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ANNUAL REPORT
2013/14
We want to extend a huge thank you to our staff and volunteers for their dedication and commitment. Thank you for going above and beyond. To our donors – thank you for your passionate support and generosity.

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Australian governments fund the Australian Red Cross Blood Service to provide blood, blood products and services to the Australian community.
1.0 OUR VISION, MISSION AND VALUES

OUR VISION
To improve the lives of patients through the power of humanity.
This expresses the belief that unites 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.
An explanation of these objectives and the programs of work that underpin them are clearly set out in detail in the strategic plan.
Copies of the plan are obtainable 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.

WE BELIEVE IN

INTEGRITY
We act honestly and ethically at all times.

COLLABORATION
We work together to achieve our goals.

SERVICE
We focus on meeting the needs of patients, the community, customers, donors, stakeholders and colleagues.

SAFETY AND QUALITY
We make safety and quality part of everything we do.

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

EXCELLENCE
We strive to be the best at what we do.
WE ARE IN THE BUSINESS OF SAVING LIVES

We collect, process and distribute life-saving blood products. We also contribute expertise, leadership and support for diagnostic transplantations and other clinical services, as well as world-class research.
THE AMAZING JOURNEY OF BLOOD

ANNUAL FINANCIAL STATEMENTS

RESEARCH AND DEVELOPMENT

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KEY PERFORMANCE INDICATORS

CORPORATE SOCIAL RESPONSIBILITY

INTERNATIONAL SERVICES

THE BOARD

The Australian Red Cross Blood Service (Blood Service) has celebrated some tremendous achievements this year. Through strong strategic direction, we’ve created efficiencies in our blood management, rolled-out continuous improvement initiatives, delivered world-class research, enhanced the donor experience and collected 1.3 million life-saving blood donations.

Despite the continued unpredictable decline in red cell demand - 60,000 fewer issued than in 2013 - we successfully met our targets and delivered 345 tonnes of plasma for processing into blood products. We also achieved the best match of red cell inventory to patient demand on record, with supplies remaining in our inventory sufficient bands for 315 days.

Our customer satisfaction rate also improved to 8.7 out of 10. With 93 per cent of all respondents scoring our services as eight or higher, and 88 per cent customer order fulfillment, our continued focus on delivering service excellence and ensuring patients receive blood products, when they need them, is paying off.

Alongside the Red Cross, we also continued to support and collaborate with our international neighbours to help improve the safety, sustainability and quality of their blood supplies. With funding from the United States President’s Emergency Plan for AIDS Relief (PEPFAR), we’ve assisted with developing national blood legislation, improving hospital and patient blood management, motivating donors and expanding comprehensive clinical guidelines in Cambodia. Practical outcomes included successfully training local scientists to make their first ever batch of platelets.

The Australian Government’s Health Workforce 2025 Report predicts Australia’s nursing shortage will be 109,000 by 2025, with our own collections team shortages estimated between 441 and 617 by 2026. Given these predictions, we’ve successfully piloted the Donor Services Nursing Assistant (DSNA) amended scope of practice predictions, we’ve successfully piloted the Donor Services Nursing Assistant (DSNA) amended scope of practice to address the workforce challenge created by this future nursing shortage. This realignment of support to DSNA nursing assistants conducting donor interviews, performing phlebotomy (‘needle in’) and assisting with the management of donor adverse events. This will ensure we are better positioned to have enough appropriately skilled personnel to collect blood now and in the future.

At the Blood Service, the donor experience is paramount. We strive to enhance our service to donors to ensure donor panel sustainability so we are able to meet Australia’s demand for blood products.

As part of this, we implemented major technological solutions at our National Contact Centre (NCC) to improve the donor experience. Donors who call the NCC are now served faster thanks to a system upgrade to the Genesys software, which allows our staff to have more than 10,000 conversations with donors each week. The upgrade improves reliability and speed, including now features like caller-ID and the ability to send a confirmation email or SMS. This, coupled with the implementation of new donor decision support software, built in-house by the Information Services (IS) division, improves our staff’s ability to determine a person’s eligibility to make an appointment to donate.

This year, we were proud to be involved in Australia’s largest live kidney patient and donor transplant procedure. Conducted under the Australian Paired Kidney Exchange program, we played an integral role in ensuring matches were available for the six-way procedure.

From a business continuity and disaster recovery perspective, the IS division also successfully switched our National Blood Management System from the primary to secondary environment to ensure, in the event of any failure, we can confidently continue to access our critical systems. This is a major achievement and milestone in a program of work that has improved our disaster recovery systems and continued the reliability of our back-up systems.

As part of our commitment to providing the safest blood supply possible, we’ve continued to reduce the risk of Transfusion-Related Acute Lung Injury (TRALI), which causes dangerous breathing difficulties and low oxygen in a patient following a transfusion. The Blood Service manufactures predominantly male clinical plasma as a risk reduction strategy for TRALI, given that one of the causes is thought to be antibodies found in the blood of women who have been pregnant. This year, 100 per cent of all clinical plasma supplied to customers was sourced from male donors for the second consecutive year.

After years of research, we also supplied a product for preparing deep frozen blood components for the Australian Defence Force (ADF). A significant achievement, the work extends the shelf-life of blood components to up to 10 years by adapting technologies in freezing and thawing blood components. This will provide the ADF with blood components when deployed in remote locations where fresh components are difficult to access. Following approval by the Therapeutic Goods Administration and the National Blood Authority, there may be opportunities to extend this technology for civilian use. The development of this process for frozen platelets is underway.

We’ve continued to implement initiatives to reduce the chance of supplying blood components with an incorrect label. This includes enhancements to staff training and procedures, changes to labelling requirements for irradiated blood components, and the introduction of coloured donor identification numbers that adhere to the product. As a result, we’ve had a significant reduction in labelling errors as well as improved detection of errors, should they occur.

Over the last four years, there’s been a 58 per cent increase in organ donation rates. With organ donor testing usually occurring overnight, our Transplantation Services team has, in the face of recent organ donation rates, provided an increasingly valuable service. This year, we were proud to be involved in Australia’s largest live kidney patient and donor transplant procedure. Conducted under the Australian Paired Kidney Exchange program, we played an integral role in ensuring matches were available for the six-way procedure.

The Blood Service is committed to providing a supportive and inclusive workplace through our focus on a strong diversity strategy. The launch of our gay, lesbian and inclusive workplace through our focus on a strong diversity strategy. The launch of our gay, lesbian and bisexually (GLOW) network last year has contributed towards an improved understanding of the challenges faced by our lesbian, gay, bi, trans or intersex (LGBTI) colleagues. This investment was recognised at Pride in Diversity’s Australian Workplace Quality Index awards in May, where we were placed in the top 20 LGBTI employers and awarded the highest ranking not-for-profit organisation after a judging of Australian companies.

We have embraced discussion about our men who have sex with men deferrals to help the community understand why the rule exists. By explaining the reasons for the deferral to media, involving stakeholders in discussion, outlining the work to reduce the deferral and responding to complaints on social media, we are now seeing a more constructive dialogue in the public domain.
In April, the Manufacturing division made changes to the structure, roles and work processes across the Processing and Testing teams. The changes enable the division to become a great manufacturer by applying a standardised approach to the way we work, with a focus on working smarter and taking pride in delivering the right products to the right place at the right time. It positions the division to embed a continuous improvement culture and improve employee engagement by having the right people in the right roles.

In line with these changes, we also implemented a new structure in the Quality team to facilitate increased national consistency and align resources to support the changing needs of the Blood Service. In addition, we have augmented pathologist oversight arrangements to meet new regulatory requirements and national practice standards for testing laboratories. These changes also include strengthening the relationship between pathologists and laboratory staff.

This active promotion of a culture of continuous improvement has seen lean principles being adopted across the organisation. Continuous improvement focuses on empowering and engaging staff to think of ways to improve processes in their area. Using lean thinking to drive this, we’ve conducted a range of lean workshops and introduced a lean coordinator into each of our processing centres.

We achieved an audited Main Operating Program surplus of $5 million after the return of $40.4 million to governments for reinvestment elsewhere in the health sector. This is our fifth consecutive surplus. This clearly demonstrates better value for money for governments. The Finance division has also supported operational improvements through the development of a rostering tool for donor centres and implemented cost saving initiatives through major cross-divisional projects.

In June, our new five-year strategic plan, At the leading edge, was launched. Setting the direction for the Blood Service until 2019, it aims to position us among the best blood services in the world. Shaped at this year’s inaugural Leadership Summit, which provided an opportunity for senior managers to contribute to the development of the plan, its three key strategic areas are backed by rigorous performance measures and clear targets that will signal our success.

In what’s been a challenging, but very rewarding year, we want to extend a huge thank you to our staff and volunteers for their dedication and commitment. Thank you for going above and beyond. To our donors - thank you for your passionate support and generosity. Your life-saving donations change the lives of patients across the country every day, every year.

Hon Dr David Hamill AM
Ms Jennifer Williams

Red blood cells have a shelf-life of up to 42 days, stored in refrigeration.
3.0 CORPORATE GOVERNANCE

The Australian Red Cross Blood Service is a division of Australian Red Cross. The Blood Service Board reports to the Red Cross Board, which has overall responsibility and oversight and appoints all non-executive Board members.

Australian governments fully fund the Blood Service for the provision of blood products and services to the Australian community. Consequently, we have specific financial and other reporting obligations to the National Blood Authority.

The Board plays a vital role in ensuring the 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.

The structure of Board papers and meetings was reviewed. The Board was comfortable with both of these, while being mindful of the ongoing need to ensure an appropriate balance between strategic and operational matters. Suggestions on fine-tuning the Board induction program and for whole-of-Board development have been implemented. Our next review will involve utilising the Australian Institute of Company Directors’ Governance Assessment Tool with an externally facilitated workshop.

Board committees
The Board is assisted in its deliberations by its committees, which may include external members to provide specialist input.

The Blood Service Code of Conduct describes our expectations of how we behave and breaches of this are externally facilitated on alternate years. The last review undertakes an annual review of its own performance, which enables interaction with staff and stakeholders.

The responsibilities of the Board are to oversee the strategic direction, financial and operational activities and risk management of the organisation. Our Good Governance Principles Policy available on our website, donateblood.com.au, provides more detail. Board meetings are held monthly at various locations around the country to enable interaction with staff and stakeholders.

The Board has inducted and training program and undertakes an annual review of its own performance, which is externally facilitated on alternate years. The last review was an internal review discussing the results of a Board self-assessment survey, plus a one-on-one discussion for each Board member with the Chair. The outcome of these discussions was consistent with the survey results - that overall the Board is functioning well. It is collegial, respectful and engaged, and Board members have the opportunity to participate and contribute.

Advisory Committee
This committee comprises mainly external membership and provides Independent Scientific and Red Cross on medical and scientific aspects of the blood program. It has a formal monitoring process for donor, blood product and patient safety issues and blood sector projects, to ensure the committee’s input and endorsement for the Blood Service approach in each case.

Members: Associate Professor Larry McIntosh (Chair), Mr Ken Davis (replaced March 2014), Associate Professor Craig French, Professor James Issitt, Dr George Kobzuk, Associate Professor Michael Lindeman, Dr Danny Maher, Dr Elena Maxwell, Professor David Kirkby, Associate Professor Akiko Street, Mr Dany Teague and Professor John Zalberg.

Ethics Committee
While not a Board Committee, the Ethics Committee plays an important role in our governance framework. This is an independent body operating as a Human Research Ethics Committee. It is fully compliant with the National Statement on Ethical Conduct in Human Research. The committee also considers broader ethical issues affecting the organisation as required.

Members: Professor Douglas Joshua (Chair), Professor Tony Cunningham, Ms Geraldine Farrel (replaced December 2013), Ms Kaye Hogan, Ms Debra Hildred, Associate Professor Robert Lindeman, Mr Elton McKay, Professor John Rasko, Mr Malcolm Wood, Ms Francis Wheelerhan and Reverend Greg Woolnough.

Finance and Audit Committee
This committee ensures appropriate financial policies and controls have been established and are being implemented. It reviews and recommends to the Board the annual financial statements, and undertakes the appointment of internal auditors, evaluation of financial aspects of risk and monitoring of the resolution of issues raised by internal and external auditors. Our external auditor is Deloitte and the internal audit function is carried out by Ernst & Young.

Members: Ms Hannah Crawford (Chair), Mr Nigel Ampherlaw, Ms Sandy Chakravarty, Hon Dr David Hamill and Ms Jan West.

Nominations and Remuneration Committee
This committee assists the Board in its deliberations on Executive remuneration, management succession planning and matters relating to employee policies. It also provides advice on Board performance, succession planning and recruitment of Board members.

Members: Hon Dr David Hamill (Chair), Mr Ron Berenholtz, Associate Professor Larry McNicol, Mr Ross Pinney and Ms Jennifer Williams.
DONOR THANK YOU

Thank you from the bottom of my heart

Blood donations saved Jane Every’s life on more than one occasion. After enduring more heartbreak than most people, she is sharing her story in the hope it will encourage more people to donate blood.

In 2009, Jane’s son Goliath was stillborn after many weeks of not knowing if he would live. After the birth, she haemorrhaged and lost three litres of blood. Jane received red cells and plasma during emergency surgery.

The complications did not end there and during the nine weeks that followed, Jane required more surgery and more blood.

This was the last time that Jane would need blood.

In February 2010, Jane and her husband Zed learnt they were pregnant again, but this pregnancy was also complicated. She was diagnosed with a rare but serious complication and as a result, she suffered from three bleeds during the pregnancy and was admitted to hospital to stay at 33 weeks.

“Blood was kept on the same floor of the hospital as me for the entire two weeks before birth,” Jane explained.

At 35 weeks Jane underwent a caesarean to deliver her baby.

“Blood was kept on the same floor of the hospital as me for the entire two weeks before birth,” Jane explained.

For the third time, it was blood that saved Jane’s life.

Thankfully, because blood was available, both Jane and her daughter made a full recovery and six days after the birth they were finally able to be properly reunited.

Thank you from the bottom of my heart.

DONORS DONATE BECAUSE THEY’RE GOOD PEOPLE AND THEY REALLY DESERVE ACKNOWLEDGEMENT.

MRS GABRIELLE HEWITSON
SECRETARY
BSc, Grad Dip Bus Admin, GAICD, AGA, ACIS
- Member of Governance Institute of Australia
- Previous appointments in Australian Red Cross Blood Service
- Australian Red Cross Blood Service Secretary

Ms Jennifer Williams
CHIEF EXECUTIVE
BSc, MA, BA (Hons), PCIT, FAICD
- Former Treasurer of Queensland
- Director, Brookfield Infrastructure Partners LP
- Chair, Gladstone Airport Corporation
- Chair, Graham Workers’ Entitlements Fund Pty Ltd
- Chair, UQ College
- Member, the Australian Red Cross Board

4.0 THE BOARD

The Australian Red Cross Blood Service is a division of Australian Red Cross. The Blood Service Board reports to the Red Cross Board, which has overall responsibility and oversight and appoints all non-executive Board members.
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THE BOARD cont.
5.0 THE EXECUTIVE

The Executive team is led by Ms Jennifer Williams

EXECUTIVE DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER

Mr John Brown

EXECUTIVE DIRECTOR, MANUFACTURING

Ms Jacquie Caulfield

EXECUTIVE DIRECTOR, INFORMATION SERVICES AND CHIEF INFORMATION OFFICER

Mr Mark Gardiner

EXECUTIVE DIRECTOR, HUMAN RESOURCES

Ms Anne Heyes

EXECUTIVE DIRECTOR, RESEARCH AND DEVELOPMENT

Dr David Irving

EXECUTIVE DIRECTOR, CORPORATE STRATEGY AND PERFORMANCE

Mr Peter Mcdonald

EXECUTIVE DIRECTOR, MEDICAL, TRANSPLANTATION AND QUALITY SERVICES

Dr Joanne Pink

EXECUTIVE DIRECTOR, DONOR SERVICES

Ms Janine Wilson

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20.0 CORPORATE GOVERNANCE

21.0 THE AMAZING JOURNEY OF BLOOD
INTRODUCTION

Everyone knows the Blood Service is here to collect blood. But how much do they know about what happens behind the scenes at the Blood Service?

The Blood Service employs 3,800 people across Australia, many of whom don’t work in donor centres or laboratories. There is one small but talented team in Western Australia dedicated to working with blood services from around the globe.

Our International Services team plays a key role in supporting three international networks of blood services – the Alliance of Blood Operators, the Asia Pacific Blood Network and the Global Advisory Panel. These networks facilitate information sharing, benchmarking and identification of best practices, with the view to enable member blood services and improve the way they work.

By participating in international networks, the Blood Service learns about new blood processes and technologies being developed around the world and applies these ideas to its own activities, where strategically and operationally beneficial. In addition to providing the secretariat for all three of these networks, the International Services team provides an important link between the Blood Service and other blood operators to facilitate these activities.

But that’s not all the International Services team does. They also run many behind-the-scenes humanitarian projects that change the lives of people in developing countries.

One such program is the Cambodia Blood Safety Project, which aims to improve the safety and sufficiency of the blood supply for patients in Cambodia through initiatives such as increasing the number of voluntary blood donors (the safest type of blood donor), and improving the safety of blood supply by preventing the spread of life-threatening, blood-transmissible diseases like HIV.

Australia is fortunate to be one of only 60 countries in the world whose donated blood is 100 per cent voluntary.

Before our team started working with Cambodia in 2011, less than 28 per cent of their donated blood was given voluntarily. They relied heavily on paid donations and family members donating to replace the blood a loved one had used. At the end of 2013, voluntary donations in Cambodia reached 35 per cent.

The National Blood Transfusion Centre in Cambodia collected just 50,000 blood donations last year from a population of 15 million people. Comparatively, Australia collects 500,000 blood donations a year from a population of 23 million.

Plasma and platelets were almost unheard of – without the skill or the means to produce the products, the primary focus was on whole blood collections.

Since the project started, many of our team and expert Blood Service consultants have been working on the ground in Cambodia, helping to improve their national blood service.

To date, the team has:

- Created new guidelines for the service to follow when collecting blood
- Improved the safety of donated blood by assisting with donor screening processes and blood testing
- Expanded the collection of blood to regional provinces

Plasma and platelets will continue to improve.

There is still plenty of work to be done in 2014-15, but with help from the Blood Service’s International Services team and its consultants, the future of Cambodia’s blood supply will continue to improve.

- Trained over 100 doctors and nurses on how and when to give a patient a blood transfusion
- Taught Cambodian staff how to promote blood donation to increase the number of voluntary donors, and
- Most excitedly, produced the first batch of platelets and fresh frozen plasma in regional centre, Kampong Cham, extending the quality of care to the provinces

These achievements are possible thanks to a system upgrade, which allows our staff to have more than 50,000 conversations with donors each year.

18-19
7.0 OUR ORGANISATION

General Counsel provides advice on legal matters, including reviewing major contracts. The General Counsel is also our Chief Privacy Officer, providing advice on privacy legislation to ensure the organisation does not breach its obligations in relation to personal information.

- The Board Secretariat administers Board affairs, and is responsible for ensuring appropriate corporate governance systems are in place, and provides advice on governance issues.
8.0 CORPORATE SOCIAL RESPONSIBILITY

The Blood Service conforms to the suite of Australian Standards (AS8000-8004) that guides best governance practice. One of these is the Australian Standard for Corporate Social Responsibility. Social, environmental and financial sustainability is of great importance to the Blood Service. The Blood Service is progressing to increase the level of transparency of our activities reported in our annual report including product quality metrics, donor and customer satisfaction outcomes, workforce statistics, participation in policy development and our environmental footprint.

DONOR AND CUSTOMER SATISFACTION

Listening to our customers and donors

Donor satisfaction in 2013/14 continued to improve from 80.4 per cent below target, to 80.4 per cent above target - an outstanding achievement.

A key driver of improved satisfaction has been a focus on reducing wait times in donor centres. As the most negatively associated subject in donor satisfaction results, we have focused on this area and improved national wait times by four and a half minutes across all collection streams (whole blood, plasma and platelets) in 2013/14.

The Donor Services division also continued to implement key projects and strategies to improve the satisfaction of donors, including:

- Optimising the appointment process for donors
- Enhancing how we communicate with donors and how they provide feedback
- Refreshing our donor centres to provide a more relaxed environment, and
- Allowing our collections staff to have more time with donors.

Customer service

Each quarter the Blood Service conducts a customer satisfaction survey. Our customers are Approved Health Providers (primarily hospitals). Results are analysed in detail by region and plans are established to address concerns or areas of dissatisfaction. In 2013/14, over 250 customers completed the customer satisfaction survey, resulting in an 88 per cent participation rate - our best to date. Customers scored the Blood Service 8.7 out of 10 for overall satisfaction with 98 per cent of feedback being resolved within seven business days. Resolving issues reported through customer feedback in a timely manner continues to be a focus area.

Improving communication and change management was also a focus in 2013/14. New customer communication processes and the quarterly publication, Blood Service in brief, have been successful, as reflected in the customer satisfaction scores.

WORKFORCE STATISTICS

Labour force dynamics

The Blood Service is committed to equal opportunity and providing a workplace that recognises and values diversity.

We have a number of policies in place, including the Equal Opportunity and Discrimination Policy and the Agreed and Unagreed Behaviour Policy that promotes and support a harmonious working environment free from discrimination.

In 2013/14, the Blood Service launched our gay, lesbian and other workplace (GLOW) network, which has contributed towards an improved understanding of the challenges faced by our lesbian, gay, bi, trans or intersex (LGBTI) colleagues. Our effort was recognised at Prix in Diversity’s Australian Workplace Equality Index, where we were placed in the top 20 LGBTI employers and awarded the highest ranking not-for-profit organisation after a judging of Australian companies.

The Blood Service is compliant with the requirements of the Workplace Gender Equality Act and had no reported incidents of discrimination in the reporting period.
Better Matching of Supply to Demand

Since the implementation of inventory bands in 2010/11, we have continually increased the number of days we meet the bands. The red cell inventory bands were updated twice during the year to reflect the changes in demand, the reduction in the variability of our collections and the focus in reducing red cell lead time from collection to inventory. During the 2013/14 year, our red cells remained within the bands for 9.0 days in 2010/11 to 8.3 days in 2013/14. In 2013/14 we have concentrated on refining both our red cell and platelet inventory bands, increasing our ability to respond to demand and reduce wastage across the sector. Based on the positive outcomes of a national pilot conducted in 2013, the project is currently seeking approval from relevant stakeholders to formally roll-out the red cell framework more broadly. Also within scope of this project, is a similar framework for platelets which will be developed and tested.

Age of issue

In the last 12 months, we have seen a reduction in the national average age at issue for red blood cells, from 9.0 days in 2010/11 to 8.3 days in 2013/14. In 2013/14 we have concentrated on refining both our red cell inventory management process and our collection planning process, resulting in closer alignment of supply and demand and, ultimately, allowing us to maintain red cell inventory within the inventory bands for longer. This is in the face of considerable changes in red cell demand with an eight per cent reduction against the previous year being observed.

SAFETY AND EFFICIENCY

Ensuring the safety of the blood supply

There are multiple checks through the life-cycle of blood components manufactured by the Blood Service to ensure their safety. These occur pre-donation, during donation and post-donation.

Pre-donation

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.

During donation

The donation volume and duration are recorded and used to determine whether the donation can proceed to the next manufacturing step. This occurs for all donation types.

Post-donation

All donations are tested for the following markers of transfusion transmissible 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
- HIV antibody
- Human T-cell lymphotropic virus-I/II (HTLV-I/II) antibody
- Syphilis

Selected components (approximately 25 per cent) are tested for antibodies to cytomegalovirus (CMV). The number is determined by inventory requirements for supply of CMV negative components.

Based on donors’ responses to the donor questionnaire, certain donations are also tested for malaria, hepatitis B cons and surface antibodies, and platelet components are screened for bacterial contamination.

Other quality and safety measures include:
- All donations undergo ABO and Rh-D blood grouping and are screened for the presence of red cell antibodies
- Universal leukodepletion of red cell and platelet components
- Manufactured blood components are selected according to a sampling plan for quality control testing against the components’ specifications
- All equipment used during manufacturing and testing of blood components undergo scheduled maintenance programs to ensure their optimal operation
- All components are handled and stored in accordance with component specific handling and storage requirements, and
8.0 CORPORATE SOCIAL RESPONSIBILITY cont.

BLOOD SERVICE PARTICIPATION IN PUBLIC POLICY DEVELOPMENT 2013/14

Strategic blood forum

The Blood Service is responsible for the collection, processing and manufacturing of blood and blood products in Australia. Patients rely on the Blood Service 365 days a year, 24 hours a day to provide them with life-saving products and clinical services. The Blood Service plays a vital role in the development of Australian public policy that impacts donor welfare and patient safety.

In November 2013, the Blood Service hosted the annual strategic blood forum. This allowed the Blood Service to engage stakeholders and public policy makers in open discussions on emerging strategic issues in the blood sector.

Four main topics were discussed:

1. Improving accountability for the use of blood products
2. Vulnerability of platelet supply in an environment of declining red cell demand
3. Platelet research and immunoglobulin update, and
4. The impact of the patient blood management program in Australia.

The key themes included:

- Declining demand for red cell is not unique to Australia, and at the time, it was recognised that we may only be at the beginning of that trend.
- There is a need to address the paucity of data in the blood sector. Recognition that accessible and relevant data is essential for informed policy and decision making.
- The application of price signals on blood and blood products is welcomed and needs to be transparent and visible to all, including the prescribing clinician.
- Platelet supply is vulnerable and the blood sector is focused on implementing policies and strategies to ensure effective and efficient use of platelets.

We delivered more than 100,000 shipments of blood products Australia wide.

In 1948 the first test plastic blood packs were used in Australia. Glass bottles were replaced with plastic in the 1970s.

In June 2014, approximately 300 key stakeholders in the Australian blood sector, and internationally, were invited to participate in the stakeholder consultation to review the draft framework.

The outcome of the stakeholder consultation review is still being collated, and we look forward to providing the outcomes to participants later this calendar year.

International Humanitarian Blood Program

The Blood Service, together with the Australian Red Cross provides technical and policy support to blood services in the Asia Pacific region and beyond through its International Humanitarian Blood Program.

In the 2013/14 year, the Blood Service has provided policy, costing, technical and medical support to the Cambodian National Blood Transfusion Centre, funded by the United States President’s Emergency Plan for AIDS Relief program (PEPFAR). Quality management support has been provided to the National Blood Transfusion Centre in Jakarta, Indonesia, funded under the Joint International Humanitarian Blood Program.
9.0 KEY PERFORMANCE INDICATORS

The top-level performance indicators for the organisation are reported to the Board, which monitors performance monthly.

**KEY FIGURES**

**BUSINESS PROCESSES**

<table>
<thead>
<tr>
<th>Actual 13/14</th>
<th>Target 13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee engagement</td>
<td>75%</td>
</tr>
<tr>
<td>Lost time injury frequency rate</td>
<td>9.07</td>
</tr>
<tr>
<td>Number of process-related recalls per 10,000 collections</td>
<td>0.45</td>
</tr>
<tr>
<td>Number of days the total red cell blood stocks for group O provides less than five days' coverage</td>
<td>0</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF SUPPLY PLAN MET**

| | Actual 13/14 | Target 13/14 |
| % Red cell yield | 88.5% | ≥ 87.0% |
| % Proportion male only clinical plasma | 100% | ≥ 93% |
| Age at issue (days) | 8.3 | ≤ 9.0 |
| Red cell supply figures (units) | 703,400 | 728,987 (forecast) |

| | Actual 13/14 | Target 13/14 |
| Total packed red cell supply figures (equivalent adult doses) | 1,305,599 | 1,309,930 (forecast) |
| Clinical FFP supply figures (equivalent adult doses) | 132,228 | 127,987 (forecast) |
| Total FFP supply (kg) | 4,022 | 4,121 (forecast) |
| % CSL Behring plasma supply met | 100% | 100% |
| CSL Behring plasma supply figures (kg) | 545,114 | 545,930 |

**DONOR MANAGEMENT**

| | Actual 13/14 | Target 13/14 |
| Donor satisfaction (score of ≥ 8 out of 10) | 89.8% | 89.9% |
| | Time to coach (minutes between appointment time and blood start) | 30.1 | 31.5 |

**CUSTOMER SATISFACTION (HEALTH PROVIDERS)**

| | Actual 13/14 | Target 13/14 |
| Overall service provided by Blood Service | 8.7% | ≥ 8.7% |

**FINANCE**

| | Actual 13/14 | Target 13/14 |
| Main Operating Program financial result | $45.4 million* | $5 million |

* Main Operating Program result prior to the return of $45.4 million to the National Blood Authority.

* There is no target because our aim is to meet demand. The comparison is to forecast.
By working towards one vision, valuing everyone’s contribution, we achieve amazing things.
The Corporate Strategy and Performance division supports the business by providing data and strategic policy advice that can be used to assist in operational decision making, planning and performance monitoring. The division also engages externally through positive media promotion and the management of national and international stakeholder relations.

**Business Process Improvement (BPI)**

The team develops business process improvement methodologies to support and lead projects as well as providing training and consultancy advice to managers.

**Government Relations and Communication**

The team manages the Blood Service’s relationship and communication with the National Blood Authority and government departments. They provide strategic policy advice and coordination.

They’re also responsible for media support and the distribution of information to promote greater public awareness of blood donation. They provide expertise in crisis communication, offer advice and support to the business and are responsible for all employee communication and internal channels.

**International Services**

International Services deliver the Blood Service’s engagement with global and regional blood networks and alliances, international knowledge exchange, scanning, benchmarking and humanitarian blood programs.

**Laboratory Information Management System (LIMS)**

LIMS manages the collection of a system to provide efficiencies for data management in our laboratories.

**Performance and Analysis**

Analysts

They provide a reporting service, cause and effect hypothesis testing and evaluate marketing campaigns.

The team uses technical expertise and knowledge of the business to solve problems, plan, evaluate and monitor performance. The analysts actively partner with the business to prioritise and develop the web-based capabilities of the Blood Service for on-demand reporting.

**Business Performance**

The team aids the development and implementation of business performance measurement programs that support business continuity and assist with the development of the future strategy. They are also responsible for the production and delivery of KPI reports to the Executive and the Board.

**Cognos Reporting**

The team is responsible for developing the Blood Service’s business intelligence and management reporting capabilities.

**Strategic Planning and Business Development**

This team manages strategic and business planning processes, including the translation of business priorities into divisional work plans. They also cover risk management, insurance, national project coordination and business development.

**Tool-Related**

The team uses technical expertise and knowledge to support projects, including the development of the Blood Service’s website and improve processes, including the translation of business priorities into divisional work plans. They also cover risk management, insurance, national project coordination and business development.

**4,300 MEDIA REFERENCES**

The Blood Service was mentioned in the media over 4,300 times this year.
The Donor Services division manages the end-to-end blood donor experience. We are responsible for managing blood donations, national marketing, collection centre operations and building community relations, all of which play central roles in ensuring blood components and products are collected as required. In doing so, we contribute to the organisation’s strategic objectives by providing great service for our donors, improving organisational capabilities and providing value for stakeholders by ensuring blood components are available when patients need them.

Collection Services
Collection Services is the public face of the Blood Service and is responsible for the collection of whole blood, plasma and platelets from volunteer donors in 78 fixed donor centres and 31 mobile units that visit over 700 sites annually.

Marketing and Community Relations
The team is responsible for the recruitment of new donors as well as continuing to the retention and frequency of existing donors. They are also responsible for brand stewardship. This is achieved through the development of strategic marketing programs and the design of local activities to ensure an excellent donor experience. Marketing also works with the Government Relations and Communication team in Corporate Strategy and Communications to support them in determining a person’s eligibility to make an appointment to donate. "The experience of the donor is paramount and we need to ensure we build everything to give donors the best experience possible," Ms Wilson said. "This software improves the service we’re able to provide."

National Contact Centre (NCC)
The NCC seeks to ensure donors are scheduled to donate at a time that meets supply requirements, while improving donor frequency and retention. The NCC works with the business to assist in booking donor appointments that allow Donor Services to meet our collection targets, which ensures the organisation meets demand.

Planning and Support
The Donor Services Planning and Support team is the central team that supports the delivery of the business plan for the division. This includes business proposal preparation, coordinating the procurement of products and services, collections planning and managing performance.

The Blood Service regularly reviews its network of assets to ensure it remains effective in meeting demand. As part of this assessment, the division completed a phased review of its mobile donor centre network. "Phase one looked at how we could make our mobiles more reliable, and after modifying our validation schedules, we were able to meet our collection target more consistently," Ms Wilson said.

"After improving their reliability, we assessed the role of mobile centres in our overall collection network to meet patient needs." This second phase revealed that mobile donor centres are essential in contributing towards our overall collections. "However, there is opportunity to refine the look, feel and operation of our mobile donor centres for a better donor experience and to improve efficiency," Ms Wilson said.

The investment in social media is another highlight for the year. "It’s become an important channel for keeping our donors engaged and provides an effective way to reach donors better and deliver an unprecedented plasma surplus. "We’ve done everything that’s been asked of us and done it more efficiently."
12.0 FINANCE

The Finance division manages organisational funding and provides financial information, reporting, analysis and advice to support decision making and performance improvement.

Capital and Strategic Investment

This team facilitates the appropriate investment of project and capital funding to ensure sustainability, growth and achievement of strategic objectives.

Financial Control

Accounting

The team prepares financial results. This extends to monthly financial reporting, annual statutory reporting, tax compliance, treasury management and fixed asset accounting.

Document Management and Archive Project

This team focuses on improving document practices at the Blood Service.

Finance Systems Support

The team ensures all lease contracts for our real estate and donor centres and other facilities.

Procurement

Procurement ensures compliance to the Blood Service Procurement Policy, providing support to all divisions during tender processes, and negotiating with key suppliers for the administration of national contracts.

Property Services

The team is responsible for the leasing, construction and facilities management of all fixed and mobile donor centres and overseeing major construction projects in processing centres and other facilities.

Leasing

The team ensures all lease contracts for our real estate portfolio are in line with our strategy, while identifying and negotiating opportunities for relocation of donor centres.

Construction

The Construction team manages projects such as new donor centres, major refurbishments and any other refurbishment work in our principal sites.

Facilities Maintenance

The Facilities Maintenance team provides day-to-day support for all donor centres’ reactive maintenance issues.

Financial Performance

Financial Performance provides financial and accounting support, including developing divisional annual budgets, reporting on monthly financial performance, national fleet management and providing financial and commercial analysis to internal stakeholders for decision making.

Financial Planning and Analysis

This team manages the production of and continuous improvement in product costing, budgeting/forecasting and financial analytics. They also manage output-based funding arrangements with the National Blood Authority. They have secretarial responsibility for the Cost Model Working Group, which is a cost benchmarking group comprising blood services from around the world.

The Finance division has resolved and improved operational issues this year by successfully completing valuable cross-divisional projects. A significant achievement has been the upgrade to the Financial and Inventory Management System (FAIMS). Used to support the business with consumable inventory management, the system’s upgrade has ensured comparability and protection of processes and data.

"It was a significant task and, it was not only on time and on budget, but it has also enabled new projects to be undertaken such as the donor consumables inventory system, which is in pilot phase and will be rolled out in the future," Chief Financial Officer, John Brown, said.

A key achievement this year was the development of a rostering tool for donor centre managers. Developed in response to the need for a simple and flexible approach to rostering, it provides managers with the autonomy to build their own rosters in line with business requirements and staff availability. The tool has an enormous success and has most importantly addressed a previous driver of dissatisfaction for our donor centre managers as well as delivering a significant operational cost saving.

Mr Brown said. “Stimulating from this project, the division developed a purpose-built testing scheduler for the Manufacturing division to help manage the testing of samples in our processing centres. The tool has been provided to testing supervisors to equip them with the ability to better plan their work and manage early communication with other teams in preparing and customer service delivery.

The division also implemented a national help desk service to improve donor centre facilities maintenance. Continued development of property and infrastructure capabilities also saw the completion of a large portfolio of donor centre relocations and refurbishments, and the delivery of three new mobile donor centres.

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Capital and Strategic Investment

This team facilitates the appropriate investment of project and capital funding to ensure sustainability, growth and achievement of strategic objectives.

The team has addressed the key findings of an internal audit on record archiving practices. It identified an absence of policy (apart from non-GMP records) and opportunities to centralise vendor relationships as areas for improvement.

“The progress made in improving document management and record archiving over the past year is substantial,” Mr Brown said. “We’ve consolidated 20 separate contracts into one, which will result in an annual saving of $600,000. The team has also revised a document retention schedule and is working on deploying a single records management system. We’re also developing an archive master list, which will consolidate all local registers across the country.”

The benefits of chairing and providing secretarial support to the International Benchmarking Cost Model Working Group, have equipped the division with international data sets to guide improvement and cost savings. “Our involvement in this group allows us to compare how much it costs to collect, test, process and deliver blood and blood products with representatives from the United States, New Zealand, Canada and Britain,” Mr Brown said. “With four years of data, we now have really good comparisons in terms of labour and consumable costs. This knowledge has helped us by identifying areas to achieve savings. A great example of this is the changing of our blood bags as part of the European blood donor arrangements, which will deliver savings of $18 million over three years.”

The division’s international contributions extended to Cambodia as part of the Blood Service’s aim to assist our neighbours with safe blood supplies. Representatives from the division have provided expert advice and recommendations to the building of facilities.

“This year, we’ve not only contributed towards improving financial functions, but we’ve also provided significant value in other areas of the Blood Service. We have moved 90,000 boxes to our new archive supplier which saves us $400,000 annually. We’ve also implemented a national help desk service to improve donor centre facilities maintenance. Continued development of property and infrastructure capabilities saw the completion of a large portfolio of donor centre relocations and refurbishments, and the delivery of three new mobile donor centres. The division also implemented a new mobile donor centre for Cambodia as part of the Blood Service’s aim to assist our neighbours with safe blood supplies. Representatives from the division have provided expert advice and recommendations to the building of facilities.

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Mr John Brown

Executive Director, Finance and Chief Financial Officer

We have moved 90,000 boxes to our new archive supplier which saves us $400,000 annually.
The Human Resources division works across the organisation to improve the sustainability of labour supply, align our structure, work-design and culture with organisational objectives, and build a safer workplace. They also provide strategies to improve the leadership skills and capabilities of employees.

Employee Relations

The Employee Relations team develops industrial strategies to support the achievement of organisational objectives and manage Blood Service relationships with external industrial stakeholders and the employment frameworks under which all employees are employed. The team also manages the equal opportunity and diversity functions at the Blood Service.

Human Resources Consulting

This team provides local consultancy services to line managers for the regional implementation of the organisation’s people management plans. They also advise line managers on the effective management of their workforce.

Human Resources Shared Services

Human Resource Systems

This team assists reporting to enable line managers to manage their labour budgets and people management Key Performance Indicators (KPIs). They also aim to enhance the ‘end-user’ experience for our managers and employees which will enable improved reporting and decision making.

Payroll

The Payroll team provides payroll services and centralised administrative support for general employment activities.

Learning and Development

The Learning and Development team partners with the entire Blood Service to design, develop, implement and evaluate learning solutions that underpin workforce competence.

Organisational Development

This team develops strategic programs and tools that help us attract and improve the depth of talent and leadership in the organisation.

Recruitment

This team provides recruitment processes to support hiring managers. They also assist in building the Blood Service employment brand through its continual improvement of its CORPORATE SOCIAL RESPONSIBILITY.

Work Health and Safety

This team develops, implements and monitors systems to ensure a safe and healthy environment for the organisation. It ensures the Blood Service meets or exceeds its statutory obligations. Services include advice and strategies for injury prevention, and return-to-work programs for people injured at work.

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14.0 INFORMATION SERVICES

Information Technology (IT) is important to the Blood Service as it underpins nearly everything the organisation does. Every day, all divisions depend on technology, and the Information Services (IS) division, to collect and supply life-saving blood products.

Business Partnerships
The team manages the engagement between the IS division and the business to maximise alignment of IS services with business needs. Business Partnerships assess our technology requirements and evaluate our capacity to deliver them, while managing relationships with external regulatory agencies and professional organisations.

Strategy and Governance
The team is responsible for driving the development and implementation of the Information Communication Technology (ICT) strategy. They provide consistent, commercial and vendor management guidance, identify and implement IS service improvements and oversee IS financial, security, audit, risk and compliance matters.

Project Services
Project Services manage and coordinate the portfolio of projects across applications and infrastructure via a team of skilled project managers, business analysts, solution architects and validation specialists. They provide direction and support to ensure project issues are identified and remediation activities are implemented promptly.

Enterprise Systems
Enterprise Systems manages the design, development, maintenance and support of organisation-wide enterprise applications. This team has extensive expertise in application configuration, system testing, software development, data warehouses, system integration and database management.

Operations
This team oversees Business As Usual (BAU) operations across all our IT infrastructure and telecommunication networks. The team is responsible for managing operational processes and ensuring the efficient performance of IS applications and infrastructure.

The team is also responsible for monitoring and maintaining the availability of our IT services, ensuring that our critical systems and data are protected in the event of a failure. A major achievement, IS successfully switched from the National Blood Management System’s primary system to the secondary environment for one week, to ensure the stability of the network. A major achievement, IS successfully switched from the National Blood Management System's primary system to the secondary environment for one week, to ensure the stability of the network. A major achievement, IS successfully switched from the National Blood Management System's primary system to the secondary environment for one week, to ensure the stability of the network.

Every day, the Blood Service depends on technology, and the Information Services (IS) division, to support the organisation's life-saving work.

This year, a new IS structure has been established to better position the division to respond to business needs, challenges and opportunities. “Our renewed structure is underpinned by a focus on a cycle of assessment, objectives, change process and metrics to measure success,” Executive Director, Mark Gardiner, said. “It allows us to deliver smarter IT solutions by maintaining momentum in an iterative way, while staying adaptable to the changing needs of the organisation. This is fundamental to an outcomes-oriented delivery model.”

The division also delivered an infrastructure and technology upgrade to the Blood Service’s data warehouse and source of truth for all business data, CIMAR. More than 20 applications feed into, and draw information from the warehouse, with the data being used for reporting and analysis to inform business decisions. IS invested $1.2 million for the upgrade to meet current and future data requirements.

The division has also implemented further enhancements to the National Contact Centre (NCC) systems to improve the donor experience. This year, the division created a software solution for the Decision Support System (DSS) to improve our agents’ abilities in determining the eligibility of our donors to make an appointment to donate. It automates the decision process for a greater number of queries are addressed at first contact.

In addition, the division also rolled-out other significant projects to enhance operational efficiencies. Two modules of the Incident and Quality (IQ) Management System, a system to replace the existing paper-based incidents and quality management processes were implemented, with the remaining modules deployed to the production environment and Microsoft Lync, an instant messaging tool, was also deployed this year.

“IT’s been a really good and challenging year and we’ve in a much better place than we were 12 months ago in the way we deliver and how we support the existing IT systems,” Mr Gardiner said. “The Blood Service has a functional appetite for process improvement and that’s why it’s an exciting place to be a Chief Information Officer, because you’re right in the thick of it – a lot of that change is technology enabled.”

Mr Mark Gardiner
EXECUTIVE DIRECTOR, INFORMATION SERVICES AND CHIEF INFORMATION OFFICER

The division also delivered an infrastructure and technology upgrade to the Blood Service’s data warehouse and source of truth for all business data.
15.0 MANUFACTURING

The Manufacturing division receives the blood collected by Donor Services and transforms it into finished goods, able to be used by our customers. There are many steps involved in this transformation – testing, processing, inventory management, irradiation and distribution. The division takes pride in delivering the right products to the right place at the right time, in an efficient and reliable manner.

Regional Manufacturing

Our processing centres in Brisbane, Sydney, Perth and Melbourne, (and a small amount in Darwin) and our 10 inventory depots manufacture and distribute components to customer. Regional Manufacturing teams are arranged into the following three functions:

Customer Service Delivery

The team is the primary link to customers throughout Australia. They receive and dispatch orders, manage inventory, and manage the relationship locally.

Production

The Production team is made up of testing and processing. This team maintains the efficient running of processing units being transformed into finished goods each day. The production function is high volume, with over 8,000 units being transformed into finished goods each day.

Manufacturing Services

This team maintains the efficient running of processing centres on a day-to-day basis including ensuring environmental and temperature monitoring and management and general facilities management.

National Manufacturing

The national teams provide the necessary strategy and policy to the regional processing teams. The teams comprise:

National Supply Chain

The team oversees planning, inventory management, logistics and customer service to ensure demand, supply and related products and services are delivered in a reliable and efficient manner. The team also manages strategic projects such as feasibility of Radio Frequency Identification (RFID) and vision systems to reduce errors.

National Production and Development

This team is responsible for processing, testing, scientific and technical services, red cell reference and process control functions.

National Lean Manufacturing

The team is responsible for implementing a culture of continuous improvement by coordinating lean and Rapid Improvement Events (RIEs). This group also drives productivity and asset utilisation.

The change program instils a culture of continuous improvement. “Great manufacturers are always looking to improve the business and are always looking for better and simpler ways of doing things. I’m so proud of Manufacturing and I know we’re well and truly on the road to becoming a great manufacturer,” Ms Caulfield said. “This transition is about business continuity and risk mitigation. Previously, if we had a problem, there wasn’t another blood pack we could use. Now, we have the same packs as our international partners, so it means we’re in safer hands for the security of supply.”

National Manufacturing

It’s been an incredible year for Manufacturing, according to Executive Director, Jacqui Caulfield. With great strides made, it’s been the year that’s positioned the division to pursue the goal of becoming a great manufacturer.

The implementation of the first phase of the Manufacturing Laboratory Improvement Project (MLAB) is a major achievement. MLAB enables the division to become a great manufacturer by applying a standardised approach to the way we work, with a focus on working smarter and taking pride in delivering the right products to the right place at the right time. “MLAB was first considered as a concept 10 years ago and I’m really pleased that the structural aspects of this change program are now in place,” Ms Caulfield said. “We will now be able to embed a continuous improvement culture and improve employee engagement by having the right people in the right roles.”

“Our vision is to continue to improve the business and always time to ask questions and ask for training.”

The change program instils a culture of continuous improvement. “Great manufacturers are always looking to improve the business and are always looking for better and simpler ways of doing things. I’m so proud of Manufacturing and I know we’re well and truly on the road to becoming a great manufacturer,” Ms Caulfield said. “This transition is about business continuity and risk mitigation. Previously, if we had a problem, there wasn’t another blood pack we could use. Now, we have the same packs as our international partners, so it means we’re in safer hands for the security of supply.”

Another highlight has been the in vitro diagnostic (IVD) compliance project. “This is the quest achieve,” Ms Caulfield said. Under new regulatory requirements, all commercial and in-house IVD medical devices used in Australia need to be registered with the Therapeutic Goods Administration (TGA), having met strict quality and safety requirements. “It’s brought about standardisation and we’re in the process of replacing many of our high-risk in-house IVDs with commercially available IVDs, which has seen us go to market for commercial products.”

Our customer satisfaction rate improved to 8.7 out of 10.
16.0 MEDICAL, TRANSPLANTATION AND QUALITY SERVICES

The Medical, Transplantation and Quality Services division supports the Blood Service by providing medical, transplantation, quality and regulatory services.

Medical Services
Regional Medical Services
The team supports collections and the National Contact Centre with donor eligibility queries, and oversees donor safety. They provide staff health services including vaccination and support transfusion medicine alongside our specialists.

Donor and Product Safety Policy Unit
This team maintains our donor safety policies, develops new safety initiatives and plans for blood product safety improvements consistent with international best practice and regulatory requirements.

Transfusion Practice and Education
This team plays a lead role in the implementation of government, patient blood management and transfusion-related policy and governance. They support optimal outcomes for patients through education and practice change.

Medical Specialist Services
Medical specialists advise on transfusion practice and patient blood management. They also inform strategy and policy development. Pathologists provide laboratory oversight of all testing laboratories to meet regulatory requirements.

Transplantation Services
The team performs testing for patients needing transplants and specialises in organ and transplant investigations. They provide 24/7 testing and cross-matching for the national deceased organ donor program, compatibility testing for living and bone marrow donors, and cord blood searching and testing for potential stem cell transplants.

Affiliated Agencies and External Services
Affiliated Agencies
The team manages several affiliated agencies and entities, which are subject to a range of contractual arrangements with government and other external public bodies.

External Services
This team works in partnership with the Corporate Strategy and Performance division and other stakeholders across the business to provide and maintain oversight of existing business lines, manage relationships with external customers and investigate business opportunities.

Quality Services
Quality Systems Development
The team is responsible for the management of national quality management systems and processes.

Quality Business Support
The team supports the business in meeting regulatory obligations and the implementation of the quality management system.

Quality Systems Delivery
The team supports the quality systems, including validation, product recall, internal audits, vendor assurance and document control.

Regulatory Affairs
The team manages the relationship with the Therapeutic Goods Administration, monitors regulations and maintains the Blood Service Technical Master File.

Including DonaldaLife Victoria and Tasmania and the Australian Bone Marrow Donor Registry (ABMDR).

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17.0 RESEARCH AND DEVELOPMENT

The Research and Development division’s aim is to conduct world-class research that informs the Blood Service’s core activities. Underpinned by a robust business plan, it focuses on building relationships with current and future donors, maintaining the safety and quality of blood products, enhancing knowledge of transfusion and improving practice. A strong emphasis is placed on translational research that can ultimately lead to improved operational procedures or changes in clinical practice.

**Planning and Support**

This team provides management and administrative support to the Research and Development division with the aim of enhancing our research programs through the provision of project management and business planning, reporting and management support, contract advisory services and the development of new processes and procedures.

**Transfusion Science Research**

This team aims to generate knowledge using leading-edge research, which can be translated into improved operational procedures or changes in clinical practice. Research areas include, but are not restricted to, physiology of the reticuloendothelial and circulatory systems, including regulation of cellular function and the coagulation system, transfusion pathophysiology (including immunobiology) and molecular diagnostics.

**Applied and Developmental Research**

Applied and Developmental Research focuses on evaluating novel technologies that have the potential to improve the quality and safety of products manufactured by the Blood Service. It also aims to improve operational efficiencies and donors’ wellbeing. Research teams work closely with aligned Blood Service divisions and other leaders in translational technology and research.

**Clinical Research**

Clinical Research works to ensure the safety, efficacy and appropriate use of blood products through direct participation and collaboration with other research groups in human clinical trials, development, analysis and linkage of clinical registers and other blood product patient-related research.

**Donor and Community Research**

This research focuses on ensuring there are adequate collections to meet clinical demand. It examines donor safety, retention, recruitment, motivation and community attitudes to blood and plasma donation. The major aim of the program is to provide research outcomes that contribute to marketing campaigns, organisational policies and broader public health issues to promote an appropriate and broader public health issues to promote an appropriate

**Transfusion Science Research**

This team aims to generate knowledge using leading-edge research, which can be translated into improved operational procedures or changes in clinical practice. Research areas include, but are not restricted to, physiology of the reticuloendothelial and circulatory systems, including regulation of cellular function and the coagulation system, transfusion pathophysiology (including immunobiology) and molecular diagnostics.

**Applied and Developmental Research**

Applied and Developmental Research focuses on evaluating novel technologies that have the potential to improve the quality and safety of products manufactured by the Blood Service. It also aims to improve operational efficiencies and donors’ wellbeing. Research teams work closely with aligned Blood Service divisions and other leaders in translational technology and research.

**Clinical Research**

Clinical Research works to ensure the safety, efficacy and appropriate use of blood products through direct participation and collaboration with other research groups in human clinical trials, development, analysis and linkage of clinical registers and other blood product patient-related research.

**Donor and Community Research**

This research focuses on ensuring there are adequate collections to meet clinical demand. It examines donor safety, retention, recruitment, motivation and community attitudes to blood and plasma donation. The major aim of the program is to provide research outcomes that contribute to marketing campaigns, organisational policies and broader public health issues to promote an appropriate and broader public health issues to promote an appropriate

**Transfusion Science Research**

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Our strong financial management has continued to deliver to governments better value for money.
The Blood Service has finished the year with a surplus including other comprehensive income of $24.8 million. This included a retained surplus on the Main Operating Program of $5.0 million (after the return of $40.4 million to the National Blood Authority), $6.4 million surplus of capital funding received (net of depreciation) and $13.4 million surplus from other activities such as external and hosted services, and processing centre upgrade contributions.

**SUMMARY**

2014 $’000 2013 $’000

- Surplus of Main Operating Program (retained) 5,031 3,608
- Surplus of capital programs 56,063 46,676
- Surplus of external and hosted services 3,367 1,050
- Surplus on processing centre programs 8,575 7,287
- Depreciation charge (43,665) (45,375)
- Surplus of external and hosted services 3,367 1,050
- Surplus of capital programs 50,053 46,676
- Surplus of Main Operating Program (retained) 5,035 3,608
- Provision for employee entitlements (3,273) (4,031)
- Gain/(loss) on disposal of non-current assets and foreign exchange 544 (639)
- Increase in blood and blood product inventory 4,582 2,286
- Depreciation charge (43,665) (45,375)
- Movement in defined benefits (385) 8,613
- Surplus including other comprehensive income for the year * 24,833 19,475

* The 2013 surplus for the year has been restated due to the de-recognition for plasma and fractionated product held at CSL Behring, as well as domestic fractionated product held at the Blood Service.

**Output Based Funding Model (OBFM)**

- 2010/11 surplus $19.2 million with $14.2 million returned to government
- 2011/12 surplus $6.2 million with $3.6 million returned to government (plus $4.75 million once off reduction in premium)
- 2012/13 surplus $12.5 million with $8.9 million returned to government
- 2013/14 surplus $4.4 million with $4.2 million returned to government

The Main Operating Program surplus for the year was $45.4 million of which $40.4 million will be returned to the funding agency of the program, which is the National Blood Authority (NBA). This leaves an audited surplus in the Main Operating Program of $5.0 million, which will be added to the Corporate Risk Reserve.

The operating surplus is the result of a number of factors. Comparison of 2014 and 2013 results is as follows:

- Total income increased by $6.0 million or one per cent from the prior year with $3.1 million increase in non-government income generated from hosted and external services, such as the Cambodia project, and $3.5 million attributable to increased receipts of capital funding to facilitate an expanded capital expenditure program. Within the Main Operating Program, total income reduced by $6.5 million due to the continued reduction in red cell demand, partially offset with increased supply of plasma for fractionation.
- Total expenses decreased by $5.7 million or one per cent from the prior year. The reduction in red cell demand has led to savings across variable expenses such as consumables and marketing activities as fewer new donors were required.
- 2014 was the first year of a new funding arrangement with the NBA. One of the key changes during this year was the recognition, through separate prices, of the higher cost of producing plasma through apheresis compared to whole blood. Given the continued reduction in red cell demand during 2014, the Blood Service was able to recover a higher price for plasma produced than in previous years where an average price had been set.
- The Blood Service has made a number of significant structural changes over the past few years which have resulted in savings flowing to the bottom line. One of the key changes was the closure of South Australian manufacturing centre with this work transitioning to the new Melbourne Processing Centre. The significant annual savings from this change will remain in the Blood Service bottom line until the new funding cycle starts in 2017, and workforce initiatives, specifically the realignment of the workforce in Donor Services and Manufacturing, have delivered significant financial savings.

- Workforce initiatives, specifically the realignment of the workforce in Donor Services and Manufacturing, have delivered significant financial savings.
18.0 FINANCE REPORT cont'd
From the Chief Executive and Chief Financial Officer

Capital
The capital program was a major focus for the year with a total spend of $51.4 million, which is a 33 per cent increase on 2013. This has been driven through improvements in the capital allocation and funding request process as well as the centralisation of the Property team within Finance which has enabled a systematic and consistent approach to donor centre improvements. The capital program was also used to invest in the upgrade of key information systems, such as the Financial and Asset Inventory Management System (FAIMS) and building our IS disaster recovery capabilities.

Accounting changes
The Blood Service has also de-recognised inventories in 2014 for plasma and fractionated product held at CSL Behring, as well as domestic fractionated product held at the Blood Service. This has resulted in a $54.9 million reduction in blood inventory that has been applied against retained earnings as a change in accounting policy for statutory reporting purposes. This adjustment has been treated as a voluntary change in accounting policy after an assessment of current inventory accounting policies against the Output Based Funding Model adopted in the Main Operating Program. The inventories that have been de-recognised are no longer considered assets of the Blood Service due to the absence of control and risk associated with these products.

O negative is universal and can be given to anyone.

HIV

In 1985 we started to screen for Human Immunodeficiency Virus.
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ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2014
19.0
ANNUAL FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED
30 JUNE 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014 ($'000)</th>
<th>2013 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating - Commonwealth funded</td>
<td>489,474</td>
<td>487,669</td>
</tr>
<tr>
<td>Operating - State funded</td>
<td>18,665</td>
<td>17,276</td>
</tr>
<tr>
<td>Capital - Commonwealth and State funded</td>
<td>52,966</td>
<td>51,596</td>
</tr>
<tr>
<td>Total government funding</td>
<td>561,105</td>
<td>556,541</td>
</tr>
<tr>
<td>Interest income</td>
<td>8,108</td>
<td>8,179</td>
</tr>
<tr>
<td>Other income</td>
<td>12,043</td>
<td>10,506</td>
</tr>
<tr>
<td>Total revenue</td>
<td>6.2</td>
<td>561,256</td>
</tr>
</tbody>
</table>

| EXPENDITURE | | |
| Staff expenses | 290,422 | 285,879 |
| Consumables | 101,640 | 103,680 |
| Overheads | 126,246 | 129,103 |
| Depreciation | 43,665 | 45,375 |
| (Gain)/Loss on disposal of non-current assets | (558) | 652 |
| Loss/(Gain) on foreign exchange | 14 | (13) |
| Increase in blood and blood product inventory | 8 | (2,286) |
| Total expenditure | 5 | 556,647 | 562,390 |

| SURPLUS FOR THE YEAR | | |
| Notes | 2014 ($'000) | 2013 ($'000) |
| Item that may be reclassified subsequently to profit or loss | | |
| Actuarial gain/(loss) on retirement benefit plan obligations | 15.5 | 224 | 6,639 |
| Actuarial gain/(loss) on foreign exchange | 224 | 6,839 |
| Other comprehensive income/loss for the year | 224 | 6,639 |
| TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR | | |
| Notes | 2014 ($'000) | 2013 ($'000) |
| | 24,833 | 19,475 |

| ANALYSIS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | |
| Surplus of Main Operating Program | 5,035 | 3,608 |
| Surplus of Capital Programs and Processing Centre Programs (net of depreciation) | 14,963 | 8,788 |
| Surplus on External and Hosted Services | 3,067 | 1,050 |
| Movement in blood inventories, employer provisions, actuarial gain/(loss) on retirement benefit obligations | 924 | 6,639 |
| Gain/(Loss) on disposal of non-current assets | 14 | 13 |
| TOTAL PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR | 24,833 | 19,475 |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from government and other sources (inclusive of goods and services tax) for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Main Operating Program</td>
<td>572,200</td>
<td>576,795</td>
</tr>
<tr>
<td>- Capital Programs</td>
<td>58,262</td>
<td>56,755</td>
</tr>
<tr>
<td>Payments to suppliers and employees (inclusive of goods and services tax)</td>
<td>(545,071)</td>
<td>(572,970)</td>
</tr>
<tr>
<td>Net cash inflows from operating activities</td>
<td>18,117</td>
<td>85,391</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(48,382)</td>
<td>(38,031)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>655</td>
<td>655</td>
</tr>
<tr>
<td>Interest received</td>
<td>8,108</td>
<td>8,179</td>
</tr>
<tr>
<td>Net cash outflows from investing activities</td>
<td>(39,911)</td>
<td>(29,197)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>(6,748)</td>
<td>(7,470)</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(5,911)</td>
<td>(7,939)</td>
</tr>
<tr>
<td>Net cash outflows from financing activities</td>
<td>(12,630)</td>
<td>(15,409)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>29,721</td>
<td>15,974</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the financial year</td>
<td>232,681</td>
<td>48,165</td>
</tr>
<tr>
<td>Adjustments</td>
<td>4,332</td>
<td>43,225</td>
</tr>
<tr>
<td>Balance at 1 July 2012 (Previously stated)</td>
<td>237,013</td>
<td>81,390</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>12,836</td>
<td>-</td>
</tr>
<tr>
<td>Components of defined benefit gains recognised in other comprehensive income</td>
<td>6,639</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>19,475</td>
<td>-</td>
</tr>
<tr>
<td>Transfer between reserves</td>
<td>18,700</td>
<td>6,913</td>
</tr>
<tr>
<td>Balance at 30 June 2012 (Restated)</td>
<td>236,783</td>
<td>88,303</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>24,609</td>
<td>-</td>
</tr>
<tr>
<td>Components of defined benefit gains recognised in other comprehensive income</td>
<td>224</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>24,833</td>
<td>-</td>
</tr>
<tr>
<td>Transfer between reserves</td>
<td>(12,630)</td>
<td>2,895</td>
</tr>
<tr>
<td>Balance at 30 June 2013</td>
<td>202,404</td>
<td>91,198</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>24,833</td>
<td>-</td>
</tr>
<tr>
<td>Components of defined benefit gains recognised in other comprehensive income</td>
<td>15.5</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>24,988</td>
<td>-</td>
</tr>
<tr>
<td>Transfer between reserves</td>
<td>(12,630)</td>
<td>9,735</td>
</tr>
<tr>
<td>Balance at 30 June 2014</td>
<td>210,201</td>
<td>90,933</td>
</tr>
</tbody>
</table>

The above statement of changes in equity should be read in conjunction with the accompanying notes.
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2014

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.

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 four 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).

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Standards and Interpretations affecting amounts reported and/or disclosures in the financial statements of the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been applied in the current period.

Standards and Interpretations affecting the reported results or financial position


AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to accounting for changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the ‘corridor approach’ permitted under the previous version of AASB 119 and accelerates the recognition of past service costs. All the actuarial gains/losses are recognised immediately through other comprehensive income in order for the net defined benefit liability/surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a ‘net interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability/surplus. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. Additionally, AASB 119 introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The prior years’ results and the position of the Blood Service has been restated as a result of adopting these pronouncements (see note 4.2).

The application of the standard has resulted in the discounting of the long-term employee benefits in the current financial year. There has been no material change due to the adoption of this standard in the retrospective periods in relation to this amendment.

Standards affecting presentation and disclosure

AASB 2012-5 ‘Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle’

The Annual Improvements to AASBs 2009-2011 have made a number of amendments to AASBs. The amendments that are relevant to the Blood Service are the amendments to AASB 101 reporting when a statement of financial position is the beginning of the preceding period (first statement of financial position) and the related notes are required to be presented. The amendments specify that a first statement of financial position is required when:

(a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and

(b) the retrospective application, restatement or reclassification has a material effect on the information in the first statement of financial position.

The amendments specify that related notes are not required to accompany the first statement of financial position.

2.2 Standards and Interpretations in issue but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The adoption of these Standards and Interpretations may have an impact on future financial reports.

Standard/Interpretation

Effective for annual reporting periods beginning on or after

AASB 9 ‘Financial Instruments’, and the relevant amending standards

| AASB 9 | 1 January 2017 | 30 June 2018 |

The directions and policies of the application of these standards and interpretations in future periods will have no material impact on the financial statements of the Blood Service.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of compliance

For the purposes of these financial statements, the Blood Service is a not-for-profit entity. These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards and Interpretations, and comply with other requirements of the law due to the Blood Service's specific provisions for not-for-profit entities (IFRSs). The financial report is not necessarily compliant with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issue by the Board of the Blood Service on 30 September 2014.

3.2 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical cost, except for the revaluation of certain non-current assets and financial instruments on which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The financial statements have been prepared on a going concern basis.

3.3 Critical accounting estimates and judgments

In the application of the Australian Accounting Standards and the Blood Service’s accounting policies, management is required to make judgements, estimate and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and judgments are based on historical experience and various other factors that are considered to be reasonable and relevant under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed, where applicable, in the relevant notes to the financial statements.

3.4 Foreign currency translation

3.4.1 Functional 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 Transactions and balances

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 at year end exchange rates of monetary assets and liabilities 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 Housing of assets

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

3.6 Property, plant and equipment

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 items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Blood Service and the cost of the item can be measured reliably. The carrying amount of any报废ed part is derecognised. All other repairs and maintenance are charged to the surplus or deficit during the reporting period in which they are incurred.

Intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any change in estimates being accounted for on a prospective basis.

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 revalued amounts, net of their residual values, over their estimated useful lives.

Depreciation rates applied in 2014 were:

<table>
<thead>
<tr>
<th>Period</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freehold buildings</td>
<td>40%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Shorter of lease period or useful life</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>4 years</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>5 - 10 years</td>
</tr>
<tr>
<td>Leased furniture, fittings and equipment</td>
<td>10 - 20 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4 - 10 years</td>
</tr>
</tbody>
</table>

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount. These are included in the surplus or deficit. Both leasehold and freehold buildings and leasehold improvements are presented as part of Land & Buildings category – see note 9.
NOTES TO THE FINANCIAL STATEMENTS contd

3.7 Implantment of assets
At each reporting date, Blood Service management reviews the carrying values of property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and ‘value in use’. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other groups of assets (cash-generating units). Property, plant and equipment that suffered an impairment are reviewed for possible part or full reversal of the impairment at each reporting date.

Future economic benefits of the Blood Service’s assets are not primarily dependent on their ability to generate net cash inflows and if deemed of a particular asset, the Blood Service would replace the asset’s remaining future economic benefits. ‘Value in use’ calculations are therefore determined as the depreciated replacement cost of each asset, rather than by using discounted future cash flows.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset in its cost measured by reference to the lowest cost at which the asset could be obtained in the normal course of business.

3.8 Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the surplus or deficit in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings pending their use is charged against the borrowings. When interest rates are variable, any change in interest rates is charged, or credited, to the surplus or deficit for the period in which the change occurred.

3.9 Leases

3.9.1 Finance leases
Leases of property, plant and equipment where the Blood Service has substantially assumed all the risks and rewards incidental to ownership are classified as finance leases - see note 9.2. Finance leases are capitalised at the lessee’s inception at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations to the lessor, net of finance charges, are included on the statement of financial position as a finance lease obligation. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.9.2 Operating leases
Leases where the lessee retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease expense. Payments made under operating leases are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit gained from the lease.

3.10 Inventories
Australian Accounting Standards require inventories of a not-for-profit entity to be measured at the lower of cost and current replacement cost, where current replacement cost is defined as the cost that the entity would incur to acquire the asset on the reporting date. The Blood Service has the following categories of inventories:

3.10.1 Consumables
Consumables are used by the Blood Service in providing products and services, and are measured at the lower of cost and current replacement cost. Consumables inventory has been valued at weighted average cost.

3.10.2 Blood products (inventories held for distribution)
Australian Accounting Standards define inventories held for distribution by a not-for-profit entity as assets where they display three essential characteristics as follow: (i) there must be future economic benefits; (ii) the entity must have control over the future economic benefits; and (iii) the transaction giving rise to the entity’s control over future economic benefit must have occurred. The Blood Service provides products and services in accordance with the Blood Service. In the discharge of this agreement, the Blood Service is responsible for a range of activities, including collection, testing, processing, inventory management and distribution of blood and blood products. In this context, the Blood Service recognises certain categories of blood and blood products as current assets, to be measured at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and overheads of the operating divisions incurred in the collection, processing and testing of blood.

The Blood Service collects domestic red plasma which is issued to CSL Limited (‘CSL’) for fractionation into manufactured products. Both domestic and imported fractionated plasma products are distributed by the Blood Service in Australia. In relation to blood products held for distribution, the Blood Service does not recognize plasma supplied to CSL for fractionation, fractionated product held at CSL and fractionated product at the Blood Service held for distribution. This is due to the retention of control and risk over these specific products by parties other than the Blood Service and the absence of future economic benefits under output based funding arrangements. The accounting policy changed in relation to certain categories of plasma during the year - see note 4.1. The inventory valuation at the end of the reporting period includes:

\[\text{all fresh blood products and plasma for fractionation (not yet supplied to CSL) held at the Blood Service or at a Blood Service storage facility, and}\]

- all products held in ‘work in progress’ at the Blood Service.

Fresh product volumes are physically counted and valued as individual units while products held in ‘work in progress’ are valued using the average cost method on a per day basis. All blood products are valued at direct costs plus operating overheads.

64-65
3.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Blood Service will not be able to collect all the amounts due according to the original terms of the trade receivables. Significant financial difficulties of the debtor are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the surplus or deficit.

3.12 Cost and cash equivalents

For the statement of cash flow presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.13 Borrowings

Borrowings include provisions for make good of property leases and employee benefits - see note 12. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. 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. Gains and losses arising from the settlement of borrowings are recognised in profit or loss. The statement of cash flows includes cash generated from borrowings in operating activities and borrowings used in financing activities.

3.14 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.

3.15 Provisions

Provisions are recognised when the Blood Service has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value of the provision reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions include provisions for make good of property leases and employee benefits - see note 12.1. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows. Consideration is given to future wage and salary levels, experience of employee departures and periods of service.

3.15.1.2 Termination benefits

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 the offer of the termination benefit and when the entity recognises any related restructuring costs. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value and classified as non-current.

3.16 Retirement benefit plan obligations

The Blood Service contributes to various staff retirement plans to provide employees with benefits on death or retirement. The defined benefit plans provide lump sum benefits based on years of service and final average salary. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a change in the credit or debit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset - see note 15.

Defined benefit costs are categorised as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- past service cost;
- net interest expense or income; and
- remeasurement.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The liability for annual leave and long service leave is recognised under provision for employee benefits - see note 12. All other short-term employee benefit obligations are presented as payables - see note 10.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Blood Service in respect of services provided by employees up to the reporting date - see note 12.1. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, to the estimated future cash outflows. Consideration is given to future wage and salary levels, experience of employee departures and periods of service.
3.17 Income recognition

Income is measured at the fair value of the consideration received or receivable. Amounts disclosed as income are net of returns and rebates. The Blood Service recognises income in accordance with AASB 1004 ‘Contributions’ when:

a) the Blood Service obtains control or the right to receive the contribution;

b) the amount of the contribution can be measured reliably; and

c) it is probable that the future economic benefits comprising the contribution will flow to the Blood Service.

Income is recognised for the following activities:

3.17.1 Output based funding

The Blood Service recognises income for the delivery of products to Approved Health Providers on an accrual basis representing the right to receive contributions from the NBA. Under the Output Based Funding Principles, the Blood Service can apply to retain up to $5 million of any surplus for the purposes outlined in the Principles. If the annual surplus is more than $5 million in any year then the surplus over that amount will be returned to the NBA unless otherwise agreed between the Blood Service and the NBA. Any excess funds to be returned are recorded as a liability within Prepaid Government Funds (see note 13).

3.17.2 Government grants

Grants from governments (including capital grants) are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Blood Service will comply with all attached conditions.

3.17.3 Interest income

Interest is recognised as it accrues using the effective interest rate method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the carrying amount of the financial asset.

3.17.4 Other income

The Blood Service receives other income, including research grants and revenue generated from the provision of some testing services and products and services on a fee-for-service basis. Income is recognised on an accruals basis.

3.18 Income tax

The Blood Service, being a division of the Society and a charitable organisation, is exempt from income tax under subsection 50.5 of the Income Tax Assessment Act 1997.

3.19 Goods and Services Tax (GST)

Revenues and expenses are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3.20 Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. The carrying values less impairment of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Blood Service for similar financial instruments.

3.21 Economic dependency

A significant portion of revenue is received by way of recurrent and capital grants from Commonwealth, State and Territory governments. As at the reporting date, terms of the Deed with the NBA have been extended to 30 June 2015. It is the Blood Service’s expectation that future funding arrangements will remain substantially unchanged beyond this date. Therefore, these financial statements are prepared on a going-concern basis.
4. CHANGE IN ACCOUNTING POLICY

4.1 Inventories

From 1 July 2013, the Blood Service has applied a change in accounting policy relating to the recognition of certain categories of blood product inventory. This change has affected the recognition and disclosure of inventories on the 2013-14 financial statements.

Inventories including plasma and fractionated product held at CSL Limited as well as domestic fractionated product held at the Blood Service have been derecognised from the beginning of the earliest period presented (1 July 2012). This change of policy was applied based on the assessment of the contractual control and risk retained by external parties under the relevant supply agreements as well as the timing of future economic benefits under the current output based funding model. Output based funding principles provide for the Blood Service to be directly funded for services supplied and funding income is recognised at the point at which product is supplied or distributed to either CSL or other Approved Health Providers (AHPs). This is in contrast to pre-2010 where funding income was based on fixed grant funding over discrete time periods. Management believe this change will better reflect the substance of transactions relating to inventories and therefore improve the relevance and reliability of the financial statements to the end user. The net impact on total comprehensive income in the current period is nil.

4.2 Retirement benefit plan obligations

During the year, amendments to AASB 119 required certain changes to the accounting for defined benefit plans, namely the full recognition of deficit (surplus) on the statement of financial position, introduction of net interest on the net defined benefit liability (asset), change in the presentation of the defined benefit cost and the introduction of more extensive disclosure requirements in the financial statements. The prior years' reported balances were restated upon adoption of these changes.

4.3 Impact on prior year balances

As a result of the changes in the accounting policies for inventories and defined benefit plan, prior year financial statements have been restated. The following table shows the adjustments recognised for each reported line item. Line items that were not affected by the change have not been included. As a result the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

<table>
<thead>
<tr>
<th>4.3.1 Impact on surplus (deficit) and other comprehensive income for year ending 30 June 2013</th>
<th>30/06/2013</th>
<th>Adjustment</th>
<th>As at 30/06/2013 (restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blood and blood product inventory movement</td>
<td>$'000</td>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Increase in staff expenses</td>
<td>(618)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in surplus for the year</td>
<td>(12,247)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in components of defined benefit gains recognised in other comprehensive income</td>
<td>618</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in total profit or loss and other comprehensive income</td>
<td>(11,629)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In July 2012 the reduction in inventory has been adjusted against the General reserve in equity. In June 2013 the reduction in inventory has been adjusted against the surplus for that year as an inventory expense. There was no impact on the statement of financial position for the restatement of the retirement benefit plan obligations.

4.3.3 Impact on statement of cash flows

The change of accounting policy had no impact on the cash flow statement.
5. EXPENDITURE

The following expenses are included in the surplus for the year:

Wages and salaries  264,290  252,921
Superannuation guarantee  23,438  24,892
Components of defined benefit costs recognised in surplus/(deficit)  15.5  609  (1,974)
Termination benefits  2,085  10,040
Total staff expenses*  290,422  285,879
Cost of consumables  101,640  103,680
Other overheads  96,186  100,056
Workers compensation costs  2,737  2,611
Minimum-operating lease payments  20,375  18,966
Interest and finance charges paid on finance leases  6,748  7,470
Depreciation expense  9  43,665  45,375
(Gain)/Loss on disposal of non-current assets  (158)  452
Loss/(Gain) on foreign exchange  14  (13)
Increase in blood and blood product inventory  8  (4,982)  (2,286)
Total other expenses  266,225  276,511
Total expenditure  556,647  562,390

* Total employee benefits include non-capitalised expenditure for organisational restructure activities as follows:
- 2014: $1.170 million in redundancy provision for the Quality Services restructure and an additional $2.030 million disbursed for the Manufacturing Laboratory (MLAB) improvement restructure
- 2013: $3.466 million in redundancy provision for the consolidation of Donor Services administration support
## 6.2 Revenues by programs

<table>
<thead>
<tr>
<th>Revenue source</th>
<th>Government</th>
<th>Interest</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Operating Program</td>
<td>6.1.1</td>
<td>477,108</td>
<td>4,988</td>
<td>2,581</td>
</tr>
<tr>
<td>Capital programs</td>
<td>6.1.2</td>
<td>52,966</td>
<td>1,643</td>
<td>554</td>
</tr>
<tr>
<td>External and hosted services</td>
<td>6.1.3</td>
<td>19,248</td>
<td>183</td>
<td>8,776</td>
</tr>
<tr>
<td>Other operating activities</td>
<td>6.1.4</td>
<td>11,783</td>
<td>1,284</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total revenues by programs</strong></td>
<td></td>
<td>561,105</td>
<td>8,108</td>
<td>12,043</td>
</tr>
<tr>
<td><strong>2013</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Operating Program</td>
<td>478,049</td>
<td>4,666</td>
<td>2,506</td>
<td>485,221</td>
</tr>
<tr>
<td>Capital programs</td>
<td>51,396</td>
<td>-</td>
<td>(129)</td>
<td>51,267</td>
</tr>
<tr>
<td>External and hosted services</td>
<td>17,721</td>
<td>-</td>
<td>5,650</td>
<td>23,371</td>
</tr>
<tr>
<td>Other operating activities</td>
<td>9,175</td>
<td>3,513</td>
<td>2,479</td>
<td>15,167</td>
</tr>
<tr>
<td><strong>Total revenues by programs</strong></td>
<td></td>
<td>556,541</td>
<td>8,179</td>
<td>10,506</td>
</tr>
</tbody>
</table>

The current year government funding for the Main Operating Program of $477.108 million (2013: $478.049 million), is net of a provision to return $40.394 million (2013: $8.908 million) to the NBA.

## 6.3 Reconciliation of surplus for the year

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000 (restated)</td>
</tr>
<tr>
<td>Surplus of Main Operating Program</td>
<td>5,035</td>
<td>3,608</td>
</tr>
<tr>
<td>Surplus of Capital Programs and Processing Centre Programs (net of depreciation)</td>
<td>14,963</td>
<td>8,588</td>
</tr>
<tr>
<td>Surplus of External and Hosted Services</td>
<td>2,357</td>
<td>1,050</td>
</tr>
<tr>
<td>Provision for employee entitlements</td>
<td>(3,273)</td>
<td>(4,031)</td>
</tr>
<tr>
<td>Gain/(Loss) on disposal of non-current assets</td>
<td>558</td>
<td>(852)</td>
</tr>
<tr>
<td>Gains/(Loss) on foreign exchange</td>
<td>(114)</td>
<td>13</td>
</tr>
<tr>
<td>Components of defined benefit costs recognized in surplus/(deficit)</td>
<td>15.5</td>
<td>3,006</td>
</tr>
<tr>
<td>Increase/(Decrease) in blood and blood product inventory</td>
<td>8.1</td>
<td>4,560</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>24,609</td>
<td>12,836</td>
</tr>
</tbody>
</table>

## 7. TRADE AND OTHER RECEIVABLES

### 7.1 Trade receivables

**Trade receivables** are non-interest bearing 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.

**Impaired trade receivables**

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. The amount written off is not material and there is no requirement for an allowance for doubtful debts at the end of the reporting period.

**Ageing of past due but not impaired trade receivables**

<table>
<thead>
<tr>
<th>Days</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 to 90 days</td>
<td>298</td>
<td>298</td>
</tr>
<tr>
<td>90 to 180 days</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td>Over 180 days</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

**Total amount of past due but not impaired trade receivables**

<table>
<thead>
<tr>
<th>2014</th>
<th>298</th>
</tr>
</thead>
</table>

## 8. INVENTORIES

### 8.1 Inventory of blood and blood products:

- **Blood products at the Blood Service**
- **Work in progress at the Blood Service**

### 8.2 Commodities inventory

**Total inventories**

<table>
<thead>
<tr>
<th>2014</th>
<th>10,918</th>
</tr>
</thead>
</table>

The information presented in this note has been restated based on the change of accounting policy in note 4.
### 9. Property, Plant and Equipment

#### At 1 July 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; buildings</td>
<td>231,000</td>
<td>63,871</td>
<td>92,394</td>
<td>64,001</td>
<td>16,522</td>
<td>20,254</td>
<td>488,132</td>
</tr>
<tr>
<td>Computer equipment (including software)</td>
<td>(57,200)</td>
<td>(39,308)</td>
<td>(46,140)</td>
<td>(8,651)</td>
<td>(12,846)</td>
<td>(142,846)</td>
<td></td>
</tr>
<tr>
<td>Net book asset</td>
<td>173,801</td>
<td>24,473</td>
<td>45,254</td>
<td>55,150</td>
<td>5,676</td>
<td>20,254</td>
<td>345,288</td>
</tr>
</tbody>
</table>

#### Year ended 30 June 2012

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2012</td>
<td>193,881</td>
<td>24,473</td>
<td>45,854</td>
<td>55,150</td>
<td>5,676</td>
<td>20,254</td>
<td>345,288</td>
</tr>
<tr>
<td>Additions</td>
<td>5,016</td>
<td>7,068</td>
<td>13,483</td>
<td>-</td>
<td>786</td>
<td>13,286</td>
<td>38,031</td>
</tr>
<tr>
<td>Less: Reclassification in ‘fitting &amp; equipment’</td>
<td>94</td>
<td>30,024</td>
<td>-</td>
<td>29,830</td>
<td>-</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(71)</td>
<td>(57)</td>
<td>(983)</td>
<td>-</td>
<td>(1,760)</td>
<td>-</td>
<td>(1,207)</td>
</tr>
<tr>
<td>Transfers from WIP</td>
<td>11,382</td>
<td>1,391</td>
<td>556</td>
<td>-</td>
<td>(368)</td>
<td>(16,190)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(10,489)</td>
<td>(11,347)</td>
<td>(16,564)</td>
<td>(5,253)</td>
<td>(1,722)</td>
<td>-</td>
<td>(45,375)</td>
</tr>
<tr>
<td>Closing net book asset</td>
<td>171,597</td>
<td>20,468</td>
<td>72,298</td>
<td>49,897</td>
<td>5,676</td>
<td>17,401</td>
<td>336,637</td>
</tr>
</tbody>
</table>

#### At 30 June 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; buildings</td>
<td>219,249</td>
<td>70,604</td>
<td>128,764</td>
<td>64,001</td>
<td>15,438</td>
<td>20,254</td>
<td>515,457</td>
</tr>
<tr>
<td>Computer equipment (including software)</td>
<td>(47,652)</td>
<td>(101,195)</td>
<td>(56,460)</td>
<td>(14,104)</td>
<td>(10,430)</td>
<td>-</td>
<td>(179,820)</td>
</tr>
<tr>
<td>Net book asset</td>
<td>171,597</td>
<td>20,468</td>
<td>72,298</td>
<td>49,897</td>
<td>5,676</td>
<td>17,401</td>
<td>336,637</td>
</tr>
</tbody>
</table>

#### Year ended 30 June 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2013</td>
<td>171,597</td>
<td>20,468</td>
<td>72,298</td>
<td>49,897</td>
<td>5,676</td>
<td>17,401</td>
<td>336,637</td>
</tr>
<tr>
<td>Additions</td>
<td>12,528</td>
<td>1,333</td>
<td>999</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,960</td>
</tr>
<tr>
<td>Less: Reclassification in ‘fitting &amp; equipment’</td>
<td>94</td>
<td>30,024</td>
<td>-</td>
<td>29,830</td>
<td>-</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(173)</td>
<td>(75)</td>
<td>(445)</td>
<td>-</td>
<td>(3,793)</td>
<td>-</td>
<td>(4,413)</td>
</tr>
<tr>
<td>Transfers from WIP</td>
<td>11,382</td>
<td>1,391</td>
<td>556</td>
<td>-</td>
<td>(368)</td>
<td>(16,190)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>(10,489)</td>
<td>(11,347)</td>
<td>(16,564)</td>
<td>(5,253)</td>
<td>(1,722)</td>
<td>-</td>
<td>(45,375)</td>
</tr>
<tr>
<td>Closing net book asset</td>
<td>171,597</td>
<td>20,468</td>
<td>72,298</td>
<td>49,897</td>
<td>5,676</td>
<td>17,401</td>
<td>336,637</td>
</tr>
</tbody>
</table>

### 9.1 Work in progress

| Land & buildings | 231,000 | 63,871 | 92,394 | 64,001 | 16,522 | 20,254 | 488,132 |
| Computer equipment (including software) | (57,200) | (39,308) | (46,140) | (8,651) | (12,846) | (142,846) |
| Net book asset | 173,801 | 24,473 | 45,254 | 55,150 | 5,676 | 20,254 | 345,288 |

### 9.2 Leased assets

- Costs for leases amounted to $25.683 million (2013: $29.033 million) which are funded through finance leases.
- The net book value for leased furniture, fittings, and equipment is $45.121 million (2013: $49.897 million), includes amounts relating to the leasehold improvements for the processing centres in Queensland (2014: $19,437 million, 2013: $20,864 million) and Melbourne (2014: $70,683 million, 2013: $70,235 million) which are funded through finance leases.

### 9.3 Asset disposals

During the reporting period, the Blood Service disposed of assets with a total written down value of $0.706 million (2012: $1.307 million), excluding proceeds. The movement includes $0.057 million resulting from the disposals of assets during the national stocktake of operational assets which were classified as ‘no longer held’.

### 9.4 Reclassification of asset categories

The national stocktake of operational assets in 2013 resulted in the category reclassifications of certain assets relating to major building projects (Sydney Processing Centre and Melbourne Processing Centre). During 2013, assets previously classified as ‘Land & Buildings’ were individually identified and reclassified to the appropriate asset groups in the national asset register. This process of transferring the costs resulted in a movement from the ‘Land & buildings’ category of $30.024 million to other asset groups. These reclassification movements were disclosed separately under ‘Reclassifications to/from’ and resulted in an increment of depreciation expense of $1.816 million. This resulted in a total depreciation charge of $0.523 million related to 2012 depreciation expense which was reported in the 2013 total depreciation charge.

### 10. Trade and other payables

#### Trade payables

- Total trade and other 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 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 and no material interest is incurred on overdue balances.

- Trade payables also include payments due for suppliers’ services. The average credit period on payments for services is 30 days. No interest is charged on the trade payables for the first 30 days from the date of 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 and no material interest is incurred on overdue balances.

- The net book value for leased furniture, fittings and equipment is $45.121 million (2013: $49.897 million), includes amounts relating to the leasehold improvements for the processing centres in Queensland (2014: $19,437 million, 2013: $20,864 million) and Melbourne (2014: $70,683 million, 2013: $70,235 million) which are funded through finance leases.

- Total trade and other 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 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 and no material interest is incurred on overdue balances.

### 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:

- Freehold land and buildings and leasehold improvements
- $25,683 million, 2013: $29,033 million
- Equipment
- $20,519 million, 2013: $14,723 million
- $7.256 million, 2013: $2.456 million
- Application Hosting Infrastructure

- The net book value for leased furniture, fittings, and equipment is $45.121 million (2013: $49.897 million), includes amounts relating to the leasehold improvements for the processing centres in Queensland (2014: $19,437 million, 2013: $20,864 million) and Melbourne (2014: $70,683 million, 2013: $70,235 million) which are funded through finance leases.

- Total trade and other 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 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 and no material interest is incurred on overdue balances.
11. BORROWINGS

Current
Processing centre fit-out loans 19.3 4,162 3,827
Processing centre fit-out lease liabilities 19.2 5,121 5,184
Total current borrowings 9,283 9,011

Non-Current
Processing centre fit-out loans 19.3 31,712 35,873
Processing centre fit-out lease liabilities 19.2 38,762 43,793
Total non-current borrowings 70,474 79,666

Total borrowings 79,667 88,677

Leased assets pledged as security for lease liabilities
The total current and non-current lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements and revert to the lessor in the event of default.

12. PROVISIONS

Current
Employee benefits 52,643 49,458
Make good for property leases 878 676
Total current provisions 53,521

Non-Current
Employee benefits 8,380 8,842
Make good for property leases 4,097 3,363
Total non-current provisions 12,477 12,205

Total provisions 65,998 62,339

Leased assets pledged as security for lease liabilities
The total current and non-current lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements and revert to the lessor in the event of default.

12.1 Provision for employee benefits

12.1.1 Current provision
The current provision for employee benefits includes accrued annual leave, long service leave and termination benefits. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. In 2014, the Blood Service financial statements have reflected the standard entitlement period of long service leave at seven years of continuous service. This obligation is presented as current since the organisation does not have an unconditional right to defer settlement. Based on past experience however, the Blood Service does not expect all employees to take the full amount of accrued leave within the next 12 months.

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

Annual leave obligation expected to be settled after 12 months 3,352 4,313
Long service leave obligation expected to be settled after 12 months 28,583 27,550
Total current obligations not expected to be taken in the next 12 months 31,935 31,863

12.1.2 Non-current provision
Employee benefits refer to provisions for long service leave for employees who have not completed the required years of service, calculated on the basis described in Note 5.15.1.1

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 leases. 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 two to 20 years. Movements in make good provisions are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Carrying amount of make good provisions at beginning of the year</th>
<th>Provision movement</th>
<th>Carrying amount of make good provisions at end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4,039</td>
<td>(245)</td>
<td>4,039</td>
</tr>
<tr>
<td>2013</td>
<td>4,975</td>
<td>4,019</td>
<td>8,407</td>
</tr>
</tbody>
</table>

13. PREPAID GOVERNMENT FUNDS

Output funding net cash advance 46,122 51,111
Government grants refundable 40,394 8,908
Total prepaid government funds 86,516 59,019

Output funding net cash advance relates to the working capital advance received from the NBA upon commencement of the Output Based Funding Model from 1 July 2011, less June 2014 revenue not received until July 2014.

Government grants refundable relates to the expected return of funds to the NBA for surpluses in the reported period.
14. OTHER LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease incentive</td>
<td>543</td>
<td>431</td>
</tr>
<tr>
<td><strong>Total current other liabilities</strong></td>
<td>543</td>
<td>431</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease incentive</td>
<td>3,503</td>
<td>3,756</td>
</tr>
<tr>
<td><strong>Total non-current other liabilities</strong></td>
<td>3,503</td>
<td>3,756</td>
</tr>
<tr>
<td><strong>Total other liabilities</strong></td>
<td>4,046</td>
<td>4,187</td>
</tr>
</tbody>
</table>

15. RETIREMENT BENEFIT PLAN OBLIGATIONS

The Blood Service has recognised a liability in the statement of financial position in respect of its defined benefit superannuation arrangements. Currently, contributions are made to the following defined benefit plans:

1) Local Government Super in New South Wales; and
2) Australian Red Cross Queensland Staff Retirement Fund in Queensland.

All contributions are expensed when incurred.

Local Government Super (NSW): Local Government Super provides defined benefits whereby components of the final benefit are derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. The defined benefits scheme was closed to new members effective from 15 December 1992. The Local Government Superannuation Scheme was established on 1 July 1997 to specifically cater for the superannuation requirements of Local Government employees. LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558) is the Trustee of the Local Government Superannuation Scheme (known as Local Government Super). Local Government Super is a resident regulated superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993.

Australian Red Cross Queensland Staff Retirement Fund (QLD): The fund, offering both defined benefit and a defined contribution plans, is a final average (3 years) lump sum benefit arrangement providing benefits on death, disability, resignation and retirement. The defined benefit section provides benefits based on the length of service and final average salary. The defined contribution section receives fixed contributions and the employer’s legal or constructive obligation is limited to these contributions. The fund commenced on 15 June 2006 as a successor fund transfer from the Australian Red Cross Qld Staff Superannuation Plan. This fund is a sub-fund of the AMP Superannuation Savings Trust which was established under a Trust Deed dated 1 July 1998. The Trustee is AMP Superannuation Limited.

The plans in Australia typically expose the Blood Service to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk:

**Investment Risk**

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit.

**Interest Risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan’s debt investments.

**Longevity Risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.

**Salary Risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is re-insured by an external insurance company. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2014 by:

- Mr Jeff Humphries, Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD)
- Mr Richard Boyfield, Partner, Representative of Mercer Consulting (Australia) Pty Ltd for Local Government Super (NSW).

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.
NOTES TO THE FINANCIAL STATEMENTS contd

15.4 Reconciliation of movement in the fair value of plan assets:

Balance at beginning of the year 19,486 18,675
Contributions by plan participants 76 116
Contributions by the employer 654 3,499
Remeasurement gain/(loss):
- Actuarial loss/(gain) arising from experience adjustments 259 (2,943)
- Actuarial loss/(gain) arising from financial assumptions 691 (1,935)
Remeasurement on the net defined benefit liability:
- Past service cost and (gain)/loss from settlements -81 (81)
Service cost:
- Current service cost 1,104 1,280
- Employer contributions 854 800
- Member contributions 76 (116)
Net interest cost 235 442
Components of defined benefit gains recognised in other comprehensive income (224) (6,639)
Components of defined benefit gains recognised in surplus/(deficit) 609 (1,974)
Net interest cost 235 442
Components of defined benefit gains recognised in other comprehensive income (224) (6,639)
Components of defined benefit gains recognised in surplus/(deficit) 609 (1,974)
Total 385 (8,613)

The actual return on plan assets was $1.220 million (2013: $1.260 million).

The fair value of assets and liabilities is determined as follows:

15.3 Reconciliation of movement in the present value of the defined benefit plan obligation:

Net liability arising from defined benefit plan obligation 6,703 6,318
Balance at beginning of the year 18,675 16,573
Contributions by plan participants 76 116
Contributions by the employer 654 3,499
Remeasurement gain/(loss):
- Actuarial loss/(gain) arising from experience adjustments 259 (2,943)
- Actuarial loss/(gain) arising from financial assumptions 691 (1,935)
Remeasurement on the net defined benefit liability:
- Past service cost and (gain)/loss from settlements -81 (81)
Service cost:
- Current service cost 1,104 1,280
- Employer contributions 854 800
- Member contributions 76 (116)
Net interest cost 235 442
Components of defined benefit gains recognised in other comprehensive income (224) (6,639)
Components of defined benefit gains recognised in surplus/(deficit) 609 (1,974)
Total 385 (8,613)

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 remeasurement of the net defined benefit liability is included in other comprehensive income.
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions reporting period, while holding all other assumptions constant.

- If the expected salary growth increases/(decreases) by 0.5%, the defined benefit obligation would increase/(decrease) by $0.275 million.
- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would (decrease)/increase by $0.449 million.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.

The Blood Service expects to make a contribution of $0.710 million (2013: $0.716 million) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation at 30 June 2014 is 10.4 years (2013: 10.5 years). This number can be analysed as follows:

- active members: 9.8 years (2013: 10.0 years);
- retired members: 13.4 years (2013: 13.8 years).

The Blood Service and the trustee. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review. Members of the Australian Red Cross Queensland Staff Retirement Fund contribute at the rate of 5% of salary. The Blood Service's special reserve records retained surpluses over which the Blood Service has restricted use. The majority of the balance is comprised of Commonwealth (NBA) funded reserves which include the DBFM risk reserve (2014: $5.138 million, 2013: $5.000 million), corporate risk reserve (2014: $23.686 million, 2013: $23.185 million), unallocated prior year surpluses (2014: $6.192 million, 2013: $8.342 million), State government and other externally funded reserves.

The Blood Service's capital reserve records retained surpluses less capital expenditure relating to various capital funded programs or funds received for the purpose of future capital expenditure.
18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

18.1 Cash flows from operating activities

Net surplus 24,609 12,806
Adjustments for:
Depreciation 9 40,375
Loan/Sell on foreign exchange 14 13
Gain/Loss on disposal of non-current assets (558) 652
Interest paid on finance leases 6,748 7,410
Interest received (8,108) (8,179)
Components of defined benefit costs recognised in surplus/(deficit) (1,974)
Changes in operating assets and liabilities:
Increase in trade and other receivables (1,433) (1,375)
Increase in short-term borrowings (6,498) 1,486
Increase in provisions (2,659) 4,371
Increase in consumables inventory (1,781) (433)
Increase in blood and blood product inventory 4 (2,280)
Net cash inflow from operating activities 85,391 60,580

18.2 Reconciliation of cash and cash equivalents

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 1,037 251
Term deposits and investments 235,568 206,647
Total cash and cash equivalents 236,605 206,898

NOTES TO THE FINANCIAL STATEMENTS contd
19.2.2 Total equipment and property fit-out finance leases

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Minimum lease payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- within one year</td>
<td>8,168</td>
<td>8,694</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>40,990</td>
<td>35,644</td>
</tr>
<tr>
<td>- later than five years</td>
<td>6,915</td>
<td>20,429</td>
</tr>
<tr>
<td>Minimum future lease payments</td>
<td>56,073</td>
<td>64,767</td>
</tr>
<tr>
<td>Less: future finance charges (12,280)</td>
<td>(15,790)</td>
<td></td>
</tr>
<tr>
<td>Total lease liabilities</td>
<td>43,793</td>
<td>48,977</td>
</tr>
</tbody>
</table>

Representing lease liabilities:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Current</td>
<td>11,021</td>
<td>5,184</td>
</tr>
<tr>
<td>Non-current</td>
<td>38,762</td>
<td>43,793</td>
</tr>
<tr>
<td>Total lease liabilities</td>
<td>49,783</td>
<td>48,977</td>
</tr>
</tbody>
</table>

19.3 Borrowings

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Secured bank loans:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>4,162</td>
<td>3,827</td>
</tr>
<tr>
<td>Non-current</td>
<td>31,712</td>
<td>35,873</td>
</tr>
<tr>
<td>Total bank loan</td>
<td>35,874</td>
<td>39,700</td>
</tr>
</tbody>
</table>

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 of the building works and equipment (including fittings and fixtures) and a charge over the Deed of Indemnity between the Society and the NBA. The Blood Service receives special grant funding to cover the lease repayments under this arrangement.

19.4 Capital expenditure commitments

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Property, plant &amp; equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- within one year</td>
<td>4,512</td>
<td>8,174</td>
</tr>
<tr>
<td>- later than one year and not later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total capital expenditure commitments</td>
<td>4,512</td>
<td>8,174</td>
</tr>
</tbody>
</table>

Of the reported total capital expenditure commitments, $1.462 million relates to Information Services business initiatives with the balance committed to priority related activities and various other business programs.

20. CONTINGENT LIABILITIES

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 procedure available to test for a virus/bacterial/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 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 Board members during 2013 - 2014 were:

- The Hon Dr David Hamill AM (Chair)
- Ms Jennifer Williams (Chief Executive)
- Mr Nigel Ampherlaw (Board Member)
- Ms Sandhya Chakravarty (Board Member)
- Ms Hannah Crawford (Board Member)
- Dr David Graham (Board Member)
- Ms Kelly Jones (Board Member)
- Associate Professor Larry McNicol (Board Member)
- Mr Ross Pinney (Board Member)
- Professor John Zalcberg OAM (Board Member)
NOTES TO THE FINANCIAL STATEMENTS contd

Remuneration disclosures:

Remuneration range ($25k band)

Under $25,000  -  3
$25,000 to $49,999  -  3
$50,000 to $74,999  8  5
$100,000 to $124,999  1  1
$575,000 to $599,999  -
$600,000 to $624,999  1  -

Remuneration figures are gross salary plus superannuation.

22.1.2 Executive Directors during 2013 - 2014 (not including the Chief Executive) were:

Mr John Brown Chief Financial Officer
Ms Jacqui Caulfield Executive Director, Manufacturing
Mr Mark Gardner Chief Information Officer
Mr Anne Hoyes Executive Director, Human Resources
Dr David Irving Executive Director, Research & Development
Mr Peter McDonald Executive Director, Corporate Strategy & Performance
Dr Louise Pilk Chief Medical Officer
Mr Janice Wilson Executive Director, Donor Services

Remuneration of Executive Directors (not including the Chief Executive):

Remuneration range ($25k band)

$100,000 to $124,999  -  1
$125,000 to $149,999  -  1
$150,000 to $174,999  1  2
$275,000 to $299,999  1  1
$300,000 to $324,999  1  2
$325,000 to $349,999  2  1
$350,000 to $374,999  1  1
$400,000 to $424,999  -  -
$425,000 to $449,999  1  -

Remuneration figures are gross salary plus superannuation.

The key management personnel compensations included in the surplus are as follows:

<table>
<thead>
<tr>
<th>Number of personnel</th>
<th>Salaries and fees</th>
<th>Superannuation contributions</th>
<th>Termination benefits</th>
<th>Post-employment</th>
<th>Long service leave</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2013</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

The greater personnel numbers in 2012/13 reflects the resignation of the Chief Information Officer and the commencement, three months later, of his replacement with both included in total headcount. In addition, three Blood Service Board members retired and were replaced in 2012/13 with all six included in the headcount figures. The Executive Director, Donor Services was also included in the headcount in 2012/13 but was on maternity leave for the full year of which a large proportion was unpaid.

23. REMUNERATION OF AUDITORS

Amounts paid or due and payable to Deloitte Touche Tohmatsu for:

- Audit or review of the financial statements of the Blood Service 89,775 88,200
- Audit for grant acquittals 20,391 23,625
- Other non-audit services 55,884 159,978

Total remuneration of auditors 166,050 271,803

Other non-audit services relate to:

- Consulting relating to the Laboratory Information Management System (LIMS) implementation.

24. RELATED PARTY DISCLOSURES

Transactions with the Australian Red Cross Society

During the reporting period, net payments of $1.067 million (2013: $2.090 million) 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 2014, an aggregate of $1.395 million (2013: $2.087 million) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a five year period. Inclusions in net payments is a workaround premium payment of $0.977 million for 2013-14.

There was no material debt between the Blood Service and the Society at 30 June 2014.

The key management personnel compensations included in the surplus are as follows:

<table>
<thead>
<tr>
<th>Number of personnel</th>
<th>Salaries and fees</th>
<th>Superannuation contributions</th>
<th>Termination benefits</th>
<th>Post-employment</th>
<th>Long service leave</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2013</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

The greater personnel numbers in 2012/13 reflects the resignation of the Chief Information Officer and the commencement, three months later, of his replacement with both included in total headcount. In addition, three Blood Service Board members retired and were replaced in 2012/13 with all six included in the headcount figures. The Executive Director, Donor Services was also included in the headcount in 2012/13 but was on maternity leave for the full year of which a large proportion was unpaid.

23. REMUNERATION OF AUDITORS

Amounts paid or due and payable to Deloitte Touche Tohmatsu for:

- Audit or review of the financial statements of the Blood Service 89,775 88,200
- Audit for grant acquittals 20,391 23,625
- Other non-audit services 55,884 159,978

Total remuneration of auditors 166,050 271,803

Other non-audit services relate to:

- Consulting relating to the Laboratory Information Management System (LIMS) implementation.

24. RELATED PARTY DISCLOSURES

Transactions with the Australian Red Cross Society

During the reporting period, net payments of $1.067 million (2013: $2.090 million) 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 2014, an aggregate of $1.395 million (2013: $2.087 million) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a five year period. Inclusions in net payments is a workaround premium payment of $0.977 million for 2013-14.

There was no material debt between the Blood Service and the Society at 30 June 2014.
25. FINANCIAL RISK MANAGEMENT

The Blood Service’s activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate 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.

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

Fair value estimation

The Blood Service holds the following financial instruments:

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash - Australian currency</td>
<td>187</td>
<td>94</td>
</tr>
<tr>
<td>Cash - foreign currency</td>
<td>850</td>
<td>157</td>
</tr>
<tr>
<td><strong>Total cash at bank and on hand</strong></td>
<td><strong>1,037</strong></td>
<td><strong>251</strong></td>
</tr>
<tr>
<td>Bank bills and term deposits</td>
<td>236,605</td>
<td>206,898</td>
</tr>
<tr>
<td><strong>Total cash and cash equivalents</strong></td>
<td><strong>236,605</strong></td>
<td><strong>206,898</strong></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>7,993</td>
<td>8,506</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>246,544</strong></td>
<td><strong>215,404</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>39,837</td>
<td>44,645</td>
</tr>
<tr>
<td>Borrowings - finance leases</td>
<td>43,793</td>
<td>48,977</td>
</tr>
<tr>
<td>Borrowings - loans</td>
<td>35,874</td>
<td>39,700</td>
</tr>
<tr>
<td>Prepaid government funds</td>
<td>86,516</td>
<td>60,019</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>4,046</td>
<td>4,187</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>210,066</strong></td>
<td><strong>197,528</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total financial liabilities</th>
<th><strong>210,066</strong></th>
<th><strong>197,528</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>210,066</strong></td>
<td><strong>197,528</strong></td>
</tr>
</tbody>
</table>

Borrowings at reporting date

| Borrowings - finance leases | 2,000 | 2,000 |
| Borrowings - finance leases | 43,793 | 48,977 |
| Borrowings - loans | 35,874 | 39,700 |
| **Total borrowings at reporting date** | **81,667** | **90,677** |

The Blood Service has no other foreign currency assets or liabilities.

25.1 Market risk

25.1.1 Interest rate risk

The Blood Service has significant interest-bearing financial assets and is exposed to interest rate fluctuations on its investments in bank term deposits. The Blood Service accepts the risk in relation to its financial assets, as the balances held fluctuate in the short-term and are held to generate investment income on unused funds.

The Blood Service’s main interest rate exposure on financial liabilities arises from long-term borrowings. The Blood Service’s policy is to maintain its long-term borrowings at fixed rates. As at 30 June 2014, all of the Blood Service’s borrowings were fixed interest borrowings.

25.1.2 Foreign currency exchange rate risk

Foreign currency exchange rate risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity’s functional currency. The Blood Service’s treasury policy allows for contracts to be negotiated in foreign currency where it is financially more advantageous than in Australian dollars. The Blood Service either holds appropriate foreign currency balances or uses financial instruments such as forward foreign currency contracts for cash flow hedging purposes, that is, not as speculative instruments. It is Blood Service policy to purchase standard foreign exchange contracts to cover foreign currency liabilities. As at 30 June 2014, the Blood Service did not have any forward exchange contracts. The Blood Service assessed its foreign currencies as at 30 June 2014 and they are as follows:

<table>
<thead>
<tr>
<th>Foreign currency financial assets</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td><strong>1,037</strong></td>
<td><strong>251</strong></td>
</tr>
<tr>
<td>Borrowings - finance leases</td>
<td><strong>236,605</strong></td>
<td><strong>206,898</strong></td>
</tr>
<tr>
<td>Borrowings - loans</td>
<td><strong>236,605</strong></td>
<td><strong>206,898</strong></td>
</tr>
</tbody>
</table>

**Total foreign currency financial assets** | **236,605** | **206,898** |

The Blood Service has no other foreign currency assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS contd
25.1.3 Sensitivity analysis

The following table summarises how the Blood Service’s surplus and equity would have been affected by changes in interest and foreign currency exchange rates at statement of financial position date:

<table>
<thead>
<tr>
<th>Interest rate risk</th>
<th>Foreign currency exchange rate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount</td>
<td>Surplus</td>
</tr>
<tr>
<td>- 100 basis points</td>
<td></td>
</tr>
<tr>
<td>100 basis points</td>
<td></td>
</tr>
<tr>
<td>+ 100 basis points</td>
<td></td>
</tr>
<tr>
<td>+ 100 basis points</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>236,605</td>
</tr>
<tr>
<td>Total (decrease) / increase</td>
<td>(2,294)</td>
</tr>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>206,898</td>
</tr>
<tr>
<td>Total (decrease) / increase</td>
<td>(1,844)</td>
</tr>
</tbody>
</table>

*Sensitivity analysis does not apply to Blood Service borrowings as all loans and finance leases have fixed interest rates for the term of the loans.

25.2 Credit risk

Credit risk is managed on a national basis. Credit risk arises from cash and cash equivalents, derivative instruments and deposits with financial institutions, as well as credit exposure to customers. For financial institutions, only those that are rated with a minimum AA- equivalent Standard and 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. Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations.

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 requested to pay. The table includes principal cash flows only.

### Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Weighted average effective interest rate</th>
<th>1 - 3 months</th>
<th>1 - 5 years</th>
<th>5 + years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing</td>
<td>88,024 (40,485)</td>
<td>427</td>
<td>2,283</td>
<td>1,414</td>
<td>130,399</td>
</tr>
<tr>
<td>Fixed loan liability</td>
<td>19.3 (8.63)</td>
<td>329</td>
<td>672</td>
<td>13,160</td>
<td>20,729</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>19.2.2 (6.79)</td>
<td>389</td>
<td>784</td>
<td>25,561</td>
<td>32,236</td>
</tr>
</tbody>
</table>

Total financial liabilities: 84,738 (41,975) 7,310 30,954 16,924 210,066

2013

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Weighted average effective interest rate</th>
<th>1 - 3 months</th>
<th>1 - 5 years</th>
<th>5 + years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing</td>
<td>95,792 (8,980)</td>
<td>323</td>
<td>1,723</td>
<td>2,053</td>
<td>108,851</td>
</tr>
<tr>
<td>Fixed loan liability</td>
<td>19.3 (8.63)</td>
<td>310</td>
<td>617</td>
<td>2,900</td>
<td>3,623</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>19.2.2 (6.79)</td>
<td>389</td>
<td>784</td>
<td>21,561</td>
<td>28,236</td>
</tr>
</tbody>
</table>

Total financial liabilities: 94,491 (10,381) 7,234 46,297 8,125 197,528

25.3 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 forecast 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 requested to pay. The table includes principal cash flows only.

### Financial liabilities

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Weighted average effective interest rate</th>
<th>1 - 3 months</th>
<th>1 - 5 years</th>
<th>5 + years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing</td>
<td>88,024 (40,485)</td>
<td>427</td>
<td>2,283</td>
<td>1,414</td>
<td>130,399</td>
</tr>
<tr>
<td>Fixed loan liability</td>
<td>19.3 (8.63)</td>
<td>329</td>
<td>672</td>
<td>13,160</td>
<td>20,729</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>19.2.2 (6.79)</td>
<td>389</td>
<td>784</td>
<td>25,561</td>
<td>32,236</td>
</tr>
</tbody>
</table>

Total financial liabilities: 84,738 (41,975) 7,310 30,954 16,924 210,066

2013

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th>Weighted average effective interest rate</th>
<th>1 - 3 months</th>
<th>1 - 5 years</th>
<th>5 + years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-interest bearing</td>
<td>95,792 (8,980)</td>
<td>323</td>
<td>1,723</td>
<td>2,053</td>
<td>108,851</td>
</tr>
<tr>
<td>Fixed loan liability</td>
<td>19.3 (8.63)</td>
<td>310</td>
<td>617</td>
<td>2,900</td>
<td>3,623</td>
</tr>
<tr>
<td>Finance lease liability</td>
<td>19.2.2 (6.79)</td>
<td>389</td>
<td>784</td>
<td>21,561</td>
<td>28,236</td>
</tr>
</tbody>
</table>

Total financial liabilities: 94,491 (10,381) 7,234 46,297 8,125 197,528

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94-95 ANNUAL REPORT 2013/14
The following table details the Blood Service’s expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Blood Service anticipates that the cash flow will occur in a different period.

<table>
<thead>
<tr>
<th>Non-derivative financial assets</th>
<th>Weighted average effective interest rate</th>
<th>Less than 1 month</th>
<th>1 - 3 months</th>
<th>3 months to 1 year</th>
<th>1 - 5 years</th>
<th>5 + years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td>%</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2014</td>
<td>Non-interest bearing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>7</td>
<td>2.993</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,859</td>
<td></td>
</tr>
<tr>
<td>Variable interest rate instruments</td>
<td>18.2</td>
<td>3.43</td>
<td>1,037</td>
<td>235,568</td>
<td>-</td>
<td>-</td>
<td>236,605</td>
</tr>
<tr>
<td>Total non-derivative financial assets</td>
<td>10,976</td>
<td>235,568</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>246,544</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Non-interest bearing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>7</td>
<td>8,506</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,506</td>
<td></td>
</tr>
<tr>
<td>Variable interest rate instruments</td>
<td>18.2</td>
<td>3.95</td>
<td>251</td>
<td>206,647</td>
<td>-</td>
<td>-</td>
<td>206,898</td>
</tr>
<tr>
<td>Total non-derivative financial assets</td>
<td>8,757</td>
<td>206,647</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>215,404</td>
<td></td>
</tr>
</tbody>
</table>

25.4 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 provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

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 provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS contd
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 2014, 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 set of financial statements. We conducted our audit in accordance with Australian Auditing Standards and the standards of the International Auditing and Accounting Standards Board. Our audit included examining, among other things, evidence of the accuracy of the amounts and disclosure in the financial report. The procedures followed depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. To this end, we consider internal control relevant to the entity’s preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. As auditors, we make use of the work of the entity’s auditors and accountants. An audit includes obtaining evidence to determine whether the financial report is free from material misstatement.

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. These standards require that we comply with relevant ethical requirements relating to audit engagements and if we are unable to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. To this end, we consider internal control relevant to the entity’s preparation and presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. As auditors, we also assess the appropriateness of the 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 2014 and its financial performance for the year then ended in accordance with Australian Accounting Standards.

Deloitte Touche Tohmatsu
Australia
200 George Street
Sydney NSW 2000
Tel: (02) 8279 9000
Fax: (02) 8279 7001
www.dtt.com.au

Bullen Di Collo
Partner
Chartered Accountants
Mid Levels, 30 September 2014

Deloitte Touche Tohmatsu are professional accountants in public practice registered in Hong Kong and are members of the Deloitte Touche Tohmatsu Global Network.
In 2014 Australian Red Cross proudly celebrated a century of service. During our centenary, we thanked generations of Australians for their support and welcomed a new generation to take our legacy into the future. We recognised the vital work of our members, volunteers and staff and thanked our supporters for their valuable contribution.

We shared the memories of Red Cross people in our digital centenary story collection, and published our centenary history, The Power of Humanity: 100 years of Australian Red Cross 1914-2014, by Professor Mileana Oppenheimer.

Supporting people in crisis, big or small

Over the century, times have changed, but Red Cross’ support for vulnerable people in crisis has continued. This year, we assisted 4,236 people impacted by migration, provided breakfast to more than 4,200 children, supported 36,000 people respond to and recover from emergencies, helped 19,238 people in the Asia Pacific region access safe drinking water and 14,894 people access sanitation facilities.

We also supported 3,000 people responding to the uprisings in Ukraine, 800 people dealing with poverty, homelessness and social isolation and 110 people assisting and reuniting separated families.

The need for Red Cross is greater than ever, and we cannot continue our vital work without the generous support of our volunteers, members and donors.

We are looking to a new generation of supporters to help us change lives for the next 100 years. To find out how you can get involved visit redcross.org.au.

Working together as partners

Working respectfully and in partnership with Aboriginal and Torres Strait Islander peoples remains one of our highest priorities. In 2014 we formalised an Aboriginal and Torres Strait Islander leadership group to provide strategic advice. We also made a commitment to a greater representation of Aboriginal people in our workforce, setting a target of six per cent by June 2015.

Welcoming the International Movement to Australia

In November 2013, we hosted the international meetings of the Red Cross Red Crescent Movement, bringing together more than 1,000 delegates from 189 countries to decide our future global direction. This important forum was held in Australia for the first time, thanks to the support of the Federal and New South Wales Governments.

At the meetings a historic resolution and action plan was adopted to work towards an international agreement to and the use of nuclear weapons on humanitarian grounds. We continue to advocate strongly on this issue.

International aid and development

Australian Red Cross has significant ambitions for our international program. We commenced an international aid and development change program, which will ensure we have a sustainable strategy, structure, systems and resources to respond to humanitarian needs in the Asia Pacific and further afield.

Thanks to our supporters

Thank you to the government organisations, businesses and trusts that have provided financial or in-kind support this year. We also acknowledge our Red Cross people - members, volunteers and staff - who have worked tirelessly this year. Voluntary supporters for their valuable contribution.

Living compassionately in the home is important to those who knows that the Red Cross is there when the dreams Red Cross would struggle for help. And when we in our everyday work helping to give 1.3 million life-saving donations. We also acknowledge our Red Cross people - members, volunteers and staff - who have worked tirelessly this year.

Thanks to those who have continued to give blood, helping to give 1.3 million life-saving donations. We also acknowledge our Red Cross people - members, volunteers and staff - who have worked tirelessly this year. Voluntary service is at the heart of all we do.

As we slip into a new century, we ask you to share and grow the power of humanity, so we continue making a difference to the most vulnerable people at home and further afield. Together we will be ready to face the humanitarian challenges which lie before us for another 100 years.
The precious gift of blood from a donor to a patient must go on a journey, before it’s used in our hospitals or sent to laboratories for further processing.

The processing centres are like a factory, in a manufacturing chain. They are specially designed facilities where the journey begins. Blood from our donors are delivered in shipper containers to the processing centres.

**STAGE ONE** of the journey begins with processing. The blood is placed into a centrifuge machine and spun very fast so it naturally separates into three different products - red blood cells, platelets and plasma. This blood is used to make up 17 different products to help patients with trauma, burns and blood diseases.

**STAGE TWO** involves the red cells being filtered, the plasma is frozen and platelets are placed into a special processing area where they are further purified and spun again in a centrifuge machine.

**STAGE THREE** is where the red cells are stored in a cool room at a temperature of two to six degrees and the platelets are placed on a special shelf called an agitator at room temperature.

**STAGE FOUR** and the next stage of manufacturing is underway. In the laboratories, the blood is being tested for blood type and diseases including hepatitis B and C, human immunodeficiency virus (HIV), human T-lymphocytotropic virus (HTLV) and syphilis.

As part of this stage, processing may continue to make specialised blood products, such as washing the red cells or freezing of ultra-rare cells.

**STAGE FIVE** involves release. This is where the testing results have been confirmed and the blood products are safe to release to hospitals and labelling begins.

**STAGE SIX** is storage and the final stage of manufacturing. Here the orders of blood (to the hospitals and to CSL Behring) are packed and couriered out. Red blood cells, platelets and some plasma are sent to hospitals for their patients and the rest of the plasma goes to CSL Behring for further processing into 17 different blood products.

**STAGE SEVEN** or the final stage of processing is shipping. The blood products are shipped to hospitals around the world. The blood is packed in insulated cooled containers and sent to hospitals where the patients need it.

Did you know that the red cells are kept in fridges at two to six degrees, platelets at room temperature and plasma gets frozen to minus 30?

**STAGE EIGHT** is the final stage of manufacturing. Here the blood products are shipped to hospitals around the world. The blood is packed in insulated cooled containers and sent to hospitals where the patients need it.

As part of this stage, processing may continue to make specialised blood products, such as washing the red cells or freezing of ultra-rare cells.

**STAGE NINE** involves release. This is where the testing results have been confirmed and the blood products are safe to release to hospitals and labelling begins.

**STAGE TEN** is storage and the final stage of manufacturing. Here the orders of blood (to the hospitals and to CSL Behring) are packed and couriered out. Red blood cells, platelets and some plasma are sent to hospitals for their patients and the rest of the plasma goes to CSL Behring for further processing into 17 different blood products.

**STAGE ELEVEN** or the final stage of processing is shipping. The blood products are shipped to hospitals around the world. The blood is packed in insulated cooled containers and sent to hospitals where the patients need it.

As part of this stage, processing may continue to make specialised blood products, such as washing the red cells or freezing of ultra-rare cells.
JO OWES HIS LIFE TO COUNTLESS DONORS. HE WAS DIAGNOSED WITH CANCER IN HIS BLADDER AT AGE TWO.