique group donation program, Red25, we rally groups and organisations across the country to help ensure the blood supply of the Australian population, with a target of supplying 25 per cent of all blood donations. In February 2016 we celebrated the one-year anniversary of Red25.

In 2015–16 we worked with almost 7,000 organisations, community groups and schools to build their Red25 involvement. This financial year Red25 members made 306,052 blood donations. This accounts for a total of 23.8 per cent of all blood donations, an increase of almost 80,000 donations on the last financial year, and significant growth of 64 per cent.

As part of our efforts supporting other organisations with their corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social responsibility programs, we coordinate national corporate social 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EMPLOYEE ENVIRONMENT

We seek to create a positive working environment by encouraging employee engagement, developing a diverse workplace, increasing morale and improving the general health and wellbeing of our people.

WORKFORCE PROFILE

At the end of the 2015-16 financial year there were 3,304 people working at the Blood Service. Women are in the majority in our organisation, making up 74 per cent of the workforce. They are also leaders in the Blood Service, with women occupying 63 per cent of executive roles.

EMPLOYEES BY GENDER

- Female: 21%
- Male: 26%
- Employees by age:
  - Between 25 and 34 years: 25%
  - Between 35 and 44 years: 37%
  - Between 45 and 54 years: 19%
  - Between 55 and 64 years: 9%
  - 10% of employees are over 65 years old

OUR CODE OF CONDUCT

The way we behave in our workplace and towards each other is guided by the Blood Service Code of Conduct Policy. The policy sets a number of fundamental standards to inform and educate employees, contractors and volunteers about our expectations of their behaviour. It supports our values by emphasising the principles of responsible governance and is designed to help employees understand their responsibilities and obligations.

ENGAGING OUR PEOPLE

The annual Employee Engagement Survey (EES) is an opportunity for Blood Service employees to express what is important to them and their work. It gives us a chance to understand what motivates and inspires our people, how we can leverage our strengths and address areas where we can improve and make it an even better place to work. The valuable feedback captured in the EES helps shape our strategic direction and the future plans we make to ensure we continue to grow as a dynamic and enjoyable place to work. This year 91 per cent of our employees participated in the survey, an increase of 9.6 per cent from 2015. This result gives us confidence that the feedback accurately represents the views of our Blood Service employees.

We track how we have performed against three key target areas. This year we met and exceeded the targets we set in 2015:

1. Employee Engagement Index – The motivation to give the extra mile to help us succeed (increased by 3 per cent from 2015)
2. Performance Enablement Index – The ability to succeed (increased by 4 per cent from 2015)
3. Leadership – Our trust and confidence in our leaders (increased by 6 per cent from 2015)

The results give us a greater understanding of what our people think, the pride that they take in their work and the organisation, how we support and demonstrate our values and the things that show us forward as an organisation.

WORKPLACE HEALTH AND SAFETY

The Blood Service achieved some breakthrough work health and safety results in 2015-16:

- Lost time injury frequency rate was the lowest at record of 0.52 lost time injuries per million hours worked
- A 30 per cent reduction in the number of serious injuries
- A 29 per cent reduction in needle-stick injuries
- A 66 per cent reduction in serious manual handling incidents

These results were achieved through a range of initiatives including a focus on the early identification of hazards before they lead to incidents and injuries. This year, the number of hazards identified increased by 380 per cent and has continued to move the organisation into being more proactive in dealing with the triggers that lead to incidents and injuries.

EMPLOYEE WELLNESS

The Blood Service is committed to supporting employees to be healthy, balanced and productive lives. We offer a range of wellness and wellbeing programs and health promoting activities, such as the 10,000 Step Challenge in November 2015 with a record 750 employees participating, and National Safe Work Month in October with weekly challenges promoting our key work and health areas. We offer health assessments and build the resilience of our team members through providing access to mindfulness workshops and tools. Employees were also acknowledged for their commitment to health and wellbeing, such as Raelene Joyce, an employee at our Australian Red Cross Blood Service, including the option of using purchased leave for volunteering activities.

RECOGNISING ACHIEVEMENTS

In line with one of our leading-edge strategic initiatives to attract and retain the best employees at the Blood Service, our Length of Service and Employee Awards programs are an important part of thanking employees for their commitment, knowledge and continued contribution.

We recognise employees who have reached 10, 20, 30 and 40 years of service, and the Blood Service also introduced a new five-year milestone to our Length of Service program, which included a retrospective award for employees with greater than five years’ service and less than ten.

This year over 1,000 employees were nominated by their colleagues for our annual Employee Awards program. The program formally acknowledges an employee or team for a significant contribution, exceptional performance or for going ‘above and beyond’. We value those who demonstrate commitment to the Blood Service values of Integrity, Safety and Quality, Service, Collaboration, Accountability and Excellence.

MENTAL HEALTH IN THE WORKPLACE

As an organisation we aim to create a safe and healthy workplace for our people, including supporting those who may need help or are experiencing a mental health issue. We provide all Blood Service employees and immediate family members with access to the Employee Assistance Program (EAP), run by Davidson Trahair Corpsych. This free, confidential service provides counselling and support for personal or work-related issues.

FLEXIBLE WORKING ARRANGEMENTS

The Blood Service believes it is important to develop a workplace culture that promotes a healthy work/life balance. In line with this commitment, this year we launched first Flexible Working Arrangements Policy which provides a range of flexible work options to assist employees in managing their work and life demands, including family or caring responsibilities. Our animated video highlighted the types of flexible working options available at the Blood Service, including the option of using purchased leave for volunteering activities.

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COMMUNICATING WITH INTEGRITY

Each month in 2015–16 a tight-knit trio from our National Contact Centre responded to roughly 450 emails, text messages, phone messages, social media posts, tweets and letters from donors across the nation.

Cristina Nicoli, Ryan Levia and Ankita Tyagi are the Donor Feedback Team, operating from the National Contact Centre (NCC) in Adelaide. This year they won a national Employee Award for their outstanding contributions and for exemplifying the value of ‘Integrity’ in their work.

As well as applauding good work, our Employee Awards program recognises that our Blood Service values of Accountability, Collaboration, Excellence, Integrity, Safety and Quality and Service guide our behaviours and how we work with one another and our communities.

Cristina, Ryan and Ankita annually process roughly 5,400 donor communications from an active donor panel of 400,000 people.

“They do such a very difficult job with such tact and diplomacy,” said NCC Manager, Greg Harmer.

“The best part of my job, as far as complaints departments go, is the donors,” said Ryan. “We have the best donors, because they have such a giving nature and generally their feedback is in the form of constructive criticism,” he said.

“We deal with many different internal departments and we strive to act openly, honestly and ethically without judgement, in trying to find the best outcome for the donor and find the best opportunities for continual improvement,” said Ankita, who is case manager for the team.

“At the end of the day we are aiming to retain donors by responding with transparency and integrity so that our work continues to contribute to the Blood Service’s overarching aim, which is to help save lives,” said Cristina.

DIVERSITY IN THE WORKPLACE

Our vision is to create a high-performance workplace culture that values individual differences, attracts and retains the best employees and delivers a supportive system of work for all employees. We are guided by our Diversity Strategy 2014–19, which directly supports our strategic plan, At the Leasing Edge.

The Blood Service has a strong foundation in relation to diversity. Female representation at leadership levels is above the Australian norm and 74.5 per cent of our workforce is female. We offer a high degree of flexibility in comparison to other industries, and have a culturally diverse workforce that reflects the Australian population.

In addition to our existing memberships and key partnerships with Diversity Council Australia, Pride in Diversity, National Disability Recruitment Coordinator and the Victim Information Technology for Women Network, this year we also engaged Transgender Victoria in further support for lesbian, gay, bisexual, transgender and intersex (LGBTI) inclusion in the workplace.

We partnered with the National Disability Recruitment Coordinator, an Australian Government support service for employers to build disability knowledge and confidence. In September 2015 to implement strategies, policies and procedures promoting the recruitment of people with disability. We have undertaken a review of our recruitment processes and procedures from the perspective of a potential candidate and, as a result, a number of actions have been identified to help remove barriers for candidates with disability.

The Blood Service participated in a number of forums over the year to share and promote our knowledge of diversity and inclusion. These have included a panel discussion at the Create your future: champion the ageing workforce, take action, get results conference, and the Workplace Wellness Conference.

EXTERNAL RECOGNITION

In August 2015 the Blood Service was named a finalist in the Best Workplace Diversity and Inclusion Program category at the HR Awards, which recognises excellence and innovation in diversity and inclusion initiatives.

This year we were named as a Bronze Tier employer in the Australian Workplace Equity Index, which is the definitive national benchmark on LGBTI workplace inclusion. We were ranked the number two employer in the not-for-profit/charity sector, as well as the number two employer in the health/aging/community sector.

We were finalists in the HRM Employer of Choice Awards. In addition, our Executive Director of Human Resources, Anne Hayes, was a finalist in the category of HR Executive of the Year in the CEO Magazine awards.
SAFETY AND QUALITY OF PRODUCTS AND SERVICES

The Blood Service is committed to maximising the quality and safety of our products and services so that health professionals and the Australian community can be confident that they improve the lives of patients. We are proud that our blood products are considered among the safest in the world.

REGULATORY COMPLIANCE

The safety and quality of our products and processes at the Blood Service is maintained through compliance with individual state and Therapeutic Goods Administration (TGA) regulations and standards. We meet TGA regulatory obligations through the submission of a Technical Master File as defined by the Therapeutic Goods (Manufacturing Processes) Determination No. 1 of 2013, as well as through establishing and maintaining manufacturing licences granted by the TGA and the maintenance of a quality system.

Our quality system is based on the code of Good Manufacturing Practice (GMP) as well as relevant standards and requirements for quality, competencies particular to medical laboratories and regulatory requirements relevant to medical devices — including the National Association of Testing Authorities (NATA) and the Royal College of Pathologists of Australasia. It ensures that, wherever possible, products and services meet or exceed the best practice standards for quality, efficacy and safety.

During 2015-16 the Blood Service became the first and only Australian organisation to have in-house Class 4 in vitro diagnostic medical devices. Corporate accreditation to address the regulatory requirements relating to in-house Class 1–3 in vitro diagnostic medical devices. Corporate accreditation has the additional benefit of providing customers with a simplified, nationally consistent scope of testing services, which supplement our primary work of providing quality blood to meet the needs of Australian patients.

PRODUCT SAFETY PRACTICES

Everything we do is governed by safety and quality. We work to meet prescribed standards, deliver safe and sufficient products for patients and provide safe work practices. Through these means we are able to prioritise, and demonstrate responsibility for, the safety of our donors and employees. We identify, report and take action on any issues that may put at risk our donors or colleagues or patients using our blood products.

There are multiple checks conducted through the life-cycle of manufactured blood components to ensure their safety. These occur at various stages of the donation process. The Blood Service has guidelines for the selection of blood donors and all donors complete a confidential questionnaire prior to each donation to ensure they meet guidelines. The donation volume and duration are recorded and used to determine the right manufacturing step for that donation.

All donations are tested for the following markers of transmission of transfusional infectious diseases:

- Hepatitis B virus (HBV) DNA
- Hepatitis B surface antigen (HBsAg)
- Human immunodeficiency virus-1 (HIV-1) RNA
- HIV-1 and HIV-2 antigen and antibody
- Hepatitis C virus (HCV) RNA
- HCV antibody
- Human T-cell lymphotropic virus-I/II (HTLV-I/II) antibody
- Syphilis (Treponema pallidum) antibody
- Malaria antibody is performed on selected donations.
- Based on donors’ responses to the donor questionnaire, certain donations are also tested for malaria, hepatitis B core and surface antibodies
- All platelets manufactured are screened for bacterial contamination, and
- Malaria antibody is performed on selected donations. The donations submitted for testing are determined by the donor’s responses to the travel question on the donor questionnaire.

OTHER QUALITY AND SAFETY MEASURES INCLUDE:

- All donations undergo ABO and RhD blood grouping and are screened for the presence of red cell antibodies
- Universal leukoreduction of red cell and platelet components
- Manufactured blood components are selected according to a sampling plan for quality control testing specifications
- All equipment used during manufacturing and testing of blood components undergo scheduled maintenance programs to ensure their optimal operation.
- All testing reagents are checked prior to use to ensure their suitability.
- All components are handled and stored in accordance with component-specific handling and storage requirements, and
- Processing facilities are fitted with environmental monitoring and controlling systems.

ENSURING QUALITY PRACTICES

This year we initiated an executive-level Quality Governance Committee to increase senior management visibility and further strengthen accountability for outcomes to ensure the safety and quality of our products and processes. We plan to improve the capability of our Quality team by implementing a comprehensive capability framework which will enable the team to better serve the business and provide expert advice to facilitate positive outcomes. We are also developing a whole-of-business quality framework which will enhance our current predominantly quality assurance approach to a true quality improvement approach.

ENSURING OUR SUPPLIERS MEET OUR QUALITY AND SAFETY STANDARDS

The Blood Service adheres to strict guidelines and ethical practices when it comes to the safety and quality of our processes and products, and we work to ensure our suppliers also meet these high standards. Our Vendor Quality Policy requires that when introducing new products and services, we assess suppliers using a risk-based system to ensure they are able to reliably deliver goods or services that meet our quality requirements.

As part of our Procurement Transformation Project, we are developing a Supplier Relationship Management (SRM) framework to create a relationship-orientated approach to managing supplier relationships. Our SRM will introduce the use of cross-departmental teams — which includes representatives from Work Health and Safety, Quality and Vendor Assurance — to formulate Blood Service supplier management strategies. This will help to reduce risk by giving us a complete picture of supplier performance being conducted across the organisation.

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RESPONDING TO PUBLIC HEALTH RISKS AND NEW EMERGING DISEASES

In 2015 the Blood Service began actively monitoring the risk of Zika virus transmission by providing the first large outbreak was reported on the Pacific Island of Yap in 2007, although at the time it was believed that infection was generally mild with no severe complications. There is now adequate evidence to state that Zika virus causes microcephaly and neurological complications.

Similar to other viruses predominantly transmitted by mosquitoes, such as dengue, the Zika virus is now transmitted through blood transfusion. The Blood Service further reduces the risk to the blood supply by:

- Temporarily deferring donation for fresh component manufacture from donors who have travelled to areas that are at risk of disease transmission by mosquitoes that have the potential to be transfusion-transmitted, such as dengue and malaria, or areas that are experiencing Zika virus outbreak or data (with the exception of the Australian Capital Territory) by definition would not consider gloves that are used in a donor centre and are not blood stained as clinical waste. As a result, gloves used in donor centres that are not blood stained can be disposed of in a less costly general waste stream. The associated paper on the glove disposal was presented to the Microbiological Contamination and Infection Control Committee (MECC) and will be used to inform business decisions and the next steps, as recommended by MECC.

MANAGING OUR E-WASTE

We manage our e-waste responsibility to avoid it being sent to landfill where poisonous substances from decomposing waste can impact the environment. Over the last 12 months our Information Services division has recycled nearly 1,300 assets which is a combination of desktop computers, laptops, monitors, and old monitors. Of this figure, over 750 were desktop computers weighing in at a hefty 3,000kg. Before the machines leave the organisation, we ensure they are cleansed of all data. In addition, a high volume of old cables, mice, keyboards and other miscellaneous equipment has also been recycled.
THE ENVIRONMENT

REDUCING ENERGY CONSUMPTION AT OUR PROCESSING CENTRES

This year we have been gathering baseline information to start raising awareness on energy consumption across our four main processing centres in Melbourne, Sydney, Brisbane and Perth. Two energy assessment audits were conducted by an external provider at our two largest sites — the Melbourne and Sydney processing centres — and recommendations from these assessments could result in significant reductions in energy consumption.

We modified the way we use the steam boilers at the Sydney Processing Centre this year, which had a positive impact on energy consumption, without affecting the humidity conditions throughout the centre. Also, following the energy assessment of the Melbourne Processing Centre, a proposal was made to implement voltage optimisation to reduce energy consumption by just over 10 per cent. We are looking to roll out this initiative at the other sites.

We are currently reviewing a move to LED lighting at each processing centre, where possible. Melbourne Processing Centre switched to LED lighting in their testing area and it is also being considered as part of the Perth Processing Centre refurbishment. Our plan is to roll out an energy assessment at the Brisbane Processing Centre in the next year and continue with implementation of recommendations for both the Melbourne and Sydney processing centres.

Our target for 2016–17 is a five per cent reduction for year-on-year energy consumption at each processing centre, with the exception of Perth which is currently undergoing refurbishment. We saw a four per cent reduction in consumption at the Sydney Processing Centre this year which was a great outcome and is expected to continue in the upcoming year.

REDUCING OUR CARBON EMISSIONS

We have a total of 48 cars in our fleet of vehicles. Last year we initiated the introduction of 12 hybrid cars, which combine a normal petrol or diesel engine with an electric motor to our fleet which resulted in significant savings in fuel consumption. In 2015–16 we acquired a further five hybrids to replace older vehicles in the fleet and we will continue to look for further replacements in the future. In 2015–16 we saved more than 6,000 litres of fuel which has helped to reduce our carbon emissions.

USING SUSTAINABLE PRODUCTS

When sourcing building materials for new donor centres — and also for refurbished centres where new materials can be accommodated with existing floors or structures — we select from a list of sustainable products that are environmentally friendly and meet certified standards as required.

• Our flooring is made from 97 per cent natural raw materials, 32 per cent of which are renewable and will grow back within 10 years.
• All plasterboard walls and ceilings are rated Green Star by the Green Building Council of Australia and use 20 per cent recycled content.
• The manufacturer of our carpet tiles meets or exceeds the requirements of the Carpet and Rug Institute’s Green Label test protocol for carpet, the industry’s most widely recognised sustainability standard that evaluates the environmental impacts of carpet over the entire life cycle of the product.
• The product of our carpet tiles meets or exceeds the requirements of the Woolmark’s Woolmark Green Labelling Program for carpet, the industry’s most widely recognised test protocol for evaluating emissions for carpets and adhesives.
• Our selected carpet tiles are certified to ISO 140-2001, the sustainability standard that evaluates the environmental impacts of carpet over the entire life cycle of the product.
• Medium density fibreboards for all joinery have a low formaldehyde emissions rating, and a low formaldehyde emissions rating, and
• All paints are deemed 100 per cent green house neutral.

REFURBISHING A PERTH LANDMARK FOR THE FUTURE

The Perth Processing Centre at 240 Wellington Street has been our home in Western Australia since 1958. We are now halfway through a four-year project to refurbish and update the Perth Processing Centre to meet the needs of supplying Australia’s blood products in the 21st century.

The five-storey building — originally known as the Perth Blood Transfusion Centre — was one of the first curtain wall buildings in Australia. This original feature is now protected for its historical significance, and the Blood Service has a role to play as a custodian of Western Australia’s cultural heritage. This year we worked with the Heritage Council and the City of Perth to conserve more than 100 heritage-listed curtain wall windows.

Over the course of the refurbishment, we removed asbestos material from a number of floors which has eliminated a major hazard and ensured a safe working environment for our employees.

All major services have been upgraded to match those in our other principal sites. LED lighting has been installed where possible, and plans have been approved to install electrical power factor correction units. The air conditioning units have heating and cooling water coils that condition the air which reduces the operating costs and decreases carbon dioxide emissions by drawing on less energy.

The builder has taken an environmentally conscious approach to waste material recycling by employing waste removal sub-contractors to segregate the waste for recycling and achieve a recycle rate between 85 and 94 per cent for all demolition materials and building waste materials.

Following the delivery of the manufacturing refurbishment stages towards the end of 2016, the offices will be fitted out. When completed in late 2017, the new Perth Processing Centre will be aligned with our other processing centres and will be equipped to meet the ever-changing demand for blood wall into the future.
TRANSFORMING LIVES AT AUSTRALIAN RED CROSS

It was a year of change, renewal and hard work for the Humanitarian Services division of Australian Red Cross. CEO Judy Slayter and President Michael Legge share some of their highlights from a productive year.

RESPONDING TO DISASTERS NEAR AND FAR

Summer is always a busy time at Red Cross, and this year our volunteers and staff helped around 13,000 people who had been affected by emergencies. Our emergency services team also helped launch a new partnership between emergency management organisations, pooling our combined knowledge and resources to better help communities.

A school-based preparedness program continued to show children how to be more resilient against emergencies, and both of us were honoured to see the program awarded in the Resilient Australia Awards both nationally and in WA. When disaster strikes Red Cross makes sure to remain in affected communities to support people as they recover, and it was great to see our recovery work recognised in both the RNW and ACT Resilient Australia Awards as well.

We continue to be vigilant against international disasters, with the sad knowledge that four out of five deaths from natural disasters last year occurred in the Asia Pacific region. Red Cross responded to several international emergencies such as Cyclone Winston in Fiji, empowered by the support of our generous donors. We continued working with our regional partners to lessen the devastating impact of emergencies, working on an Australian Government Pacific Humanitarian Challenge award for a project proposal to increase the speed and effectiveness of disaster relief in the Pacific. The project, which we hope to launch soon, works by building partnerships between humanitarian agencies and local suppliers of goods and services, with the help of a custom-built digital platform.

STANDING UP FOR VULNERABLE PEOPLE

It was also another key year for the people of Syria, where we were dedicated to witness continuing disrespect for the laws of war. Both Judy and our Director of International Humanitarian Law, Phoebe Wynn-Pope appeared in the media calling for greater respect for these vital laws. Australian Red Cross continued working with the global Red Cross Red Crescent movement to provide relief for those impacted, with the support of the Australian public who gave $1.5 million to our ongoing Syria Crisis Appeal.

It was fantastic to welcome attendees from 35 countries to the Fourth Commonwealth Conference on International Humanitarian Law, which we hosted together with the Australian Government and International Committee of the Red Cross. Michael and several senior colleagues also attended the 2015 International Conference of the Red Cross Red Crescent Movement held in Geneva, where we made a number of pledges alongside the Australian Government to strengthen the laws of war and protect vulnerable people.

BATTING DISADVANTAGE

Across the country, Red Cross supported thousands of people facing areas of disadvantage such as homelessness, old age, poor health and discrimination.

We were proud to raise our voices in campaigning for justice reform. Our #justicereinvest campaign calls that some of the billions spent on Australian prisons be redirected to address the underlying causes of crime and help people impacted by disadvantage. In March 2016, Red Cross published Vulnerability Report: Refocusing Justice, a research publication which supports us as we advocate for a better and more humanitarian approach to justice in Australia.

We continued to support the humanitarian-needs of migrants, which we believe are one of the most misunderstood and discriminated against groups in Australia. Red Cross provided emergency relief grants and support services for people seeking asylum and fleeing the community, monitored conditions in immigration detention facilities, and supported those who had experienced trafficking or forced marriage. We came across some truly touching stories through our international facing program, where staff and volunteer worked tirelessly to trace people separated from their loved ones by conflict or disaster.

We’re committed to long-term work to address community-determined needs in places like remote Wondunna, Queensland, where Red Cross was recognised as a finalist in the 2015 Queensland Government Reconciliation Awards.

Our place-based programs look a little different in each place we work, but they can include anything from teaching nutrition skills to supporting learner drivers to get their licence — whatever works for that particular community.

REVITALISING OUR STRATEGY

When Judy commenced as CEO in February 2015, we took the opportunity to review our organisational strategy and refine ways of strengthening our goals. We wrapped up the year with the introduction of 22 measurable targets that are now part of our Strategy 2020. With these targets at the forefront, we’ll be approaching our work over the next four years with a renewed sense of focus. We look forward to continuing our work with the Blood Service to change lives for the better.
Thanks to the fantastic efforts of our staff, the Blood Service recorded an outstanding operating result for the financial year with a $5.4 million surplus, after providing for a return of $42 million to the National Blood Authority.
**FINANCE REPORT**

Thanks to the fantastic efforts of our staff, the Blood Service recorded an outstanding operating result for the financial year with a $5.4 million surplus, after providing for a return of $42 million to the National Blood Authority. The overall surplus, including other comprehensive income, was $21 million. The Capital Program had a surplus of $8.5 million, after allowing for a $46.2 million depreciation cost. A surplus of $7.1 million was recorded across other programs, including processing centre upgrade contributions, movements in the defined benefit superannuation plan and other activities such as transplantation, affiliated and external services.

**SUMMARY**

<table>
<thead>
<tr>
<th>2016-17</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus of Main Operating Program</td>
<td>$5.4 million</td>
</tr>
<tr>
<td>Returned to NBA</td>
<td>$42 million</td>
</tr>
<tr>
<td>Surplus of Main Operating Program (retained)</td>
<td>$5 million</td>
</tr>
<tr>
<td>Surplus of Capital Program</td>
<td>$8.5 million</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>$(46.2 million)</td>
</tr>
<tr>
<td>Surplus on transplantation affiliated and external services</td>
<td>$(159)</td>
</tr>
<tr>
<td>Surplus on processing centre programs</td>
<td>$10.4 million</td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>$(2.8 million)</td>
</tr>
<tr>
<td>(Loss) / Gain on disposal of non-current assets and foreign exchange</td>
<td>$(407)</td>
</tr>
<tr>
<td>(Decrease) / Increase in blood and blood product inventory</td>
<td>$(3.4 million)</td>
</tr>
<tr>
<td>Movement in defined benefit plans (P&amp;L and OCI)</td>
<td>$(1.6 million)</td>
</tr>
<tr>
<td>(Gain)/Loss on disposal of other financial assets (excluding MOP)</td>
<td>$0.6 million</td>
</tr>
<tr>
<td>Impairment losses of financial assets</td>
<td>$(138)</td>
</tr>
<tr>
<td>Net fair value loss on available-for-sale financial assets</td>
<td>$(1.2 million)</td>
</tr>
<tr>
<td>(Deficit) / Surplus including other comprehensive income for the year</td>
<td>$(20.9 million)</td>
</tr>
</tbody>
</table>

**OUTPUT BASED FUNDING MODEL — MAIN OPERATING PROGRAM**

**YEAR END POSITION**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus of $11.0 million, net of $3.6 million returned to government and $4.8 million voluntary income reduction agreed with the NBA</td>
<td></td>
<td></td>
<td></td>
<td>$18.5 million</td>
</tr>
<tr>
<td>Surplus of $3.6 million, net of $8.9 million returned to government</td>
<td></td>
<td></td>
<td>$3.6 million</td>
<td>$12 million voluntary price reduction agreed with the NBA</td>
</tr>
<tr>
<td>Surplus of $2.6 million, net of $3.6 million returned to government and $4.8 million once off reduction in prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus of $5.3 million, net of $28.2 million returned to government and $12 million voluntary price reduction agreed with the NBA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus of $5.4 million, net of $42 million returned to government and $18.5 million voluntary income reduction agreed with the NBA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Main Operating Program surplus for the year was $5.4 million after providing for $42 million return to government, in line with the Deed of Agreement signed between the National Blood Authority and Australian Red Cross Society, which allows for the retention of surplus, up to $5 million. A further $5.4 million will be carried over in the Research and Development reserve and spent on research activities in future years. The resulting audited surplus of $5 million has been retained in a special reserve and the Blood Service is in consultation with the National Blood Authority and Jurisdictional Blood Committee on the reinvestment of these funds into appropriate strategic blood initiatives.
The decrease in depreciation is driven by computer equipment where assets fully depreciated in the prior year. The movement in blood inventory is primarily due to plasma for fractionation, which increased by 5.7 tonnes year on year, and improved red cell inventory management.

Other component revenue includes a $2.2 million increase in expired but unclaimed donations ($0.8 million) due to price rises on imported consumables and also had significant increases in the cost of consumables this year ($3.6 million) due to an overall increase in collections and a changing mix in collection type.

Comparisons of the 2016 and 2015 results is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2015</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>$62.5 million</td>
<td>$58.8 million</td>
<td>6.2%</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$58.1 million</td>
<td>$56.9 million</td>
<td>2.1%</td>
</tr>
<tr>
<td>Total capital expenditure</td>
<td>$7.4 million</td>
<td>$7.9 million</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Total profit</td>
<td>$4.4 million</td>
<td>$1.9 million</td>
<td>133.3%</td>
</tr>
</tbody>
</table>

Comparison of the 2016 and 2015 results is as follows:

Total income increased by $4.6 million or 7% per cent.

- The decrease in depreciation is driven by a revaluation of $2.2 million in capital expenditure that was deducted in 2014-15 as part of an agreement with the National Blood Authority to secure longer term growth funding for plasma in order to meet the continuing growing demand for plasma derived products. Output Based Funding increased by $3.9 million due to 3.9 per cent growth in plasma for fractionation, and an increase in product prices of 2.95 per cent. This was offset by the $4.2 million provision for return of income to the National Blood Authority, which represents a $13.8 million increase on the amount returned in 2015.

Total expenditure increased by $7.4 million or 1 per cent.

- The Blood Service continued to focus on productivity, with staff expenses being contained to a 1.4 per cent increase ($15.3 million). Donor Services realised savings of $2.7 million against budget while Manufacturing realised financial savings of $2 million through the implementation of productivity initiatives such as the Manufacturing Improvement Customer Service project, the Process Control Improvement project and the Transport strategy.

- Other overheads increased by $7.7 million, driven by an impairment of expenditure related to the Laboratory Information Management System project due to the withdrawal of the core product by the software supplier.

- Offsetting these costs was a reduction of $4.6 million in depreciation costs, and a $4 million movement in blood inventory. The decrease in depreciation is driven by computer equipment where assets fully depreciated in the prior year. The movement in blood inventory is primarily due to plasma for fractionation, which increased by 5.7 tonnes year on year, and improved red cell inventory management.

- Annualised superannuation loss of $1.6 million increased $1.6 million in 2015 with the adverse movement largely driven by a decrease in discount rates used in the actuarial calculations. The unrealised loss on financial assets of $1.2 million represents the revaluation of available-for-sale investments to fair value as at June 2016.
STAMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

REVENUE
Government funding
Operating - Commonwealth funded 483,284 488,088
Operating - State funded 20,791 20,076
Capital - Commonwealth and State funded 30,000 32,404
Total government funding 533,075 540,568
Investment income 7,741 8,017
Other income 23,683 11,221
Total revenue 560,505 559,806

EXPENDITURE
Staff expenses 487,325 487,327
Consumables 98,895 98,895
Overheads 131,004 131,004
Depreciation 50,808 50,808
Loss on disposal of non-current assets 1,102 411
Gain/(Loss) on disposal of other financial assets 1 (159)
Impairment losses of other financial assets - 138
(Gain)/Loss on foreign exchange (38) 4
Gain on foreign exchange 38 4
(Increase)/Decrease in blood and blood product inventory 571 7
Total expenditure 569,670 577,032

SURPLUS / (DEFICIT) FOR THE YEAR 23,473 (9,864)

Items that will not be reclassified subsequently to profit or loss:
Components of defined benefit (loss)/gain recognised in other comprehensive income (1,281) 5,664

Items that may be reclassified subsequently to profit or loss:
Net fair value loss on available-for-sale financial assets (338) (1,238)

Other comprehensive income for the year 5,326 (2,519)
TOTAL PROFIT / (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 20,954 (4,538)

* ANALYSIS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Surplus/(Deficit) of Main Operating Program 5,110 5,124
Surplus/(Deficit) of Capital/Programs and Processing Centre Program (Net of depreciation) (1,302) (18,702)
Gain/(Loss) on disposal of external and hosted services 45 45
Movement in blood inventories, employee provisions and retirement benefit obligations (1,104) 1,084
Loss on disposal of non-current assets (1,103) (411)
Gain/(Loss) on disposal of other financial assets (excluding Main Operating Program portion) (1,238) 5
Impairment losses of other financial assets - 138
Gain on foreign exchange - 4
Net fair value loss on available-for-sale financial assets (338) (1,238)
TOTAL PROFIT / (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 20,954 (4,538)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
# Statement of Financial Position

**As at 30 June 2016**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>18.2</td>
<td>193,738</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>6</td>
<td>7,799</td>
</tr>
<tr>
<td>Inventories</td>
<td>7</td>
<td>22,866</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>8</td>
<td>70,660</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td>338,510</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>10</td>
<td>42,749</td>
</tr>
<tr>
<td>Borrowings</td>
<td>11</td>
<td>10,786</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>56,581</td>
</tr>
<tr>
<td>Prepaid government funds</td>
<td>13</td>
<td>110,461</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>14</td>
<td>730</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>11</td>
<td>49,741</td>
</tr>
<tr>
<td>Provisions</td>
<td>12</td>
<td>13,294</td>
</tr>
<tr>
<td>Retirement benefit plan obligations</td>
<td>15</td>
<td>3,281</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>14</td>
<td>4,285</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General reserve</td>
<td>16.1</td>
<td>222,137</td>
</tr>
<tr>
<td>Special reserve</td>
<td>16.2</td>
<td>65,512</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>16.3</td>
<td>55,587</td>
</tr>
<tr>
<td>Investment revaluation reserve</td>
<td>16.4</td>
<td>(3,570)</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

**For the Year Ended 30 June 2016**

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>202,404</td>
<td>57,973</td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Components of defined benefit gains recognised in other comprehensive income</td>
<td>15.5</td>
<td>5,664</td>
</tr>
<tr>
<td>Net gain/(loss) arising on revaluation of other financial assets</td>
<td>16.4</td>
<td>(338)</td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the year</strong></td>
<td>(9,864)</td>
<td>(4,538)</td>
</tr>
<tr>
<td>Balance at 30 June</td>
<td>16,172,520</td>
<td>15,122,954</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>23,473</td>
<td>2,376</td>
</tr>
<tr>
<td>Components of defined benefit losses recognised in other comprehensive income</td>
<td>15.5</td>
<td>(1,281)</td>
</tr>
<tr>
<td>Net gain/(loss) arising on revaluation of other financial assets</td>
<td>16.4</td>
<td>(1,376)</td>
</tr>
<tr>
<td>Impairment loss of other financial assets</td>
<td>16.4</td>
<td>138</td>
</tr>
<tr>
<td><strong>Total comprehensive gain for the year</strong></td>
<td>22,192</td>
<td>(1,238)</td>
</tr>
<tr>
<td>Transfer between reserves</td>
<td>16.1</td>
<td>(11,880)</td>
</tr>
<tr>
<td><strong>Balance at 30 June</strong></td>
<td>222,137</td>
<td>55,512</td>
</tr>
</tbody>
</table>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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- Celebrating our national anniversary
- Measuring our performance: KPIs
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- Financial statements
The Australian Red Cross Blood Service (the Blood Service) is a division of the Australian Red Cross Society (the Society) which is a not-for-profit entity. The Society is an entity incorporated in Australia by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies.

The Blood Service is domiciled in Australia, with its corporate office at 417 St Kilda Road, Melbourne, Victoria and operates in all States and Territories. The principal activity of the Blood Service is the provision of quality blood products, tissue typing and related services for the benefit of patients. The Blood Service operates five main processing and testing facilities plus a network of collection centres in metropolitan and regional areas across Australia. The Blood Service is funded for this activity by the Commonwealth, State and Territory governments under a Deed of Agreement (the Deed) administered by the National Blood Authority (NBA).

The financial statements were authorised for issue by the Board of the Blood Service on 23 September 2016.

Due to the application of Australian specific provisions for not-for-profit entities, the financial statements and purpose financial statements which have been prepared in accordance with the Australian Accounting Standards and Interpretations, and comply with other requirements of the law. The application of these amendments does not have any material impact on the disclosures or on the amount recognised in the Blood Service’s consolidated financial statements.

At the date of authorisation of the financial statements, the following International Accounting Standard (IAS) Standards and International Financial Reporting Interpretations (IFRIC) Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued or not yet effective) were in issue but not yet effective. The adoption of these Standards and Interpretations may have an impact on future financial reports.

As at the end of the reporting period, the Blood Service had not performed an assessment to review the changes to the above standards and therefore has not determined the extent of the impact on the financial statements, if any.

The following new and revised Standards and Interpretations have been applied in the current period. The application of these amendments does not have any material impact on the disclosures or on the amount recognised in the Blood Service’s consolidated financial statements.

The following are the new and revised Standards and Interpretations that have been applied in the current period:

1. General Information

The Australian Red Cross Blood Service (the Blood Service) is a division of the Australian Red Cross Society (the Society) which is a not-for-profit entity. The Society is an entity incorporated in Australia by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies.

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The financial statements were authorised for issue by the Board of the Blood Service on 23 September 2016.
3.4 Financial currency translation

3.4.1 Function and presentation currency
Items included in the financial statements of the Blood Service are measured using the currency of the primary economic environment in which the Blood Service operates (the functional currency). The financial statements are presented in Australian dollars, which is the Blood Service’s functional and presentation currency.

3.4.2 Transaction and balance
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year end and royalty-related items of monies denominated in foreign currencies are recognised in the surplus or deficit, except when they are deferred in equity as qualifying cash flow hedges.

3.5 Rounding of amounts
Amounts in the financial statements have been rounded off to the nearest thousand dollars ($’000) unless otherwise stated.

3.6 Property, plant and equipment

3.6.1 General
Property, plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is provided on property, plant and equipment, including leasehold buildings but excluding freehold land. Depreciation is calculated using the straight-line method to allocate cost or net revaluations, net of their residual values, to the estimated useful lives.

3.6.2 Depreciation
Depreciation is provided on plant, property and equipment, including leasehold buildings but excluding freehold land. Depreciation is calculated using the straight-line method to allocate cost or net revaluations, net of their residual values, to the estimated useful lives.

3.7 Impairment of property, plant and equipment

3.7.1 Indicators of impairment
Impairment losses are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.7.2 Impairment losses
Impairment losses are recognised in the profit or loss in the period in which the estimate is revised if the revision affects both current and future periods.

3.8 Borrowing costs

3.8.1 Borrowing costs associated with qualifying assets
Borrowing costs directly attributable to the acquisition, construction or production of any qualifying asset are capitalised during the period of time during which the asset is under construction, ready for its intended use, or ready for sale.

3.9 Leases

3.9.1 Lease accounting
Leases of property, plant and equipment and leases of leasehold land are accounted for by applying the principles of Australian Accounting Standard 10 (AASB 10), ‘Leases’, with modifications as described in note 9.1. Leases are classified as finance leases—see note 9.2. Finance leases are capitalised at the lease’s inception at either the lower of the fair value of the leased asset or the present value of the minimum lease payments. The leased asset is shown as a liability in the statement of financial position and the right of use of the leased asset is shown as an asset in the statement of financial position. The minimum lease payments are included in the calculation of the present value of the minimum lease payments.

3.10 Revenue

3.10.1 Revenue from blood donations
Revenue from blood donations is determined on such a basis.

3.11 Financial instruments

3.11.1 Fair value
The fair value of an asset or liability is the amount that would be received for the asset or paid for the liability in an arm’s length transaction between arm’s length parties at the measurement date.

3.12 fair value measurement

3.12.1 fair value hierarchy
The fair value of financial assets and liabilities is measured using the fair value hierarchy that classifies inputs into three levels based on the assumptions used in measuring fair value.

3.12.1.1 Level 1 inputs
Level 1 inputs are unobservable inputs for the asset or liability. These inputs include quoted prices in active markets for identical assets or liabilities.

3.12.1.2 Level 2 inputs
Level 2 inputs are observable inputs for the asset or liability (other than quoted prices in active markets for identical assets or liabilities) that are either directly or indirectly observable in the market.

3.12.1.3 Level 3 inputs
Level 3 inputs are unobservable inputs for the asset or liability.

3.14 Provisions

3.14.1 General
A provision is a liability which is required to be recognised in the statement of financial position to reflect the current obligations of the entity. A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

3.14.2 Revisions to provisions
Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.15 Investments

3.15.1 Investment impairment
Investment impairment losses are recognised in the profit or loss in the period in which the estimate is revised if the revision affects both current and future periods.

3.15.2 Investment revenue
Investment revenue is recognised in the profit or loss in the period in which the estimate is revised if the revision affects both current and future periods.

3.15.3 Share-based payments
Share-based payments are measured at the fair value of the consideration given or the fair value of the equity instruments issued, whichever is more reliably measurable.

3.17 Income taxes

3.17.1 Income tax accounting
Income tax accounting is based on the entity’s reporting basis as described in note 9.3. Income tax is recognised as an income or expense in the period in which the event or transaction giving rise to income tax is recognised in the profit or loss.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Cash and cash equivalents

For the statement that cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at financial institutions, due to customers and advances to others, which is readily convertible to known amounts of cash and is subject to such risks and changes in value as to make it suitable as a short-term investment. Bank overdrafts are shown as borrowings in current liabilities in the statement of financial position.

3.13 Non-exchangeable financial instrument

Financial instruments are initially measured when the related contractual rights or obligations exist, with cost including acquisition and related transaction costs in the trade date. Subsequent to initial recognition these instruments are measured at fair value.

3.13.1 1 Available-for-sale financial assets

Listed shares and motel investments held by the Blood Service that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Blood Service also has investments in unlisted investments that are not traded in an active market that are classified and stated at fair value. Fair value is determined in the manner described note 3.1.3. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investment revaluation reserve in respect of the excepted exempted entities. Cash flows relating to the investment in the foreign foreign exchange gains or losses. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve.

3.13.2 Fair value estimation

The fair value of financial assets is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value for all unquoted securities, including recent arms length transactions and references to similar instruments.

3.13.3 Impairment of financial assets

When an available-for-sale financial asset is classified as impaired, cumulative gains or losses previously recognized in other comprehensive income are reversed to the surplus or deficit in the period.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefits of lease incentives are recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Lease incentives are recognized in the surplus or deficit within the 12 months after the reporting date. If the aggregate amount is recognized in the surplus or deficit in subsequent financial years. Interest in the period is determined in the manner described note 3.1.3. When an available-for-sale financial asset is classified as impaired, cumulative gains or losses previously recognized in other comprehensive income are reversed to the surplus or deficit in the period.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gain and losses are recognised in the surplus or deficit when the liabilities are derecognised, as well as through the amortisation process.

Borrowings payable within 12 months are classified as current liabilities. Borrowings are classified as non-current where the Blood Service has a unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Blood Service prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally due for settlement within 30 days of recognition. The carrying value less impairment of trade payables are assumed to approximate their fair values due to their short-term nature.

3.16 Employee benefit

3.16.1 Short-term and long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service when it is probable that the Blood Service will be required to settle and it is capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at the current salaries of the employees as they are payable. Liabilities recognised in respect of long-term employee benefits are measured as the present value of expected future outflows to be settled within 12 months. The Blood Service uses the discount rate at the measurement date to discount future outflows and to estimate future service cost. The Blood Service sets the discount rate at the measurement date to ensure that the liability is not overstated.

3.16.2 Termination benefit

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw from its obligation to the employee or the date of acceptance of the offer of the termination benefit and when the Blood Service recognises any related restructuring costs.

The Blood Service recognises as a liability the present value of termination benefits where it is probable that the Blood Service will be required to settle the obligation and it is capable of being measured reliably. The Blood Service uses the discount rate at the measurement date to discount future outflows and to estimate future service cost. The Blood Service sets the discount rate at the measurement date to ensure that the liability is not overstated.

3.18 Revenue recognition

The Blood Service recognises revenue when the delivery of products to Approved Health Providers on an accruals basis representing the right to receive consideration from the customer is substantially complete.

The Blood Service recognises revenue on output-based funding in accordance with the Blood Service’s Terms of Reference for the purposes outlined in the Principles. If the annual surplus is more than $5 million it is then the surplus over that amount will be returned to the Blood Service unless otherwise agreed by the Blood Service and the MBA. Any excess funds to be returned to the Blood Service are calculated as follows:

• the Blood Service retained an additional $300 million (2015: $300 million) from the R&D grant which has been held for future initiatives.

3.20 Goods and services tax

A number of the Blood Service programs are supported by grants received from Commonwealth and State governments. The terms and conditions of each grant reviewed to determine whether the funds relate to a reciprocal or non-reciprocal grant, in accordance with AASB 1042 Contributions.

When a grant is received without an obligation to deliver services of equal value in exchange, the grant is deemed non-reciprocal and income is recognised when:

• the Blood Service obtains control of the grant including the right to receive payments.

The Blood Service recognises revenue of $0.365 million (2015: $0.300 million) from the R&D grant which has been held for future initiatives.
5. REVENUE AND RESULTS FROM FUNDED PROGRAMS (continued)

5.2.3 External and hosted services
The Blood Service also receives grants from the Commonwealth and State governments for the provision of pretransfusion services, tissue typing, organ donor program and the Bone Marrow Registry.

5.2.4 Other operating activities
Other operating activities predominantly consist of special grant funding for repayments of borrowings on the Sydney and Melbourne Processing Centres, Interest income includes interest earned on Special and Capital Reserves and unallocated prior year surplus funds. Other external revenue was received from third parties and donations.

5.2 Revenue by programs

<table>
<thead>
<tr>
<th>Revenue source $’000</th>
<th>Government</th>
<th>Investment income</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>480,322</td>
<td>4,144</td>
<td>3,041</td>
<td>489,507</td>
</tr>
<tr>
<td>2015</td>
<td>55,006</td>
<td>1,638</td>
<td>12,297</td>
<td>68,931</td>
</tr>
</tbody>
</table>

5.3 Reconciliation of surplus/(deficit) for the year

The current year government funding for the Main Operating Program of $480.322 million (2015: $475,542 million) is net of a provision to return $42.016 million (2015: $28.244 million) to the NBA.

<table>
<thead>
<tr>
<th>Revenue source $’000</th>
<th>Government</th>
<th>Investment income</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5,365</td>
<td>5,300</td>
<td></td>
<td>10,665</td>
</tr>
<tr>
<td>2015</td>
<td>12,111</td>
<td>1,417</td>
<td>34</td>
<td>13,562</td>
</tr>
</tbody>
</table>

5.4 Other operating activities

The following expenses are included in the surplus/(deficit) for the year:

- Components of defined benefit costs recognised in surplus/(deficit)
- Depreciation expenses of property, plant and equipment
- Loss on disposal of non-current assets
- Gain on exchange
- Surplus / (Deficit) of Capital Programs and Processing Centre Programs (net of depreciation)
6. TRADE AND OTHER RECEIVABLES

Trade receivables 1,229 1,229
Allowance for doubtful debts (36) -
Subtotal net trade receivables 1,193 1,229

Accrued Income 1,530 1,432
Prepayments 5,395 6,077
Grants and Service Tax Receivable - 1,304
Total trade and other receivables 7,199 10,932

Trade receivables are reviewed regularly and are generally on 30 day terms for products and services provided to customers on a fee-paying basis funded primarily by governments and hospitals, and to a smaller extent, by private patients.

Ageing of past due but not impaired trade receivables

30 to 90 days 247 564
90 to 180 days 13 62
Over 180 days 23 8
Total amount of past due but not impaired trade receivables 283 694

Movement in the allowance for doubtful debts
Balance at beginning of the year - -
Impairment losses recognised on receivables 36 -
Balance at end of the year 36 -

Trade receivables are reviewed regularly for recoverability. Government and hospital debts are considered recoverable. Where debts are assessed to be non-recoverable from private patients, these are written off in certain circumstances.

Included in the allowance for doubtful debts is one impaired trade receivable amount of $0.036 million for a debtor who has been placed into liquidation. The impairment recognised represents the difference between the carrying amount of the trade receivable and the present value of the expected liquidation proceeds.

Ageing of impaired trade receivables

30 to 90 days 5 -
90 to 180 days 10 -
Over 180 days 23 -
Total 36 -

7. INVENTORIES

7.1 Inventory of blood and blood products

Blood products 15,114 11,783
Work-in-progress 956 564
Total inventory of blood and blood products 16,070 12,357

7.2 Consumables inventory

6,796 6,191
Total inventories 22,866 18,548

8. OTHER FINANCIAL ASSETS

8.1 Available-for-sale financial assets

Current

Australian equities 20,911 7,229
Bonds - listed 10,940 8,156
Bonds - unlisted 38,809 17,614
Total current financial assets 70,660 32,999

8.2 Fair value measurements recognised in the statement of financial position

Level 1 Level 2 Level 3 Total


Available-for-sale financial assets

2016
Australian equities 20,911 - - 20,911
Bonds - listed 10,940 - - 10,940
Bonds - unlisted 38,809 - - 38,809
Total available-for-sale financial assets 71,651 38,809 - 110,460

2015
Australian equities 7,229 - - 7,229
Bonds - listed 8,156 - - 8,156
Bonds - unlisted 17,614 - - 17,614
Total available-for-sale financial assets 23,001 17,614 - 40,615

There were no transfers between levels in the reporting period.
Year ended 30 June 2016
Balance as at 1 July 2015 170,259 22,684 57,287 40,340 6,383 40,203
Accumulated depreciation 174,120 22,684 57,287 40,340 6,383 40,203
Closing net book amount 337,156

Year ended 30 June 2015
Balance as at 1 July 2014 173,116 24,886 64,575 45,121 5,967 28,384 341,549
Additions 247 - - - - 47,477 47,724
Disposals - 670 (598) - - (43) - (1,309)
Transfers from WIP 10,813 14,887 8,091 1,927 (35,058) - -
Depreciation charge (13,917) (11,371) (12,981) (4,781) (1,448) - (50,988)
Closing net book amount 171,587 22,684 57,287 40,340 6,383 40,203 337,156

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Work in progress
The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which are in the course of construction:

Total work in progress 47,205

9.2 Impairment losses recognised in profit or loss
9.3 Asset disposals
During the reporting period, the Blood Service disposed of assets with a total written down value of $0.702 million (2015: $1.309 million), excluding proceeds. This movement includes $0.153 million resulting from the disposal of assets during the national stocktake.

9.4 Asset additions
In this reporting period, all additions have been reported through WIP and subsequently recognised via transfer from WIP directly to cost within each asset category.

9.5 Impairment losses recognised in the year
During the year, a review was performed on expenditure related to the Laboratory Information Management Systems (LIMS) project due to the withdrawal of the core product by the software supplier. The Blood Service assessed future economic benefits available and as a result an impairment loss of $11,440 thousand was recognised in the profit and loss account.

10. TRADE AND OTHER PAYABLES
Trade payables include payments due to suppliers for key capital projects. The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that the majority of payables are paid within the credit timeframe so no material interest is incurred on overdue balances.

Trade payables also include payments due to suppliers for capital projects. The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that the majority of payables are paid within the credit timeframe so no material interest is incurred on overdue balances.

Deferred income includes funds received relating to reciprocal grants, in accordance with the Blood Service Revenue Recognition policy. It is deferred as it is insignificant and based on prior agreements (i.e., in the current reporting period, the Blood Service deferred $0.426 million (2015: $0.475 million) of funds received from the Australian Organ and Tissue Donation and Transplantation Authority for the design, build and implementation of an Australian Matching system.

11. BORROWINGS
Current
Processing centre fixed-term loans 19.3 4,943 4,529
Processing centre fixed-term lease liabilities 19.2 5,843 5,421
Total current borrowings 10,786 10,050

Non-current
Processing centre fixed-term loans 19.3 22,239 22,582
Processing centre fixed-term lease liabilities 19.2 27,592 33,341
Total non-current borrowings 49,831 66,023
Total borrowings 60,617 76,973

Leased assets pledged as security for lease liabilities
The total current and non-current lease liabilities which are effectively secured as the rights to the leased assets, are recognised in the financial statements and noted in the issuer in the event of default.
12. PROVISIONS

Current

Employee benefits 56,210 53,444
Make good for property leases 12.2 9.4
Total current provisions 56,381 54,212

Non-current

Employee benefits 7,996 7,892
Make good for property leases 12.2 4,495

Total non-current provisions 7,996 12,387

Total provisions 64,377 66,609

12.1 Provision for employee benefits

The current provision for employee benefits includes accrued annual leave, long service leave and termination benefits. For long service leave it comprises all unrecognised entitlements where employees have completed the required period of service, in addition to those where employees are entitled to pro-rata payments in certain circumstances. 

In 2016, the Blood Service financial statements have reflected the standard entitlement period of long service leave of seven years of continuous service. This change is presented as a current provision. Having no legal obligation to pay termination benefits, the Blood Service does not expect to have this item of liability in future periods. The details of the change are as follows:

In 2015, the annual leave obligation expected to be settled after 12 months was: 25,443. From 1 December 2015, the annual leave entitlements are only pro-rata for the period of employment up to the date of termination of employment. As such, the annual leave obligation expected to be settled after 12 months is reduced to 1,231.

The following amounts reflect annual leave and long service leave, presented as a current obligation, that are not expected to be settled in the next 12 months:

Annual leave obligation expected to be settled after 12 months 22,476
Long service leave obligation expected to be settled after 12 months 29,275

Total current obligations expected to be settled in the next 12 months 52,751

12.1.2 Non-current provision

Employee benefits refer to provisions for long service leave for employees who have not completed the required period of service, calculated on the basis described in note 13.11.1.1.

12.2 Provision for make good for property leases

Make good provisions represent the present value of management’s best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leasehold property at the end of the particular lease. The estimate has been made on the basis of historical make good costs, a review of leases and future rentals. The unexpired term of the leases range from 2 to 20 years.

Movements in make good provisions are as follows: 12.2.2 Movements in provisions

Carrying amount of make good provisions at beginning of the year 5,063 5,233
Provisions made (reductions) 5,199 4,975
Provisions released (increases) (448) (363)
Carrying amount of make good provisions at end of the year 5,020 5,155

13. PREFUND GOVERNMENT FUNDS

Outflow funding net cash balance 68,490 67,919
Government grants refundable 42,016 28,246
Total prefund government funds 110,461 96,165

Income from prefund government funds relates to the working capital advance received from the NRA upon commencement of the Digital Blood Product Model on 1 July 2011, less 2016 advance not received until 1 July 2016.

Government grants refundable relate to the expected return of funds to the NRA for surplus in the reported period as disclosed in note 3.18.1.
## 15. RETIREMENT BENEFIT PLAN OBLIGATIONS (continued)

### 15.1 Principal actuarial assumptions
The principal assumptions used for the purposes of the actuarial valuations were as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate(s)</td>
<td>3.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Expected rate(s) of salary increase</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Anticipated rate(s) of return on plan assets</td>
<td>6.4%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

### 15.2 Amounts recognised in the statement of financial position

#### 15.2.1 Present value of funded defined benefit plan obligation

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>21,276</td>
</tr>
<tr>
<td>2015</td>
<td>20,560</td>
</tr>
</tbody>
</table>

#### 15.2.2 Fair value of defined benefit plan assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17,995</td>
</tr>
<tr>
<td>2015</td>
<td>18,927</td>
</tr>
</tbody>
</table>

#### 15.2.3 Net liability arising from funded defined benefit plan obligation

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3,281</td>
</tr>
<tr>
<td>2015</td>
<td>1,633</td>
</tr>
</tbody>
</table>

### 15.3 Recalculation of movement in the present value of the defined benefit plan obligation

<table>
<thead>
<tr>
<th>Component</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of the year</td>
<td>20,560</td>
<td>21,276</td>
</tr>
<tr>
<td>Current service cost</td>
<td>932</td>
<td>1,006</td>
</tr>
<tr>
<td>Interest cost</td>
<td>856</td>
<td>897</td>
</tr>
<tr>
<td>Remeasurements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Actuarial gain arising from changes in demographic assumptions</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>- Actuarial loss/gain arising from changes in financial assumptions</td>
<td>1,334</td>
<td>(1,846)</td>
</tr>
<tr>
<td>- Actuarial gain arising from experience adjustments</td>
<td>(935)</td>
<td>(2,700)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(3,876)</td>
<td>(2,920)</td>
</tr>
<tr>
<td>Balance at end of the year</td>
<td>21,276</td>
<td>20,560</td>
</tr>
</tbody>
</table>

### 15.4 Recalculation of movement in the fair value of plan assets

<table>
<thead>
<tr>
<th>Component</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of the year</td>
<td>16,927</td>
<td>19,486</td>
</tr>
<tr>
<td>Interest income</td>
<td>768</td>
<td>664</td>
</tr>
<tr>
<td>Remeasurements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Return on plan assets (excluding amounts included in net interest expense)</td>
<td>(476)</td>
<td>1,052</td>
</tr>
<tr>
<td>Contributions by the employer</td>
<td>587</td>
<td>919</td>
</tr>
<tr>
<td>Contributions by plan participants</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(3,876)</td>
<td>(2,920)</td>
</tr>
<tr>
<td>Balance at end of the year</td>
<td>17,995</td>
<td>18,927</td>
</tr>
</tbody>
</table>

### 15.5 Amounts recognised in the statement of comprehensive income

<table>
<thead>
<tr>
<th>Component</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current service cost</td>
<td>932</td>
<td>1,006</td>
</tr>
<tr>
<td>- Employer contributions</td>
<td>(587)</td>
<td>(599)</td>
</tr>
<tr>
<td>- Member contributions</td>
<td>(40)</td>
<td>(46)</td>
</tr>
<tr>
<td>Net interest cost</td>
<td>52</td>
<td>233</td>
</tr>
<tr>
<td>Components of defined benefit costs recognised in other comprehensive income</td>
<td>367</td>
<td>326</td>
</tr>
</tbody>
</table>

#### Remeasurements:
- Return on plan assets (excluding amounts included in net interest expense) | 476 | (1,052) |
- Actuarial gain arising from changes in demographic assumptions | (4) | - |
- Actuarial loss/gain arising from changes in financial assumptions | 1,334 | (1,846) |
- Actuarial loss/gain arising from experience adjustments | (135) | (2,700) |

#### Components of defined benefit loss/gain recognised in other comprehensive income | 1,281 | (5,064) |

#### Total | 1,644 | (5,064) |

The current service cost and the net interest expense for the year are included in the staff expenses in the statement of profit or loss. The revaluation of the net defined benefit liability is included in other comprehensive income.

### 15.6 Category of investments

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian equities</td>
<td>4,259</td>
<td>4,085</td>
</tr>
<tr>
<td>International equities</td>
<td>4,460</td>
<td>5,324</td>
</tr>
<tr>
<td>Property</td>
<td>1,872</td>
<td>1,538</td>
</tr>
<tr>
<td>Australian fixed interest</td>
<td>1,930</td>
<td>1,921</td>
</tr>
<tr>
<td>International fixed interest</td>
<td>258</td>
<td>164</td>
</tr>
<tr>
<td>Cash</td>
<td>2,368</td>
<td>1,535</td>
</tr>
<tr>
<td>Other</td>
<td>3,448</td>
<td>4,307</td>
</tr>
</tbody>
</table>

#### Total fair value of the plan assets | 17,995 | 18,927 |
15.8 Sensitivity analysis for actuarial assumptions

There were no asset-liability matching strategies adopted by the funds during the period.

15.9 Sensitivity on future cash flows

Local Government Super's funding arrangements are assessed at least every three years following the release of a financial actuarial review. Following completion of this last review as at 30 June 2015, the Blood Service had sufficient assets to cover its liabilities, and no adjustments to funding have occurred. The Blood Service review its funding position annually with funding arrangements adjusted as appropriate.

The average duration of the benefit obligation at 30 June 2016 is 8.05 years (2015: 8.73 years). This number can be analysed as follows:

- active members: 9.14 years (2015: 7.94 years);
- retired members: 9.59 years (2015: 7.64 years).

The Blood Service expects to make a contribution of $0.055 million to the defined benefit plans during the next financial year.

16. RESERVES

16.1 General reserve

Balance at beginning of year 211,825 202,404

Transfer to reserve (6.3) (273)

Transfer from capital reserve 16.3 14,344

Subtotal transfer to/from general reserve (11,980) 13,221

Net Surplus/(Deficit) 23,473 (9,164)

Arrears foreign or revaluation reserve allowances 42,286 4,544

Balance at end of the year 223,337 211,825

General reserves held are surplus funds not yet allocated for a specific purpose.

16.2 Special reserve

Balance at beginning of year 58,996 57,973

Expenditure incurred and transferred to the reserve 39,375 38,526

Subtotal transfer from general reserve 16.1 1,870 703

Balance at end of the year 90,512 96,099

The Blood Service maintains a number of capital reserve accounts for a variety of reasons, including:

- ASX-listed assets held in a capital reserve account;
- internal capital reserves to fund capital projects or programs.

The balances at the end of the year are as follows:

16.3 Capital reserve

Balance at beginning of year 50,523 64,967

Income received and transferred to the reserve 69,222 40,978

Expenditure incurred and transferred from the reserve (64,198) (51,327)

Subtotal transfer from general reserve 16.1 6,816 13,621

Balance at end of the year 58,317 50,523

16.4 Investment revaluation reserve

The Blood Service’s investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

16.5 General reserve

The Blood Service’s general reserve records retained surplus funds on which the Blood Service has restricted use. The majority of the reserve is comprised of Commonwealth government (NAB) funded reserves which includes the NBFM risk reserve (2015: $5.444 million, 2015: $5.273 million), corporate risk reserve (2015: $22,344 million, 2015: $20,307 million) and undistributed prior year surplus (2015: $6,091 million, 2015: $6,524 million). The remainder of the balance consists of State government and other externally funded reserves.

16.6 Special reserve

The Blood Service’s special reserve records retained surplus funds less capital expenditure relating to various capital funded programs or funds received for the purpose of future capital expenditure.

16.7 Investment revaluation reserve

The Blood Service’s investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.
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16. RESERVES (continued)

16.5 Movements within reserves
16.5.1 Transfer between general and special reserve
The current year movement of $6,816 million (2015: $7,233 million) is primarily driven by:
- allocation of surplus funds as agreed with the MBA to a special reserve of $2,300 million;
- allocation of funds to the corporate risk reserve funds (including interest earned) of $0.57 million (2015: $1.621 million);
- allocation of additional R&D funding of $0.365 million (2015: $0.300 million).

Accumulated funds at the end of the year 320,706 325,244
Total provision and other comprehensive income for the year 19,204 14,396
Accumulated funds at the beginning of the year 301,502 310,848

17. EQUITY

Changes in operating assets and liabilities:

Net cash inflow (outflows) from operating activities 155 367 594

18. RECOGNITION OF CASH FLOWS FROM OPERATING ACTIVITIES

18.1 Cash flows from operating activities
Not surpluses/(deficits) for the year 23,473 33,084
Adjustments:
Depreciation 9 46,241 50,808
Impairment losses of property, plant and equipment 9.5 11,440 -
Impairment losses of other financial assets 138
Gain on foreign exchange (4) (360)
Loss on disposal of non-current assets 451 1,102
(Gain)/Loss on disposal of other financial assets (239) 1
Interest paid on finance leases 5,289 6,041
Investment income received (5.2) (9.1)
Compensators of defined benefit costs recognised in surplus/(deficit) 15,5 367 594

Changes in operating assets and liabilities:

Decrease/(Increase) in trade and other receivables 2,263 (153)
Increase/(Decrease) in trade and other payables 5,245 (1,350)
Decrease/(Increase) in provisions for uncollectible accounts 14,396 9,547
Increase in provisions 3,316 561
(Decrease)/Increase in consumables inventory (802) (499)
(Decrease)/Increase in blood and blood product inventory (4,419) 571

Net cash inflow from operating activities 100,689 50,233

18.2 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:
Cash at bank and on hand 347 384
Term deposits and investments 103,392 118,479

Total cash and cash equivalents 103,738 118,863

19. COMMITMENTS

19.1 Past cancellable operating leases
This Blood Service leases various premises used as offices, blood collection centres, processing and testing centres, and warehouses under non- cancellable leases expiring within 2 to 20 years. The leases include a 20-year lease (expiring April 2026) for a property at Keilor Grove, Brisbane, a 20-year lease (expiring January 2020) for the property at Macquarie Park, Sydney, an 11-year lease (expiring November 2023) for the National Office on St Kilda Road, Melbourne and several donor centres nationally.

A number of lease arrangements entered into by the Blood Service provide the option to extend the term beyond the initial expiration date. The commitment for minimum lease payments in relation to non-cancellable operating leases has been calculated based on the initial lease term under the contract. This approach is consistent with the calculation of the make-good provision.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:
- within one year 22,837 22,240
- later than one year and not later than five years 60,812 67,567
- later than five years 82,940 82,904

Total non-cancellable operating leases 167,594 192,211

Of this, $1,562 million (2015: $1,200 million) of commitments for minimum lease payments made to transactions with the Society - see note 24. Net surplus (loss) for the year 23,473 (9,864)

19.2 Borrowings
The Blood Service leases various equipment and fit-outs with a carrying value of $33,245 million (2015: $38,762 million) under finance leases, expiring within 3 to 10 years. Under the terms of the leases, the Blood Service has the option to acquire the leased assets on expiry of the lease. These leases relate to:

19.2.1 Property/Lease
Upon completion of the Brisbane Processing Centre in Keilor Grove in 2008, the constructed asset was used to underwrite a $23,473 million 10-year finance lease with a financial institution. As at 30 June 2016, the residual balance of this facility was $31,937 million (2015: $34,297 million). The lease repayments relating to this arrangement are funded by the Annual Capital Program.

In 2012, the Melbourne Processing Centre in West Melbourne was completed and the constructed asset was used to underwrite a $33,500 million 10-year finance lease. As at 30 June 2016, the residual balance of this facility was $31,426 million (2015: $34,480 million). The Blood Service receives special grant funding to cover the lease repayments under this arrangement.

The weighted average effective interest rate for the finance leases was 7.78% (2015: 7.78%).

19.2.2 Total equipment and property/lease infrastructure

Minimum lease payments:
- within one year 8,168 8,168
- later than one year and not later than five years 20,535 20,822
- later than five years 2,031 6,915

Total minimum lease payments 30,734 45,905
Less: future finance charges (5,703) (5,970)
Total lease liabilities 35,540 40,935

19.3 Retained
Secured bank loans:
Current 11 5,893 5,421
Non-current 11 27,502 33,041

Total bank loans 33,395 38,462

In 2011, the Society had entered into a 10-year loan agreement for the value of $47,500 million to partially fund the building works of the Sydney Processing Centre in Alexandria. The loan is secured by a fixed charge on the building assets and equipment (including towers and fittings) and a charge over the freehold interest in the site owned by the Society and the MBA. The Blood Service incurs special grant funding to cover the loan repayments under this arrangement. The weighted average effective interest rate was 8.63% (2015: 8.63%).
19. COMMITMENTS (continued)

19.4 Capital expenditure commitments

Capital commitments contracted at the reporting date but not recognised as liabilities are as follows:

Property, plant & equipment

Plant

- within one year

9,314
- later than one year and not later than five years

13,707
- later than five years

- Total capital expenditure commitments

13,707

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

20.1 Contingent Liabilities

There is a potential for claims to arise from transfusion-transmitted diseases which are currently unidentified, or in circumstances where there is no test or screening procedures available to test for a virus/bacterium/disease state. In the event that commercial insurance does not cover financial exposure arising as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000, a national managed fund with limited capacity has been established with claims covered at the discretion of the NBA.

The Blood Service is entitled to seek, and the NBA may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre-July 2000 transfusion-transmitted diseases.

There are no contingent liabilities or events identified which could be expected to have a material impact on the financial statements in the future.

20.2 Contingent assets

A claim has been made with the freight provider for shipments of plasma that had been transported outside of temperature specifications. A claim has been made with the freight provider for shipments of plasma that had been transported outside of temperature specifications. The Blood Service is entitled to seek, and the NBA may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre-July 2000 transfusion-transmitted diseases.

There is a potential for claims to arise from viral/bacterial infections or blood-borne diseases which are currently unidentified, or in circumstances where there is no test or screening procedures available to test for a virus/bacteria/disease state. In the event that commercial insurance does not cover financial exposure arising as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000, a national managed fund with limited capacity has been established with claims covered at the discretion of the NBA.

The Blood Service is entitled to seek, and the NBA may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre-July 2000 transfusion-transmitted diseases.

There are no contingent liabilities or events identified which could be expected to have a material impact on the financial statements in the future.

21. EVENTS AFTER REPORTING PERIOD

There were no known significant events after the reporting period.

22. KEY MANAGEMENT PERSONNEL COMPENSATION

22.1 Key management personnel

22.1.1 Key management personnel during 2015-2016 were:

Mr James Birch AM (Chair – appointed 1 February 2016)

The Hon Dr David Handley AM (Chair – term completed 31 January 2016)

Mr Debby Park (Chief Executive – appointed 7 March 2016)

Ms Jennifer Williams (Chief Executive – term completed 8 March 2016)

Mr Nigel Ampherlaw (Board Member)

Ms Jenni Mack (Board Member)

Ms Janine Wilson Executive Director, Donor Services

Mr Mark Gardiner Executive Director, Information Services (July 2015 to 18 April 2016)

Ms Anne Hayes Executive Director, Human Resources

Mr Peter McDonald Executive Director, Strategy and Quality

Dr Jeanine Philp Executive Director, Clinical Services and Research

Mr Jonnie Wilson Executive Director, Donor Services

22.2 Compensation data for key management personnel

The key management personnel compensation included paid short term employee benefits comprising of salaries and wages, annual leave, sick leave and non-measurable benefits. As included in remuneration are amounts relating to long term employee benefits which have accrued, but not paid, to the employees during the period such as long service leave.

23. REMUNERATION OF AUDITORS

Amounts paid or due and payable to Deloitte for:

- Audit or review of the financial statements of the Blood Service

95
- Audit of grant acquittals

21
- Other non-audit services

92

24. RELATED PARTY DISCLOSURES

Transactions with the Australian Red Cross Society

During the reporting period, net trading transactions of $2,688,000 (2015: $1,453,000) were transacted between the Blood Service and the Society. The transactions largely relate to the Blood Service’s occupancy of premises owned by the Society whereby there are contractual arrangements for the sub-lease of these facilities by the Blood Service. As at 30 June 2016, an aggregate of $3,152,000 (2015: $1,266,000) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period.

There was no material debt between the Blood Service and the Society at 30 June 2016.

25. FINANCIAL RISK MANAGEMENT

The Blood Service’s activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and price risk), credit risk, and liquidity risk. The Blood Service’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Blood Service.
25. FINANCIAL RISK MANAGEMENT (continued)

The Blood Service’s policy is that no trading in derivative financial instruments shall be undertaken. The policy only permits trading in speculative investments and short-term profit-taking. All investments are held to generate additional income and must be classified as ‘available-for-sale’ or ‘held to-maturity’. The Blood Service policy permits sale of selected investments which are described in the financial statements as ‘available-for-sale’, when the Blood Service elects to adjust its portfolio in relation to risk exposure and diversification as advised by its investment portfolio managers.

The Chief Financial Officer is responsible for financial risk management which is carried out by a central treasury function under policies approved by the Board. It is the Blood Service’s policy to conduct its banking business, including instruments used to hedge risk, with high credit quality financial institutions.

25.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: (i) interest rate risk, (ii) foreign currency risk, and (iii) price risk.

25.1.1 Interest rate risk

25.1.2 Foreign currency risk

25.1.3 Price risk

The Blood Service manages the risks associated with its investments in accordance with established and approved governance guidelines and policies set out and approved through the Blood Service Board. Investments are managed at arm’s length by independent and risk-qualified managers who are subject to payments based on the risk-adjusted return on the Blood Service’s total investment portfolio of each approved class. In addition, part of this risk assessment criteria are benchmarks regarding expected rates of return and other yield restrictions.

25.2 Sensitivity analysis

25.2.1 Interest rate sensitivity analysis

The sensitivity analysis below summarises the impact of changes in interest rates for both derivative and non-derivative instruments in the surplus and equity at the end of the reporting period.

If the interest rates had been 100 basis points higher or lower and all other variables were held constant, the Blood Service’s • surplus for the year ended 30 June 2016 would have increased or decreased by $0.087 million (2015: $0.139 million). This is mainly attributable to the Blood Service’s exposure to interest rates on its available-for-sale interest rate instruments and

• comprehensive income for the year ended 30 June 2016 would have increased or decreased by $0.497 million (2015: $0.258 million). This mainly reflects the changes in the fair value of available-for-sale fixed rate instruments.

Interest rate sensitivity analysis does not apply to fixed interest rate borrowings and term deposits.

25.2.2 Foreign currency risk sensitivity analysis

The Blood Service is mainly exposed to movements in exchange rates relating to its US dollar (USD) operations. The analysis below details the Blood Service’s sensitivity to a 10% increase or decrease in the Australian dollar against the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translations at the year end for a 10% change in foreign currency rates.

• surplus for the year ended 30 June 2016 would have increased or decreased by $0.087 million (2015: $0.139 million). This is mainly attributable to the Blood Service’s exposure to interest rates on its available-for-sale interest rate instruments and

If the Australian dollar (AUD) had strengthened by 10% against the USD with all other variables held constant, the surplus for the year ended 30 June 2016 would increase by $0.017 million (2015: $0.021 million). Conversely, if the AUD had weakened by 10% against the USD, the surplus for the reporting period would decrease by $0.314 million (2015: $0.309 million).

25.2.3 Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

25.1.2.1 Market risk

The Blood Service has a significant interest in foreign financial assets and is exposed to interest rate fluctuations on its investments in long-term debt instruments. The Blood Service accepts the risk in relation to its financial assets, as the balances held fluctuations is the short-term and are held to

generate investment income on unused funds.

The Blood Service manages the risks associated with its investments in accordance with established and approved governance guidelines and

policies set out and approved through the Blood Service Board. Investments are managed at arm’s length by independent and risk-qualified managers who are subject to payments based on the risk-adjusted return on the Blood Service’s total investment portfolio of each approved class. In addition, part of this risk assessment criteria are benchmarks regarding expected rates of return and other yield restrictions.

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The sensitivity analysis below summarises the impact of changes in interest rates for both derivative and non-derivative instruments in the surplus and

equity at the end of the reporting period.

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• comprehensive income for the year ended 30 June 2016 would have increased or decreased by $0.497 million (2015: $0.258 million). This mainly reflects the changes in the fair value of available-for-sale fixed rate instruments.

Interest rate sensitivity analysis does not apply to fixed interest rate borrowings and term deposits.

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The Blood Service is mainly exposed to movements in exchange rates relating to its US dollar (USD) operations. The analysis below details the Blood Service’s sensitivity to a 10% increase or decrease in the Australian dollar against the USD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translations at the year end for a 10% change in foreign currency rates.

• surplus for the year ended 30 June 2016 would have increased or decreased by $0.017 million (2015: $0.021 million). Conversely, if the AUD had weakened by 10% against the USD, the surplus for the reporting period would decrease by $0.314 million (2015: $0.309 million).

25.2.3 Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.
25. **FINANCIAL RISK MANAGEMENT (continued)**

If the equity prices of available-fair-value Australian equities had been 5% higher or lower:

1. the surplus for the year ended 30 June 2016 would have been unaffected as the equity investments are classified as available-for-sale and any increment or decrement in the fair value, with the exception of impairment, is an adjustment to other comprehensive income.
2. the other comprehensive income for the year ended 30 June 2016 would have increased or decreased by $2.046 million (2015: $0.361) as a result of the change in the fair value of available-fair-value Australian equities.

### 25.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Blood Service. It arises from:

- cash and cash equivalents;
- derivative instruments and deposits with financial institutions; and
- credit exposure to customers. For financial institutions, only those that are rated with a minimum AA- equivalent Standard & Poor's rating are accepted. In respect of customers, the Blood Service ensures that invoices for products and services are largely made to customers with an appropriate credit history.

There is no significant credit risk with respect to receivables, as the major receivables are from the Commonwealth, States and Territory governments.

The credit quality of financial assets can be assessed by reference to external credit ratings.

#### 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total maximum exposure to credit risk at the reporting date</td>
<td>252,197</td>
<td>241,954</td>
</tr>
</tbody>
</table>

#### 25.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and funding arrangements. The Blood Service manages liquidity risk by monitoring cash flows and ensuring that adequate liquid funds are available.

The following table details the Blood Service’s contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Blood Service can be required to pay. The table includes principal cash flows only.

#### 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total maximum exposure to credit risk at the reporting date</td>
<td>252,197</td>
<td>241,954</td>
<td>234,749</td>
<td>221,751</td>
<td>209,060</td>
<td>197,307</td>
</tr>
</tbody>
</table>

#### 25.5 Fair value financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provisions of receivables and payables are assumed to approximate their fair values due to their short-term nature.

### 81480 MEMBERS’ DECLARATION

In accordance with a resolution of the Board of the Blood Service, I state that:

In the opinion of the Board:

(a) the financial statements and notes of the Blood Service:

1. give a true and fair view of the Blood Service’s financial position as at 30 June 2016 and of its performance for the year ended on that date; and
2. comply with Australian Accounting Standards and Interpretations, and other requirements of the law; and
3. there are reasonable grounds to believe that the Blood Service will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr James Birch AM
Chair

Melbourne
Date: 23 September 2016
Independent Auditor’s Report
to the board members of the Australian Red Cross Blood Service

We have audited the accompanying financial report of the Australian Red Cross Blood Service, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, together comprising a summary of significant accounting policies and other explanatory information, and board members’ declaration as set out on pages 21-23.

The Board of Management’s Responsibility for the Financial Reports

The Board of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the board of management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risks assessment, the auditor considers internal control relevant to the entity’s preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing, as opinions on the effectiveness of the entity’s internal control. As auditors also have the responsibility for evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of the Australian Red Cross Blood Service presents fairly, in all material respects, the company’s financial position as at 30 June 2016 and its financial performance for the year then ended in accordance with Australian Accounting Standards.

Part members

Deloitte Touche Tohmatsu

Amiee Du Toit
Partner
Chartered Accountants
Melbourne, 25 June 2016

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Member of Deloitte Touche Tohmatsu

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Australian governments fund the Australian Red Cross Blood Service to provide blood, blood products and services to the Australian community.

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