

Ms Susan Cardell
Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021, Parliament House
Canberra ACT 2600

Dear Ms Cardell

**ANAO Report No. 19 (2017-18) Australian Government Procurement Contract Reporting
National Blood Authority (NBA) Response**

Thank you for the opportunity to provide a submission on the matters raised in Audit Report No. 19 (2017-18) *Australian Government Procurement Contract Reporting* (the Report).

Complementary submission

Context

The NBA is a statutory agency within the Australian Government Health portfolio that manages and coordinates arrangements for the supply of blood and blood products and services on behalf of all Australian governments.

Funding for the blood sector, including procurement undertaken by the NBA, is apportioned 63 percent to the Commonwealth and 37 percent to the States and Territories in accordance with the national blood arrangements established by the National Blood Agreement signed by all Australian Governments and the subsequent enactment of the *National Blood Authority Act 2003*. As a Commonwealth entity, the NBA is bound by the Commonwealth Procurement Rules, noting that the NBA's procurement budget is also subject to the scrutiny of State and Territory Governments that contribute to it.

Compared with other Australian Government agencies, the NBA has a procurement profile that differs significantly in some respects to the agencies selected for analysis in the Report in two key areas:

- procurement of blood and blood products and services; and
- procurement of ICT labour hire services for the development of blood ICT systems.

Procurement of blood and blood products

It is the role of the NBA to manage the national blood supply to ensure that healthcare providers have reliable and efficient access to blood and blood products needed for patient care on a value for money basis. In achieving this outcome, the NBA spends over \$1 billion per annum procuring blood and blood products. Significantly, the NBA manages two substantial contracts for the supply of blood and blood products (in addition to a number of smaller contracts) that account for a high proportion of its procurement spend:

- Deed of Agreement for the supply of fresh blood products with the Australian Red Cross Society (contract value of \$8.8 billion reported in 2016-17); and
- National Fractionation Agreement for Australia with CSL Behring (contract value of \$3.4 billion reported in 2017-18).

The large majority of the contract value reported on AusTender during the last five financial years relates to the procurement of blood and blood products and services (over 95 percent), classified as "Healthcare Services" according to the United Nations Standard Products and Services Code used in AusTender. A large amount of procurement in this category is exempt from Division 2 of the Commonwealth Procurement Rules in accordance with paragraph 12 (procurement of blood plasma products or plasma fractionation services). This reflects current Australian Government policy regarding plasma fractionation arrangements and the contribution of these arrangements towards achieving Australia's objective of self-sufficiency in relation to blood and blood products.

While the NBA may from time to time engage consultants to assist in the procurement of blood and blood products and other NBA functions (e.g. for specialist advice from health professionals), APS staff are primarily used to deliver core NBA functions.

Development of ICT blood systems

The NBA operates a number of Information and Communications Technology (ICT) systems which have been designed to assist the NBA in providing a safe, secure and affordable blood supply for Australians. The development and maintenance of these systems requires highly specialised ICT knowledge and as a result, the NBA fulfils a large proportion of its ICT labour needs via temporary on-hire labour contracts. As of 30 June 2017, the NBA had an average APS staffing level of 53 APS staff, complemented by 25 contractors, the majority of which were engaged to provide ICT labour services.

By maintaining a non-APS team of skilled ICT contractors, the NBA enjoys the benefits of fulfilling a need for specialist skills that are not available in the APS workforce and managing a flexible model for fulfilling important government services where the volume of work required can be intermittent and irregular in nature, including a number of projects and programs with finite lifespans.

Part (a) – NBA expenditure on consultancy/non-consultancy/on-hire labour contractors over the last 5 financial years

Consultancy services

Category	Value (AUD)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Project management	305,527	622,340	648,262	469,700	176,770
Comprehensive health services	-	55,000	17,820	276,958	-
Audit services	16,500	73,970	-	-	-
Other	-	45,000	-	-	-

TOTAL	322,027	796,310	666,082	746,658	176,770
--------------	----------------	----------------	----------------	----------------	----------------

Non-consultancy services

Category	Value (AUD)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Temporary personnel services	1,312,118	3,230,240	4,529,122	5,049,549	5,649,336
Other	-	-	-	-	-
TOTAL	1,312,118	3,230,240	4,529,122	5,049,549	5,649,336

Note: The NBA has classified all non-consultancy services (contractors directly procured by the entity for labour as 'temporary personnel services' on AusTender. As a result, this is the only category of 'non-consultancy' services for the purposes of this submission. All contractors engaged for non-consultancy services during the period 2012-13 to 2016-17 were engaged to perform ICT contractor services.

On-hire labour contractors

Category	Value (AUD)				
	2012-13	2013-14	2014-15	2015-16	2016-17
Temporary personnel services	37,781	179,019	195,642	24,483	146,228
Other	-	-	-	-	-
TOTAL	37,781	179,019	195,642	24,483	146,228

Note: The NBA has classified all on-hire labour contractors as 'temporary personnel services' on AusTender. As a result, this is the only category of 'on-hire labour contractor' services for the purposes of this submission.

Part (b) – NBA views and commentary on the matters raised in the Report

The NBA notes that it is not one of the 25 entities selected for individual analysis in the Report, and as such does not have any specific comments to make on the specific figures and paragraphs identified for agency views and commentary.

If you wish to discuss any of the matters raised in this submission further, please do not hesitate to contact me.

Yours sincerely

John Cahill
Chief Executive

14 February 2018