

## Chapter 5

# Proposed merger of the Organ and Tissue Authority and the National Blood Authority

### Introduction

5.1 The initial work of the committee has focused on the concerns arising from the 2014-15 Budget.

5.2 The committee has also examined a specific instance of the 'efficiencies' proposed in the 2014-15 Budget: the merger of the Organ and Tissue Authority (OTA) and the National Blood Authority (NBA).

5.3 No justification was given in the National Commission of Audit report for the merger of the OTA and the NBA. The government accepted this recommendation, seemingly without analysis, in the 2014-15 Budget.<sup>1</sup> This chapter examines the effect of the proposed merger.

### The Organ and Tissue Authority

5.4 An independent statutory agency established in 2009 under the *Australian Organ and Tissue Donation and Transplantation Authority Act 2008*, the OTA:

- works with state and territory stakeholders to deliver the national reform programme on organ and tissue donation; and
- leads the DonateLife Network, a part of the national reform programme and comprising of DonateLife organ and tissue donation agencies and hospital based staff in 72 hospitals across Australia.<sup>2</sup>

### National Reform Programme

5.5 The National Reform Programme (NRP) was announced by the Australian Government on 2 July 2008 and endorsed by COAG on 3 July 2008. In essence the NRP was 'to implement a world's best practice approach to organ and tissue donation for transplantation.'<sup>3</sup> The aims of the NRP include to:

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1 Budget 2014-15, Budget Measures, Budget Paper No. 2, p. 70. This two line description is the only reference in the entire budget papers about the merger.

2 Organ and Tissue Authority website, *About Us > Organ and Tissue Authority*, [www.donatelife.gov.au/organ-and-tissue-authority-ota](http://www.donatelife.gov.au/organ-and-tissue-authority-ota).

3 Organ and Tissue Authority website, *About Us > National Reform Programme*, [www.donatelife.gov.au/about-us/national-reform-programme](http://www.donatelife.gov.au/about-us/national-reform-programme).

- increase the capability and capacity within the health system to maximise donation rates; and
- raise community awareness and stakeholder engagement across Australia to promote organ and tissue donation.<sup>4</sup>

5.6 The NRP comprises nine key elements to:<sup>5</sup>

- establish a new national approach and system for organ and tissue donation: a national authority and network of organ and tissue donation agencies;
- establish specialist hospital staff and systems dedicated to organ donation;
- provide new funding for hospitals;
- provide national professional education and awareness;
- provide coordinated, ongoing community awareness and education;
- provide support for donor families;
- establish a safe, equitable and transparent donation and transplantation network;
- national eye and tissue donation and transplantation; and
- undertake additional national initiatives, including living donation programs.<sup>6</sup>

5.7 Since the establishment of the OTA, there has been significant achievement against each element, including a significant increase in organ donation in Australia.

5.8 Prior to the establishment of the OTA in 2009, organ donation levels in Australia were at a record low. The Gift of Life Incorporated has observed that the work of the OTA and its single focus on organ donation has had a dramatic effect on the rate of donation:

Since 2009, there has been a 43% increase in the number of organ donors in Australia (354 in 2012 compared to 247 in 2009) and a 30% increase in the number of transplant recipients (1,053 in 2012 compared to 808 in 2009). So far in 2013, there has been a further 18% increase (334 donors to end October compared to 285 last year).<sup>7</sup>

5.9 Transplant Australia has outlined the direct benefits to the Australian economy from reducing the transplant waiting list:

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4 Organ and Tissue Authority website, *About Us > National Reform Programme*, [www.donatelife.gov.au/about-us/national-reform-programme](http://www.donatelife.gov.au/about-us/national-reform-programme).

5 Organ and Tissue Authority website, *About Us > National Reform Programme*, [www.donatelife.gov.au/about-us/national-reform-programme](http://www.donatelife.gov.au/about-us/national-reform-programme).

6 Organ and Tissue Authority website, *About Us > National Reform Programme*, [www.donatelife.gov.au/about-us/national-reform-programme#sthash.Txs3ISLi.dpuf](http://www.donatelife.gov.au/about-us/national-reform-programme#sthash.Txs3ISLi.dpuf).

7 Gift of Life Incorporated, *Organ and Tissue Reform in Australia*, 17 December 2013, [www.giftoflife.asn.au/blog/Main\\_Blog\\_%28Home\\_Page%29/tag/AOTDTA/](http://www.giftoflife.asn.au/blog/Main_Blog_%28Home_Page%29/tag/AOTDTA/).

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Ongoing treatment for patients on the waiting list is not the only cost. There are also socio-economic effects such as loss of employment/income, the breakdown in relationships, absenteeism from education, an increase mental illness, physical and psychological changes, and loss of quality of life.<sup>8</sup>

5.10 In 2006, Kidney Health Australia commissioned a report titled *The Economic Impact of End-Stage Kidney Disease in Australia*. Amongst other findings, Kidney Health Australia reported on the direct cost of dialysis treatment compared to the cost of treatment through a transplant:

Each year, dialysis treatment for a person with end stage kidney disease costs \$84,000. The cost of transplantation from a live donor is \$75,000, with ongoing treatment for the recipient with medications costing about \$11,000 annually. In the case of a deceased donor, the cost of a transplant is \$65,000 with ongoing treatment for the recipient costing about \$11,000 annually.

These are direct costs regarding the transplant. However, what they do not take into account is the benefits to society and the economy. Once a person has received an organ transplant, more often than not they are able to return to a relatively 'normal' lifestyle, which includes returning to employment, playing sport, travelling and family life. In some cases, recipients have gone on to start a family themselves. These benefits to society have a positive impact far broader than the direct financial impact on the health system.<sup>9</sup>

5.11 The benefits of organ transplantation to both the recipient and the broader society are undeniable.

### **The National Blood Authority**

5.12 The National Blood Authority (NBA) is an independent statutory agency within the Health portfolio that manages and coordinates arrangements for the supply of blood and blood products and services on behalf of the Australian Government and state and territory governments. It was established by the *National Blood Authority Act 2003* following the signing of the National Blood Agreement by all state and territory health ministers in November 2002.<sup>10</sup>

5.13 The NBA represents the interests of the Australian and state and territory governments, and sits within the Australian Government's Health portfolio. The key role of the NBA is to:

- provide an adequate, safe, secure and affordable supply of blood products, blood related products and blood related services; and

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8 Transplant Australia, *Organ and Tissue Donation and Transplantation Resource: The Benefits*, [www.transplant.org.au/The-Benefits.html](http://www.transplant.org.au/The-Benefits.html).

9 Transplant Australia, *Organ and Tissue Donation and Transplantation Resource: The Benefits*.

10 National Blood Authority website, *About Us*, [www.blood.gov.au/about-nba](http://www.blood.gov.au/about-nba).

- promote safe, high quality management and use of blood products, blood related products and blood related services in Australia.<sup>11</sup>

5.14 The work of the NBA involves work with state and territory governments, risk planning in relation to ensuring blood supply, and contracting with suppliers of blood and blood products.<sup>12</sup>

### **Proposed merger**

5.15 In its Phase One Report (March 2014), the National Commission of Audit recommended the consolidation, abolition or merger of a number of government agencies, authorities, companies, boards, councils and committees. The Commission argued that many of these bodies not only duplicated work within the Commonwealth Government, but also duplicated and overlapped the functions of the State Governments.

5.16 Among the bodies identified for merger are the OTA and the NBA. The Commission recommended that these two authorities be 'brought together within the department to harness expertise'.<sup>13</sup>

5.17 The government responded to the recommendations of the Commission of Audit regarding the consolidation of government agencies in its 2014-15 Budget. The Budget outlined the agencies and bodies which would be abolished, merged or consolidated, including the OTA and NBA. The collective 'savings' to be made from the merger, abolishment or consolidation of the agencies identified by the National Commission of Audit are estimated in the Budget to be \$19.4 million over four years.<sup>14</sup>

5.18 The proposed OTA/NBA merger is but one of approximately 76 official bodies the government proposes to disband before July 2015.<sup>15</sup> To put the savings from the OTA/NBA merger in context, the \$19.4 million savings figure represents the aggregate figure expected from the abolition of the 76 government bodies.

### **Evidence from hearings**

5.19 As part of its examination of the 'savings' to be made from a merger between the OTA and NBA, the committee held a hearing with each organisation.

5.20 Officials at the hearings advised that work was proceeding on the implementation of a merger and the anticipated savings to be made. However, neither the OTA nor the NBA was able to provide advice on a quantum of savings. The only

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11 National Blood Authority website, *About Us*, [www.blood.gov.au/about-nba](http://www.blood.gov.au/about-nba).

12 National Blood Authority website, *About Us*, [www.blood.gov.au/about-nba](http://www.blood.gov.au/about-nba).

13 National Commission of Audit, *Phase One Report*, 2014, p. 211.  
[www.ncoa.gov.au/report/docs/phase\\_one\\_report.pdf](http://www.ncoa.gov.au/report/docs/phase_one_report.pdf).

14 The Department of the Treasury, Budget 2014-15, *Budget Paper No. 2*, p. 70.

15 Minister for Finance, Senator the Hon Mathias Cormann, Media Release, *Delivering A Smaller, More Rational Government*, MC 36/14, 13 May 2014,  
[www.financeminister.gov.au/media/2014/mr\\_2014-36.html](http://www.financeminister.gov.au/media/2014/mr_2014-36.html).

explanation of possible efficiencies came from Mr Leigh McJames, Chief Executive Officer of the NBA:

I cannot quantify those savings. There are a range of options and they are under consideration by government but I can indicate that when we have looked at it there are administrative savings that are not even related to staff. To give you an example, you have two organisations in separate buildings when you bring them together there is a saving in rental space straight off because you cut the number of meeting rooms you require. That has utility savings—you only need one IT system; in terms of governance overhead you reduce the requirement so that instead of having two audit committees you only have one audit committee, you only have one set of auditors, you only have one set of annual reports and so that list goes on. There are the administrative overheads. Some of those efficiencies are already being realised. An example is sets of policies—as an independent statutory authority you have a reasonably large overhead in terms of generating policies to adhere to legislative requirements. One agency will only need one set of policies...<sup>16</sup>

5.21 When asked a direct question on notice about potential savings, the NBA could not provide any specific details:

The National Blood Authority, Organ and Tissue Authority and Department of Health are continuing to develop advice for Government that will lead to decisions on implementation of the merger, including any savings. This advice forms part of the deliberative process of Government, and therefore it is inappropriate to release it at this time.<sup>17</sup>

5.22 Similarly the OTA could not assist in response to a question on notice which sought documents and information regarding the OTA's work on implementing the merger.<sup>18</sup>

5.23 The committee notes with concern that rates of organ and tissue donation in 2014 are trending below 2013 outcomes.<sup>19</sup>

### **Committee comment**

5.24 The committee considers the potential savings to be negligible and the effort and disruption required to achieve them unwarranted. The committee believes that the detriment caused by uncertainty for staff members and confusion for stakeholders, including state and territory governments, outweighs any potential benefits.

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16 Mr Leigh McJames, Chief Executive Officer, National Blood Authority, *Committee Hansard*, 25 September 2014, p. 3.

17 Answer to Question on Notice 1, 25 September 2014 Hearing (NBA), [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Additional\\_Documents](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Additional_Documents) (accessed 13 November 2014).

18 Answer to Question on Notice 5, 4 September 2014 Hearing (OTA).

19 'Monthly Report on Deceased Organ Donation in Australia – October 2014', Australia and New Zealand Organ Donation Registry, Produced 5 November 2014, Data received by ANZOD up to 4 November 2014, <http://www.anzdata.org.au/anzod/updates/ANZOD2014summary.pdf>

5.25 Further, the committee believes that merging the OTA and NBA has the potential to be damaging to the achievement of the aims of the OTA's National Reform Programme. Although it may seem that organs, tissue and blood should, as bodily parts and fluids, be treated in similar ways when it comes to supply for transplant and transfusion, their clinical and administrative management is very different.

5.26 The committee recognises that there is a key difference between the decision to donate organs and tissue as compared to donating blood. The decision to donate blood is a personal one and can be taken individually and acted on easily by the individual on a regular basis. Organ donation from a deceased person, while a personal choice, requires the consent of family.

5.27 The two agencies reflect this difference: the OTA focuses on promoting organ donation; providing education about donation; provides training to medical professionals to assist them in discussing organ donation with patients and their families.<sup>20</sup> Critically the OTA provides funding to facilitate retrieval of organs from deceased donors. The NBA on the other hand focuses on contract management so as to ensure blood supply and blood products from the Red Cross and other providers.<sup>21</sup> Promotion and education about blood donation is outsourced.<sup>22</sup> These significantly different roles make it likely that few if any operational efficiencies will result from any merger.

5.28 The committee is concerned that a merger between OTA and NBA would result in a loss of the focus that a single agency can bring to promoting organ donation. The proposed merger could reverse the positive trends in the rate of organ donation in Australia which have been achieved by the OTA.

5.29 The committee understands that work is being undertaken in preparation for the merger of the OTA and NBA, including the compatibility of ICT systems and accounting systems. However the committee believes that it is not too late for this work to be stopped and certainty provided to staff and stakeholders that the two authorities will remain separate. The work done to date has shown that the 'savings' from the merger would be minimal at best. The committee thus questions the value of proceeding with the merger, given that it is a strong possibility that the cost of the work to undertake the merger could be greater than the savings achieved.

5.30 At its hearing in Moruya the committee heard the personal story of Mr Brad Rossiter, a double amputee and organ donation recipient. Mr Rossiter is an advocate for organ donation and tells his story in order to educate others about what this gift of life can mean. Asked for his view of the merger of the OTA and NBA, as someone

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20 Organ and Tissue Authority website, About Us > Organ and Tissue Authority, [www.donatelife.gov.au/organ-and-tissue-authority-ota](http://www.donatelife.gov.au/organ-and-tissue-authority-ota).

21 National Blood Authority website, *About Us*, [www.blood.gov.au/about-nba](http://www.blood.gov.au/about-nba).

22 Mr Leigh McJames, Chief Executive Officer, National Blood Authority, *Committee Hansard*, 25 September 2014, p. 8.

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who had received an organ donation and who remains involved in the DonateLife promotion and advocacy, Mr Rossiter's answer was very clear:

I would like to think that DonateLife, the Organ and Tissue Authority, remains a single entity, because the work they have done since establishing it in 2009 has been strong. They have really built it up well. I think they should continue to push on as they do and provide awareness, through community efforts and also through hospital services, of increasing organ and tissue donation—by themselves.<sup>23</sup>

5.31 On the evidence the before the committee it is clear that a merger of the OTA and the NBA would result in minimal, if any, "savings". The result is far more likely to put at risk the positive work done so far by the OTA, with the consequence that organ donation rates in Australia suffer.

5.32 The committee could find no evidence that thorough consideration or consultation had been undertaken with organ and tissue donation sectors or with the Red Cross on the impact of the merger of the OTA and NBA.

5.33 The committee concludes that the government's ideological drive for "smaller government" will unnecessarily jeopardise the work of an agency dedicated to increasing organ donation rates and another whose work ensures the safe supply of blood and blood products and services to the Australian community.

## **Recommendation 8**

**5.34 The committee recommends that the government cease its planned merger of the Organ and Tissue Authority and the National Blood Authority.**

5.35 The committee could find no evidence that a thorough consideration of the impacts of the merger within either agency or the broader public and health sector had been undertaken. Further, based on evidence gained in hearings, any efficiencies to be achieved are minimal and the risks to each agency continuing to improve upon their achievements to date are high.

**Senator Deborah O'Neill**

**Chair**

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23 Mr Brad Rossiter, personal capacity, *Committee Hansard*, 16 September 2014, p. 25.