



CANADIAN BLOOD SERVICES

a report
to Canadians
2000/2001



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The photographs in this document, *A Report to Canadians*, are intended to highlight the human side of the blood system, focusing on the donors, volunteers, recipients and employees who are at the heart of it all.

We are showing people in their elements, with their family and friends, in order to illustrate how the system affects not only those directly involved, but also those who know and love them.

The report outlines the accomplishments of the past year and illustrates through the insert pages the work that Canadian Blood Services (CBS) does on a day to day basis. This work has been broken down into nine steps, from donation, through testing, processing and delivery, to the recruitment of new donors. It also includes the work of CBS's Unrelated Bone Marrow Donor Registry.

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CANADIAN BLOOD SERVICES

2001-09-24

The Honourable Tony Clement, MPP
Minister of Health and Long-Term Care
Province of Ontario
Lead Provincial/Territorial Liaison Minister
Council of Provincial/Territorial Ministers of Health
Toronto, Ontario

Dear Minister:

On behalf of the Canadian Blood Services Board of Directors, I have the privilege of submitting this *Report to Canadians*, together with its audited financial statements, for the period of April 1, 2000, to March 31, 2001.

Respectfully submitted,

William H. Gleed
Interim Chair, Board of Directors



William H. Gleed
Interim Chair, Board of Directors



Lynda Cranston
Chief Executive Officer

Canadian Blood Services (CBS) is almost three years old. So much has been accomplished since September 28, 1998, when we began operating. The members of the Board of Directors and the Executive Management Team were all new, selected specifically to bring a fresh approach to the job of restoring Canadians' faith in the blood system.

Our first priority was to stabilize the system. New technologies and safety measures needed to be introduced.

Our biggest challenge, however, was to improve morale and transform the culture of the organization to be open, transparent, and accountable to its stakeholders and the public.

We had a difficult task ahead of us, but we had the support and contributions of our Corporate Members, staff, volunteers, donors and community partners, who have helped CBS to further its mission. They each deserve recognition.

CBS is funded by Canadian taxpayers through contributions from each province and territory outside of Quebec. The Provincial and Territorial Ministers of Health – our Corporate Members – play an instrumental role in our ongoing development.

One of their first tasks was to appoint the Board of Directors, whose composition was designed to reflect and balance key blood system stakeholder interests.

The Board comprises a Chair, two consumer interest representatives, four regional representatives, and representatives from the medical, technical, scientific, public health, business and ethics communities.

During the past three years, staff members have weathered a difficult transition and have embraced the spirit of change. For them, the future will bring still more changes each and every day.

We thank the hospitals that have helped us to better anticipate and meet their needs for blood and blood products.

We thank the patient and professional groups whose perspectives and expertise are helping us shape the future of the blood system.

The thousands of volunteers who work tirelessly, supporting CBS across Canada, deserve our appreciation. As well, we pay tribute to the hundreds of community sponsors, clubs and organizations that support us from

coast to coast. We thank them for taking the volunteer spirit out into our communities, and we look forward to continuing and further developing our partnerships with them.

We extend a special thank you to our donors. Whether they are giving blood, plasma, platelets or bone marrow, they are the foundation of the system. We thank our long-time donors who have stayed with the system through the transition, and we welcome the people who have just recently begun to donate. We cannot thank them enough and pledge to work to make the donation experience pleasant and rewarding.

Furthering the Journey

In 2000/2001, CBS made significant progress in its journey toward building a better blood system for Canadians.

The CBS Board of Directors created a Public Participation Task Force, a group of independent experts whose mandate was to advise the Board on how to ensure effective public participation. To do this, the Task Force reviewed the kinds of decisions in which the public and involved groups should participate, identified the different publics to be involved in CBS decision making and recommended criteria to assess satisfactory public participation.

The Task Force consulted with the public and with interested stakeholder groups in preparing its final report. The report and the response of the CBS Board of Directors were posted on the CBS web site.

CBS continued to build relationships with stakeholders – groups representing patients who use blood and blood products and groups representing professionals who administer blood products.

The past year also saw continuing concern over the spread of mad cow disease and its human equivalent, variant Creutzfeldt-Jakob Disease. When cases of variant Creutzfeldt-Jakob Disease in France were diagnosed, CBS implemented a policy that would defer donors who had spent a cumulative total of six months or more in France since 1980. The new policy took effect on October 30, 2000. In 1999, CBS had introduced a deferral for donors who had spent six months or more in the United Kingdom since 1980.

These deferral policies were introduced in response to the theoretical risk that variant Creutzfeldt-Jakob Disease could be transmitted through blood. CBS introduced the policies to minimize the risk that the disease would be introduced into the blood supply, while at the same time protecting the availability of blood for patients in need. The six-month cut-off was chosen because it substantially reduced the risk without jeopardizing the availability of blood. CBS has committed to continuing to monitor the situation and to changing the policy if it is deemed that the risk can be further reduced without making the security of the blood supply vulnerable.

Every loss of a donor is significant to CBS. As a result, we continued our “If you knew you could save a life... would you?” recruitment campaign to replace the donors lost because of the deferral policies. The second phase of the campaign was successful, recruiting more donors than were lost because of the new policy.

Furthering knowledge about blood products continued to be a major priority for CBS. In October 2000, CBS sponsored a consensus conference aimed at optimizing the utilization of

Intravenous Immune Globulin (IVIG). The consensus conference was organized by CBS, in conjunction with Héma-Québec, to discuss the use of IVIG in Canada. More than 200 researchers, physicians and stakeholders from Canada, the United States and abroad attended the conference, which was the first of its kind. IVIG is a product derived from human plasma that is primarily used to treat patients with immune disorders but is also used for many other clinical conditions.

The consensus conference sought to examine ways of optimizing the use of IVIG, to minimize potential shortages and to examine the prescribing patterns for this blood product. As part of the conference, an independent consensus panel provided recommendations that will help achieve these objectives.

The past year also saw the resignation of the founding Chair of the CBS Board of Directors. Kenneth J. Fyke resigned effective November 1, 2000, to lead the Commission on Medicare for the Province of Saskatchewan. Mr. Fyke had been appointed to the CBS Transition Board in October 1997 and became the first Chair of the CBS Board of Directors in April 1998. He led the Board of Directors through the challenging transition from the Canadian Red Cross Society and brought his three decades of experience in health system administration to bear in building the foundation of the renewed blood system.

In honour of the contributions Mr. Fyke made, the CBS Board of Directors established an award in his name to support research or innovation pilot projects in health services delivery as it pertains to the blood system in Canada. This includes blood operations, blood utilization/conservation and the use of blood alternatives.

Toward the Future

After almost three years of work, we have accomplished a great deal, but a great deal remains to be done. We have initiated *Transformation*, a project involving fundamental change that will result in the modernization of our operations and major improvements to the delivery of services to our customers. We must continue to aggressively and creatively build our donor base, improve the donation experience, streamline the processing of blood and blood products, and ensure that we are able to anticipate and meet the needs of the health care system.

Just as a company competes to attract customers to buy its products, CBS competes with all the distractions in the busy lives of Canadians to get their attention and persuade them to donate blood. We don't just need Canadians to have faith in the blood system. We need them to take action and give blood.

In essence, we want people to give their personal time to a cause for which the only payment is the sense of satisfaction that comes from knowing they have done something to help others.

If goodwill were all that were required, we would have a relatively easy job. Our greatest obstacle is time.

Most Canadians, when asked, are supportive of giving blood and have high praise for those who do. But many Canadians simply do not feel that they have the time.

Therein lies our challenge. Only about three per cent of the eligible Canadian population donates blood. We need more donors to help meet the increasing need for blood and blood products, and to help us become self-sufficient in plasma. We are asking our current donors to give more often, and we would like to see the percentage of Canadians who donate rise from about three to four or even five per cent of those eligible over the next decade. If we can do that, we will meet the future needs of Canadians.

Already we have one of the safest blood supply systems in the world. An important aspect of the Canadian blood system is that it is based on volunteerism. Voluntary donors give blood and blood products, and volunteers help us operate our clinics every day.

At CBS, we are introducing changes that will make us better at attracting and persuading Canadians to become blood donors. Our recruitment campaigns have helped us increase the number of donations. But getting people to donate blood for the first time is only the first

step of a life-long journey. Keeping people as loyal and frequent blood donors is the real destination.

Beyond our efforts to become a customer-focused organization, there is much to be done. CBS will continue to identify and introduce new safety measures. We will continue to work toward developing the capability to follow a unit of blood from the person who donates it to the hospital and the patient who receives it. We will also continue to work with hospitals to understand and anticipate their needs, and continue research and development to improve the blood system and further transfusion medicine. CBS will work with users of blood and blood products to gain further insight into their needs and concerns. We will work with our employees to improve their effectiveness and their job satisfaction, and work with our Corporate Members to improve our operations. We will hold forums and encourage expert and public dialogue to help determine more clearly the next steps for the blood system.

Both the challenges and the opportunities are unlimited. The only constant will be change.



Lynda Cranston
Chief Executive Officer



William H. Glead
Interim Chair, Board of Directors

corporate profile

Canadian Blood Services (CBS) is a not-for-profit, charitable organization operating at arm's-length from government. Its sole mission is to manage the blood supply in all provinces and territories outside of Quebec. Created in 1998, it is the successor to the Canadian Red Cross Blood Program and the Canadian Blood Agency (the former funding arm of Canada's blood supply system). Located in all Canadian provinces and territories outside Quebec, CBS is staffed with more than 4,500 employees in 42 permanent collection sites, 11 bone marrow donor centres and its Head Office.

Who We Are

CBS is a charitable organization responsible for recruiting donors and collecting blood at 42 permanent collection sites, 11 bone marrow donor centres and more than 10,000 blood donor clinics annually. In addition, CBS has a Head Office in Ottawa.

CBS owns and operates all aspects of the blood supply system outside of Quebec. We recruit blood donors, collect blood, and process it into the components and products that are administered to hundreds of thousands of patients every year. We oversee scientific investigations to ensure Canada

is at the international forefront of blood safety research. CBS also helps educate health professionals and the public, to make sure we all use our precious blood supplies wisely.

Over the last decade, blood collections declined. In 1999/2000, CBS set about changing that downward pattern by launching an aggressive recruitment campaign and implementing major changes to the donor experience. This year we continued the new upward trend – by March 31, 2001, we had collected approximately 741,000 units of whole blood.

CBS tests each unit of blood collected for a variety of transmissible disease markers, manufactures it into its components and distributes components to hospitals. Because of the rapid pace of change in transfusion science, CBS is also charged with ensuring that Canadian transfusion medicine research and development remains at the cutting edge, as well as establishing public and professional education programs.

CBS manages the Unrelated Bone Marrow Donor Registry, whose mission is to secure donors for Canadian bone marrow transplant patients and for patients abroad. The donors are Human Leukocyte Antigen (HLA) compatible,

healthy and unrelated to the recipients. The registry processes search requests from Canadian transplant centres and facilitates searches of other international registries on behalf of Canadian patients.

Safety is the paramount concern of CBS. Because blood is a biopharmaceutical product, it must be manufactured with the same strict regulatory standards as any drug, using Good Manufacturing Practices (GMP) standards. The pursuit of safety, therefore, is properly reflected in every branch of the organizational structure, and drives every management and operational decision. CBS is committed to meeting national and international safety standards.

The federal government, through Health Canada's Bureau of Biologics and Radiopharmaceuticals, is responsible for regulating the blood system. Health Canada, through its Centre for Infectious Disease Prevention and Control, tracks reports of disease or threats to the blood system and monitors international pathogenic organism trends in blood safety and management. Health Canada's Bureau of Medical Devices regulates the diagnostic products of CBS's Human Leukocyte Antigen and Serology labs.

CBS has established CBS Insurance Company Limited (CBSI). The principal purpose of incorporating CBSI was to access reinsurance capacity with respect to blood product liability and medical malpractice risks arising from the ownership, management and operation of the blood supply system by CBS.

The provinces and territories agreed to provide funding to CBS in order to capitalize CBSI to an aggregate amount of \$250 million. The \$250 million, coupled with the \$750 million in reinsurance, adds up to a total insurance limit of \$1 billion, which was the target set by the provinces and territories in 1998/1999.

Our Mission

Canadian Blood Services operates Canada's blood supply system in a manner that gains the trust, commitment and confidence of all Canadians by providing a safe, secure, cost-effective, affordable and accessible supply of quality blood, blood products and their alternatives.

Our Vision

Canadians have confidence in us.

Canadian Blood Services provides a safe, secure, cost-effective, affordable and accessible supply of quality blood, blood products and their alternatives. Canada is self-sufficient in blood and we are working to be self-reliant in plasma. Emerging risks and best practices are monitored continuously. Our blood and blood products are safe and of quality.

CBS has established and works to maintain effective relationships with all of our stakeholders.

Our arm's-length relationship with Provincial/Territorial and Federal governments enables us to operate within our business plan and with reliable funding. We are known for our financial stewardship of public funds.

We work with consumer groups to address strategic issues and meet their needs. We monitor our environment and other key indicators that enable us to anticipate changes and prepare for them.

CBS continues to help hospitals improve blood utilization and surveillance. We have found that educating consumers, donors, physicians and other health professionals is key to managing utilization of blood and blood products.

Donors actively support us and our donor base is strong. Our volunteers continue to play a critical and meaningful role.

Through our work and support, the science of transfusion medicine is advanced. Our research program is leading to the development of alternative products in transfusion practices.

We are internationally recognized for our excellence and innovative programs and services.

Our employees view CBS as a great place to work. We have an environment that rewards creativity, teamwork and vision, and provides opportunities for personal and professional advancement.

We are proud of the contribution we make.

facts at a glance 2000/2001

Permanent sites	42
Bone marrow donor centres	11
Blood donor clinics held	11,917
Whole blood donations received	741,364
Platelet donations received	13,762
Plasma donations received	35,017
Employees	4,500
Volunteers	17,000
Volunteer assignments (in hours)	282,048
Unrelated stem cell/bone marrow donations obtained through CBS	185
Potential bone marrow donors on the UBMDR*	213,865

Blood facts:

- Most common type O Rh-Pos (39%)
- Rarest type AB Rh-Neg (0.5%)
- Highest groups in demand O and A

Shelf life of different products:

- Red blood cells 42 days
- Platelets 5 days
- Fresh frozen plasma (for transfusion) 1 year
- Source plasma (for fractionation)** 10 years

* Unrelated Bone Marrow Donor Registry.

** Plasma can be "fractionated" or manufactured into many different blood products, including Intravenous Immune Globulin (IVIG) and Factor VIII.

2000/2001 the beginning of the transformation

Introduction

Canadian Blood Services (CBS) was created because experts and lay people alike felt that Canadians needed a new blood system operator to restore public confidence and rebuild the safety of the blood supply. The system clearly had to be operated in a significantly different manner from the past. Safety would be paramount. Openness and accountability would be required, allowing Canadians the opportunity to scrutinize and participate in the operation of the system.

Almost three years later, CBS has made important strides in improving the safety of the system and rebuilding public confidence. In an opinion poll of the general public conducted in the fall of 2000 by Ipsos-Reid, more than two thirds of respondents said they believe receiving a blood product is safe, and more than three quarters said they were satisfied with the way CBS is managing the blood supply.

The findings of the poll are encouraging to the 4,500 employees and 17,000 volunteers at CBS. But more importantly, Canadians are also demonstrating their increased confidence through their actions – by giving more.

In 2000/2001, CBS collections of whole blood increased by 18,278 units over 1999/2000, while plasma collections increased by 5.6 per cent and platelet collections increased by 14.9 per cent. The generosity of donors helped to meet the ever-rising demand from hospitals.

As of March 31, 2001, the CBS donor base was close to 1.8 million people. Of these, 25 per cent were active (having given blood in the past 18 months), 48 per cent were lapsed (not having given blood for more than 18 months), 18 per cent were deferred and nine per cent fell into the “other” category. “Other” donors include those who gave blood for the first time, were temporarily deferred and have since become eligible to donate again.

This increase in donations is an important vote of confidence, but the work of building a better blood system is just beginning.

CBS has embarked on the extraordinary job of transforming its corporate culture. *Transformation* is a long-term project to build a new organizational model for CBS, promoting enhanced safety, quality, efficiency, transparency and a deeply ingrained understanding of customer service.

Transformation is not merely important to the blood system, it is vital. At some point in the not-too-distant future, the demand for whole blood products will surpass the ability of the current system to supply it. This looming challenge – to supply an escalating demand in all regions of Canada for a sufficient supply of safe whole blood products – is the driving force behind *Transformation*.

CBS is intent on improving the quality of the blood system, enhancing customer service, increasing cost-effectiveness, and expanding productivity and employee satisfaction. *Transformation* is a long-term project to create a new CBS that is streamlined, highly efficient and supported by a customer-service culture that permeates every aspect of the organization.

At the core of the *Transformation* project is the quest for a new service delivery model – a new structure to help improve quality, enhance customer service, increase cost-effectiveness, and increase employee satisfaction. Strategic planning for the new model was completed in 2000/2001.

The MAK Progesa implementation project, a key element of *Transformation*,

was formally launched in February 2001. This software will provide a comprehensive computerized environment for CBS, not only replacing smaller systems, but also extending computerization into areas that are currently entirely manual.

Transformation is playing a significant role in how CBS operates today and it will guide the way we operate in the future. In the past year, CBS has continued to improve its current activities, paving the way for *Transformation* by focusing on five essential corporate priorities that will lay the foundation for the major changes required in the future. Those priorities are as follows:

- safety, security and quality of the blood supply;
- relationship management;
- cost-effectiveness and utilization;
- organizational development; and
- research and development.

Safety, Security and Quality of the Blood Supply

Safety of the blood supply is paramount; security and quality are essential. As CBS moves forward, these criteria are being used to drive and evaluate activities and products. Meeting accepted national and international standards, strengthening surveillance activities, identifying and managing risks, and developing a reliable feedback loop with hospitals regarding adverse transfusion reactions will assist in providing better service and gaining the confidence of Canadians.

The most important supply issue for CBS is the donor base. As donors become older and donor selection and screening processes become more rigorous, there is a constant need to be recruiting new donors, encouraging lapsed donors to return and asking present donors to give more often.

Safety

CBS guards against threats to the blood system that may come in many forms. The most obvious threat would be contaminants or undetected pathogens in the blood supply. Inadequate supply is also a significant threat to safety, as are interruptions in our ability to provide products and services when they are needed. To ensure the safety of the system, CBS constantly monitors threats to the blood system and works very closely with the Centre for Infectious Disease Prevention and Control of Health Canada. CBS is also part of a national steering committee overseeing the implementation of a national surveillance system for transfusion in Canada. As well, CBS monitors international standards in blood safety in a number of ways, including participation in international advisory committees, sharing of blood safety information with other blood agencies internationally, creating its own advisory committees with international representation, and benchmarking against other agencies to ensure that international safety standards are met.

Deferral Policy for Variant Creutzfeldt-Jakob Disease

In September 1999, CBS introduced its first deferral policy to guard against the theoretical risk of transmitting variant Creutzfeldt-Jakob Disease (variant CJD) through blood transfusions. Variant CJD is often referred to as the human equivalent of mad cow disease. The policy applies to donors who have spent a cumulative total of six months or more in the United Kingdom since 1980. That policy was expanded in October 2000 to apply to anyone who has spent a cumulative total of six months or more in France since 1980.

Health experts believe there is a theoretical risk that variant CJD may be transmissible through blood. It is therefore believed that donors who have been in countries where people have been diagnosed with variant CJD could theoretically transmit the disease through blood donations. Variant CJD is thought to be transferred to humans in products that come from cows infected with bovine spongiform encephalopathy (BSE), also known as “mad cow” disease. The deferral policy applies to the two areas of the world (the United Kingdom and France) where cases of variant CJD – the human disease – have been recorded.

The decision to expand the policy to apply to France was not taken lightly. Throughout 2000/2001, CBS, Health Canada and Héma-Québec monitored the international situation closely. The number of cases of variant CJD continued to climb in the United Kingdom and, at the end of 2000/2001, there had been 97 cases. A total of three cases had been reported in France, with no other cases of variant CJD in any other country in the world. It was determined that a deferral policy for France should be implemented in keeping with the principle outlined by Mr. Justice Krever in his final report, *Commission of Inquiry on the Blood System in Canada*. Justice Krever stated, “Preventive action should be taken when there is evidence that a potentially disease-causing agent is or may be blood borne, even when there is no evidence that recipients have been affected ... If there are no measures that will entirely prevent the harm, measures that may only partially prevent transmission should be taken.”

Potential donor loss was carefully measured. CBS conducted a survey

of donor travel histories in 1999. The survey predicted approximately 2.5 per cent of donors would be lost with the introduction of the U.K. policy, and approximately 0.5 per cent would be lost with the expansion of the policy to include France.

CBS had replaced the donors deferred under the United Kingdom policy in 1999 by launching an aggressive national donor recruitment campaign. Because of that success, CBS management was confident the system could safely handle the loss of donors expected to result from an expansion of the policy to include France.

It was essential for CBS to communicate actively and clearly and to demonstrate sound judgment, openness and accountability, in order to build trust with the Canadian public. Communications with hospitals and physicians were also necessary in order to maintain and strengthen CBS's relationship with them.

CBS continues to monitor the international situation in consultation with Health Canada and Héma-Québec, following international research and consulting advisory committees to ensure that our policies are based on the most up-to-date information.

Emergency and Disaster Response — Contingency Planning Project

The blood system is an essential service and, as such, CBS must ensure it can consistently provide blood and blood products, even in the case of an emergency, disaster or work stoppage.

In 2000/2001, CBS put into place a four-step Service Interruption Recovery Plan to assist the management of each CBS location in quickly assessing an emergency and ensuring it can provide necessary services throughout the

emergency. If it is determined that the location cannot meet local needs, the plan outlines the steps to establish a link with an alternate location.

Risk Management

When CBS was established in 1998, one of its objectives was to develop and implement an appropriate risk management strategy for Canada in relation to blood and blood products.

A draft Blood System Risk Management Model was developed and approved by the Board of Directors. That model was shared with partners and stakeholders in the blood system to gain their feedback to further develop and improve the model. CBS plays a central role in the decision-making process outlined in the model, but in so doing engages partners and stakeholders throughout the process.

Security of Supply

CBS launched a number of initiatives to attract donors and volunteers and to increase the frequency of donations, in order to enhance the security of the supply of blood and blood products.

Making Donating Easy

New software was installed at all CBS locations to facilitate the booking of appointments for donation.

Rebooking stations have also been set up to encourage people who have just made a donation to book their next appointment before leaving the clinic. Pilots of this concept were highly successful.

New toll-free telephone numbers, designed to be easier for callers to remember, were activated in 2000/2001. The new number for English callers is 1 888 2 DONATE and the new number for French callers is 1 866 JE DONNE.

The lines are staffed by nurses who can answer basic questions about CBS and transfer calls to the appropriate CBS location for follow-up or to schedule appointments for donating.

CBS began work to create a customized Bloodmobile (a self-contained blood collection vehicle) to increase donations and attract donors in new clinic locations currently not accessible to CBS.

CBS also made it easier for people to volunteer as bone marrow donors. The CBS Unrelated Bone Marrow Donor Registry helps find matching donors for people who need bone marrow transplants. Through the Canadian registry and an international cooperation called Bone Marrow Donors Worldwide, CBS is able to undertake a global donor search on behalf of Canadian patients. In return, CBS provides foreign registries with access to its donor base of Canadians. This collaboration maximizes the chance of finding a matching donor for any patient in any country in the world where there is a participating bone marrow registry.

Canadians can now take the first step toward bone marrow donation simply by calling CBS toll-free and requesting a donor information package, or by accessing the package on the CBS web site. In addition to greater convenience, the introduction of an information package for potential donors enables CBS to better manage and track the donor registration process.

Removing Restrictions

With the approval of Health Canada, CBS removed the policy that deferred people taking anti-hypertensive medication. In the past, it was thought that donating blood was dangerous for people using medication for high blood pressure, but scientific evidence clearly

shows that there is no risk to either the donor or the recipient. The removal of this restriction permits several thousand donors to continue giving blood.

Hemochromatosis is a medical condition in which the body produces too much iron, which can accumulate and damage organs and tissues. The condition is helped by therapeutic phlebotomy. People with hemochromatosis have blood taken frequently, sometimes as often as weekly or monthly, as part of their treatment. In 2000/2001, CBS began working with the Canadian Hemochromatosis Society to encourage healthy, eligible people with hemochromatosis to donate blood at CBS clinics. Blood from people with hemochromatosis does not pose a risk to recipients.

Increasing Donations

CBS also engaged in a number of activities to encourage Canadians to donate, and to donate more frequently. The High School Curriculum program involves CBS representatives teaching Grade 11 biology/science students about blood. The program was tested in London, Ontario, and based on the successful evaluation, the program will be used by all CBS locations in their local high schools commencing in 2001/2002. CBS is also encouraging donors to give more often through the Donors for Life program. The program encourages people to commit to donating four times each year, and rewards such efforts with special pins. Donations were also encouraged through partnerships with CTV Inc., the Canadian Olympic Association, Chapters and the Mississauga Library, and through the continuation of the "If you knew you could save a life... would you?" advertising campaign.

Consumer research conducted in October 2000 indicated Canadians' awareness of CBS and its role increased by 20 per cent from January of the same year. This survey also indicated 67 per cent of the general public and 75 per cent of blood donors could recall seeing, hearing or reading CBS's advertisements about donating blood. Most importantly, donations increased a further 2.5 per cent as a result of the second phase of the campaign.

Quality

In Canada, blood and blood products are regulated as biopharmaceutical products, meaning that CBS must meet stringent regulations for screening, collecting, processing, testing, labelling and distributing blood and blood products. As part of its commitment to quality, CBS submits itself to internal and external audits every year to ensure that standards are being met. CBS also tracks and reports errors, tracks adverse reactions to blood products, and recalls products that do not meet its stringent requirements for quality. This is all part of adhering to Good Manufacturing Practices (GMPs), the guidelines followed to ensure the quality of blood and blood products in Canada.

Labelling Operations

Under the regulations for the blood system to date, transfusable blood components have been issued to hospitals with a collection date listed on each bag. Expiry dates were calculated on the basis of that date. CBS has received a directive from Health Canada indicating that as of October 2001, expiry date labels must be placed on each unit of transfusable blood components it issues. This means that hospitals will no longer need to calculate the expiry date

based on the collection date, but instead will already have the expiry date provided. CBS began preparations for this change in 2000/2001.

Lookback/Traceback

A lookback begins with a donor who has tested positive for a transmissible disease. CBS conducts a targeted search to identify the patients who may have received previous donations from that donor, which may have been infectious. A traceback begins with a patient who may have a transfusion-related infection. CBS conducts a targeted search to identify the donors who gave that person blood. A review of lookback/traceback practices conducted in 2000/2001 identified wide differences from area to area in the way CBS interacts with other players in the system (e.g., hospitals, public health, physicians, and recipients). A series of recommendations was developed for review by the Board of Directors. Some of the recommendations are expected to result in a reduced workload across the organization, especially for cases involving large numbers of donors or recipients, thereby permitting more expeditious closure of all cases currently in the system.

Nucleic Acid Amplification Testing

Nucleic Acid Amplification Testing (NAT) is thought to reduce the "window period," or the time between initial infection and when viruses are first detectable using current tests. This is because NAT detects low levels of viral genetic material present when an infection occurs but before the body begins producing antibodies in response to a virus. It was introduced in 1999 as an additional test for the detection of hepatitis C.

In 2000/2001, CBS began the work of expanding the use of NAT to test for

HIV in each unit of blood. This required a move from a manual result reporting system to an electronic one. NAT for HIV will be implemented in May of 2001.

Training

In 2000, CBS began the process of identifying a partner to provide GMP training to all employees across all functions and locations. Before implementing the new training program, CBS and its partner will conduct an inventory of current programs, an analysis of needs, and a review of training styles, options and appropriate curricula. CBS is reviewing proposals from post-secondary institutions, as well as private sector organizations.

Quality Journey

CBS has adopted the philosophy of continuous improvement, with the ultimate goal of exceeding customer expectations. To achieve this, CBS has created the Corporate Quality Systems Program, based on a framework for business excellence developed by the National Quality Institute (NQI), and the GMPs required by Health Canada.

In pursuit of the Quality Journey, CBS this year launched a Project Office, whose responsibilities will be the following:

- to coordinate the overall integration of all CBS projects and monitor project progress against key deliverables;
- to promote and foster the development of project management expertise within the organization both through staff training and the deployment of standard project processes and materials;
- to facilitate reporting between projects and between project managers and the Executive Management Team.

The Project Office is designed to ensure a smoother project management process.

Quality Unit Reporting Structure

In the past, the Quality Assurance function at CBS was part of the production process. In 2000/2001, CBS management determined this arrangement could create a conflict of interest between the two functions. For example, quality control procedures could be rushed or skipped to meet tight production schedules. The decision was made to separate the two functions. This is consistent with GMPs.

The change of the Quality Assurance function from the production process has begun and a new reporting structure is being designed as a part of the new service delivery model. The re-alignment process is expected to be complete in September 2002.

Solvent Detergent Plasma Study

In 2000/2001, CBS funded, in partnership with the Canadian Institute for Health Research, a two-to-three-year study to examine the relative efficacy and safety of solvent detergent plasma in treating Thrombotic Thrombocytopenic Purpura (TTP). This study is being undertaken by the Canadian Apheresis Group. TTP is a disease that requires very large volumes of plasma exchange as its major therapy. The investigation will compare the effectiveness and safety of solvent detergent plasma versus the current standard treatment, cryosupernatant plasma.

Stored Samples

At the time of transition in 1998, CBS acquired approximately one million stored blood samples from the

1986-1992 period. The samples were taken from donations made at the Winnipeg and Toronto locations. There are about 780,000 samples in Toronto, and about 180,000 samples stored in Winnipeg.

With the support of the provinces and territories, the Board of Directors of CBS decided that these stored samples should be tested for the hepatitis C virus. The goal of testing these samples would be the ability to trace and notify recipients of blood products derived from donors who tested positive for the hepatitis C virus, so that such recipients could seek medical attention to determine whether they had contracted hepatitis C from the transfusion, and be treated accordingly if required. In addition, testing these samples would allow CBS to notify the blood donors of these units if they had hepatitis C, which may go undetected for many years in some people. Both transfusion recipients and blood donors, if hepatitis C positive, could also receive counselling about risks of hepatitis C and about changes to lifestyle that may help prevent further spread of the virus.

During 2000/2001, the stored blood samples were tested for the hepatitis C virus. Of the one million samples in storage, a total of just over 400,000 required testing. This was determined following a culling process that removed samples that were donated after the implementation of hepatitis C testing (and therefore had a valid hepatitis C result on file), and samples from donors who had multiple donations in storage (in those cases, only the most recent samples were tested).

The next step is to manage the results of the testing. An information package and a protocol were developed for donors who have positive or

indeterminate results, and for recipients of infected units. CBS has begun the lookback effort that is necessary to notify donors and recipients.

Validation

Validation refers to documented evidence providing a high degree of assurance that a specific process will consistently meet established quality and performance specifications. Validation is performed on all new or revised hardware, software and systems. This is done to ensure that quality is designed into the processes CBS employs.

In 2000/2001, a new validation process was introduced in the new Winnipeg location. Since completing the Winnipeg project, Health Canada, the regulator, has used the CBS experience and processes to establish the validation standard for the Canadian blood system.

Relationship Management

Establishing and maintaining positive relationships with significant stakeholders, recognizing that each group is diverse and has very specific and differing needs, is important. Relationship management also focuses on the need for education to promote better awareness of blood, blood products and their alternatives. It is our belief that the more people know about CBS products, the better choices they can make. CBS needs to be seen as a credible, effective, responsible and accountable organization that builds an active presence in the community. The intent is to ensure that the public has renewed confidence in us, and understands the importance of giving blood. During the year, CBS continued to work with each of its Advisory Committees and the Provincial Blood Reference Groups. A number of new initiatives were also launched.

Freedom of Information and Protection of Personal Information Policy

The Board of Directors commissioned an independent expert on access to information policies to prepare a draft policy for CBS. Called the *Freedom of Information and Protection of Personal Information Policy*, its name reflects the balance that CBS must strike between allowing the public to have access to blood system information, and protecting the personal information CBS collects from individuals through the course of its business.

The intent of the policy is to provide fair and consistent treatment of all requests for information. In particular, it ensures that Canadians have access to the information considered by CBS when it makes decisions about safety, while it respects the privacy of individuals.

The policy was approved by the Board in 2000/2001. The procedures necessary to put the policy into practice are being developed.

Honouring Our Lifeblood

The first annual "Honouring Our Lifeblood" event was held in Ottawa this year. The event was designed to recognize the contributions of donors, volunteers, sponsors and partners from across the country in a ceremony that reflects the national nature of the system.

Open Board Meeting

In 2000/2001, CBS held an open meeting in Saint John, New Brunswick. The meeting was an opportunity for members of the public to observe the Board of Directors in a meeting. A wide variety of stakeholder groups attended and participated.

Public Participation Task Force

In March 2000, the Board of Directors

announced the creation of a Public Participation Task Force. The purpose of the Task Force was to assist the CBS Board in determining how best to ensure effective and appropriate public participation in the decision making about the blood supply system.

Since its inception in 1998, CBS has been committed to operating in an open and collaborative manner with Canadians. While many constructive steps toward achieving that objective have been taken, the Board members required more defined criteria and structure to guide their public participation efforts.

The Board sought the counsel of three recognized experts in the field, who in turn met with a number of individuals and groups with views on the issue.

The Task Force was asked to do the following:

- make recommendations on the kind of decisions in which the public and stakeholder groups should participate;
- suggest the degree of this participation;
- identify the different publics (internal and external stakeholders) to be involved in CBS decision making;
- recommend the most appropriate processes and structures to involve stakeholders and the general public in CBS decision making;
- take into account existing practices and models of public participation;
- identify any modification they may see as required to the CBS governance model; and
- outline the criteria by which achieving a satisfactory public participation will be assessed.

The Task Force developed a report for the CBS Board that outlined 10 recommendations. The Board, in turn, decided to move forward with most of the recommendations, and discuss others with the Corporate Members.

Stakeholder Meetings

Meetings were held with selected patient/disease groups and medical/scientific organizations in the fall of 2000. In both cases, the purpose was the same – to build strong relationships with them by developing an ongoing dialogue and learning as much as possible about them, their issues, needs and concerns and informing them about the changes to the blood system.

The main message that came out of these meetings was loud and clear: CBS is on the right track in rebuilding the blood system, and public confidence is increasing. Participants also said there is more CBS could do to strengthen the system and to take advantage of resources that are available. Suggestions included increasing the profile of Research and Development at CBS, partnering with some of the participating organizations to spread the word about the need for blood and blood donation, and using education to promote efficient use of blood products and blood conservation techniques.

Cost-Effectiveness and Utilization

Cost-effectiveness and utilization focus on the need to ensure efficient and effective use of resources through setting priorities and operational objectives, and the monitoring of results to ensure that objectives are achieved. These priorities reflect the need to provide services in a cost-effective manner through active monitoring of performance and continual improvement of business processes, and the need for education to promote better awareness of blood, blood products and their alternatives. Target audiences include health care professionals, consumers, recipients, donors and

other stakeholders. *Transformation* will assist in improving cost-effectiveness and utilization.

Cost-Effectiveness

Clinic Performance Monitoring Tool

The implementation of a Clinic Performance Monitoring Tool is designed to improve operational efficiency while maintaining a high quality of service for blood collection operations. The tool calculates three indicators: cost per unit, efficiency and labour-hour utilization. Regular reporting of these indicators provides managers with the information needed to determine the level of clinic efficiency and the level of customer service. With this knowledge, managers can improve clinic efficiency and cost-effectiveness at the same time as improving service to donors. The performance monitoring tool has been implemented in all CBS locations. CBS is now collecting baseline performance data, which will be used to establish improvement targets.

Plasma Self-Sufficiency

Human plasma is a therapeutic blood product that can be used in two ways: it can be directly transfused into a patient, or it can be further processed using “fractionation” technology that yields a variety of plasma-derived drugs. These plasma-derived drugs are known collectively as fractionated products and include therapeutic compounds such as albumin, coagulation products and IVIG (Intravenous Immune Globulin).

CBS has sole responsibility for the management of Canada’s supply of fractionated products, and has two main options for obtaining such products for Canadian hospitals. CBS can collect

plasma from voluntary donors and ship it to fractionation facilities in the United States (there are currently no large-scale fractionation facilities in Canada). Alternatively, CBS can purchase finished end products from commercial fractionators in the United States and Europe, in which case the plasma is derived primarily from U.S. donors.

Canadian plasma self-sufficiency is a critical strategic issue. In 2000/2001, CBS collected only 25 per cent of the plasma required for fractionation, in part because of rising hospital demand for fractionated products like IVIG.

Concerns about the consistent, long-term availability of imported plasma products caused CBS to develop a proposal in 2000/2001 in support of achieving plasma self-sufficiency. After an intensive internal review, the CBS Board of Directors approved the proposal in principle, and in June 2001, a formal presentation was made to the provinces and territories for their consideration.

Utilization

Conferences

CBS hosted an international consensus conference entitled “Prescribing Intravenous Immune Globulin: Prioritizing Use and Optimizing Practice.” More than 200 prescribers and users of IVIG, as well as others involved in the blood system, attended the conference. Following the conference, a series of recommendations was put forward, suggesting prioritization methods for use in times of shortage and adequacy. One recommendation suggested the establishment of a national registry of IVIG users to facilitate monitoring.

In preparation for the IVIG consensus conference, CBS worked closely with several provinces to gather data on

product use in institutions. Data indicated as much as 50 per cent of IVIG use in Canada is for indications that have not been approved by Health Canada. Half of the off-label use is for indications for which there is very little scientific evidence of any effect or benefit. Further work to develop guidelines for IVIG will be done in 2001/2002.

The second conference hosted by CBS was held in November 2000, and involved more than 200 experts in marrow and stem cell transplantation from Canada, the United States and Europe. An advisory panel reviewed all the Canadian and international information, and prepared a report that will be used to guide CBS in ensuring the Unrelated Bone Marrow Donor Registry meets evolving international standards and practices. The CBS Board of Directors will review the report in 2001/2002 to determine next steps.

Organizational Development

Organizational development addresses whether the current delivery system of CBS offers the most efficient and effective means of providing a safe quality product to clients, while offering the most convenience to donors. It addresses whether services are useful and efficient, and whether governments are comfortable with their understanding of the cost structures for the services and products.

It also recognizes that an infrastructure needs to be developed and in place to support the overall strategic direction. Without employees who believe they are appropriately recognized and treated, without information systems providing us with data to make decisions and aiding our abilities to work, and without financial systems providing us with costs and informa-

tion about performance, we cannot adequately pursue safe, quality products and services.

Employee Attraction and Retention — Strategies and Initiatives

Considerable time and resources were devoted in 2000/2001 to attract and retain staff. Among the initiatives were the following:

- a national Employee Orientation Program was developed;
- a Management Studies Program was created and implemented in partnership with Algonquin College, consisting of a nine-day post-secondary certificate program that focuses on the soft skills required of an effective manager, and that is available during working hours to all managerial and supervisory staff;
- an Advanced Management Studies Program with a focus on leadership skills was developed;
- a competency-based performance management program complete with training modules was introduced for all CBS staff in the fall of 2000;
- employee benefit plan booklets, pension communiqués and terms and conditions of employment for aligned non-union staff were developed and released;
- tools to facilitate the recruitment process, such as an Internet-based career site, were developed, enabling potential applicants to apply to CBS on line;
- an exit interview program to assist in determining attrition trends was implemented; and
- a National Attraction and Retention Committee for employees was created.

Internal Communications

Conscious of the importance of good employee communications, CBS improved the accessibility of its Intranet site by piloting Info Stations – communal computers – for staff and volunteers with no computer access.

The monthly internal newsletter, *Inside Circulation*, was improved with the addition of more timely and informative articles about donors, volunteers, corporate partners and CBS news.

Litigation Notification Program

Established in July 2000, the Litigation Notification Program enabled CBS to facilitate the completion of tracebacks for persons requiring clarification as to the possible source of their hepatitis C infection at the request of the Fund Administrator of the 1986-1990 Hepatitis C Class Action. Having records in its possession that relate to blood units transfused to potential Class members, CBS conducted traceback investigations for those blood units.

As of March 31, 2001, CBS had successfully processed 1,000 of the 1,700 requests it had received from the Fund Administrator.

At the inception of this program, the court ordered the Class Action Trust to allocate resources to CBS to operate this program.

Occupational Health and Safety

In 2000/2001, all Occupational Health and Safety policies were reviewed and revised and a strategic plan was developed. The EZ Track risk management software was installed to achieve standard accident/incident reporting and tracking. A national computer-based inventory of all Material Safety Data

Sheets was developed. Fire safety plans were developed and training was conducted at all CBS locations.

Pension Plans — Inconsistent Enrolment

Major progress was made toward finalizing the long outstanding problem of inconsistent enrolment in the Canadian Red Cross Society pension plans, which affected about 1,900 employees. CBS has now received its court-awarded share of funds (\$13.9 million) to address the plan shortfalls.

SAP

An integrated software system, SAP acts as the central, primary source of financial information for CBS staff, enabling them to work more efficiently and effectively. The system was first implemented in April 1999, and includes financial accounting, controlling, asset management and accounts payable. In 2000/2001, efforts were concentrated on training users and support personnel, and further developing reporting processes.

A post-implementation review was carried out and by February 2001, 80 per cent of the recommendations from the review had been implemented. Certain recommendations, such as the start up of inventory and treasury modules, will be prioritized and reviewed in the coming year, as there are resource implications for the organization.

SAP HR/Payroll

This project to establish and implement a detailed design of Human Resources and Payroll processes was launched in 2000/2001 and the system is expected to “go live” in 2002. This will replace a largely paper-based system. It will be a tool to track and manage human

resource activities and assist in better managing the budget. It will result in an in-house payroll system that offers efficiencies and improved data integrity.

Unrelated Bone Marrow Donor Registry

In 2000/2001, a detailed business case was developed as the first step in the creation of a comprehensive, integrated information system automating and linking all elements of the search and transplant activities of the Unrelated Bone Marrow Donor Registry. Once fully implemented, this system will greatly enhance the efficiency and speed of the search process, and eliminate the manual paper-dependent processes currently in place.

Volunteer Programs

A survey of CBS volunteers was conducted to determine what CBS can do to motivate and encourage their continued involvement with the blood supply system. The study showed that volunteers are motivated by interesting and challenging work, good relations with CBS staff, rewards and recognition from CBS based on years of service, and more communication about CBS. As part of *Transformation*, CBS is undertaking a study in order to define new and meaningful roles for its volunteers.

The year 2001 was proclaimed the International Year of Volunteers by the United Nations. CBS celebrated the International Year of Volunteers with special recognition and events for its volunteers.

Research and Development

Research and Development (R&D) activity is key to the success of modern biomedical endeavour. In April 2000, the CBS Board of Directors approved a Strategic Plan for R&D. This plan has

two overarching goals: (1) to develop and implement an R&D program that enables CBS to ensure the safety, quality and supply of donor-derived and alternative blood products through innovative research in transfusion science and (2) to achieve national and international leadership in transfusion science R&D through the establishment of a national research network. The R&D activities for the 2000/2001 year take the first steps on the path to achieving these goals.

The CBS research effort integrates innovation and education. Novel transfusion science research programs are conducted in the areas of blood coagulation, clinical use of blood products, blood-borne and transmissible diseases, blood product storage, red blood cell and platelet biology, and replacements for conventional blood products. This research is conducted by a department of more than 80 staff members, including 14 PhD staff scientists and seven adjunct scientists. CBS scientists are actively involved in the training of tomorrow's professional scientists: university science students, Master's and PhD degree students, and postdoctoral fellows. These young scientists will ensure that Canada has the capacity to build and maintain a strong national transfusion science effort.

The year 2000/2001 brought several new programs to the R&D department. In addition to the Intramural Grant Program, which provides funding for projects conducted by staff scientists, a Small Projects Fund was initiated to support projects at the CBS locations across Canada. We have also entered into partnership with the Canadian Institutes of Health Research (CIHR) to support both a personnel program and a request for application (RFA)

program for Canadian research in transfusion science. The two RFAs for the 2000/2001 grant year were *Detection of Bacterial Contamination in Blood Products* and *Transfusion Immunology*. In addition to the CBS-CIHR Partnership in Transfusion Science, CBS has a series of personnel support programs that it administers solely. A new Graduate Fellowship Program was established to support the training of PhD students in transfusion science. This program runs two competitions per year for scholarships of two years in duration. To support postdoctoral research trainees, two programs are offered: the Career Development Fellowship Awards and a new CBS-Novo Nordisk Research Fellowship in Hemostasis. In addition, CBS funds two-year Transfusion Medicine Fellowship Awards for medical specialists to obtain further specialty training in transfusion medicine.

In an effort to build research capacity in transfusion science in partnership with university-based researchers, CBS is establishing formal transfusion science programs. The first such partnership with the University of British Columbia's Centre for Blood Research was established in January 2001. CBS works in partnership with Héma-Québec to share research innovation, minimize research overlap and share ideas. The research staff members of Héma-Québec and CBS meet on a regular basis. These meetings have fostered several collaborative research projects.

In the summer of 2000, the Board of Directors approved an Intellectual Property Policy that rewards innovation and recognizes the value of research discovery to CBS and to the Canadian public.

Professional Services

A Director of Transfusion Medicine was hired in 2000/2001. The Director has taken responsibility for ensuring the further development of medical expertise within CBS, and the establishment of education and utilization management programs related to transfusion medicine.

Conclusion

This report contains the highlights of the year 2000/2001 at CBS.

At the heart of it all are people.

That means the Corporate Members who provide guidance and support for the changes at CBS.

It means the people on the Board of Directors and the Executive Management Team, who are responsible for managing change and orchestrating the transformation of CBS and the blood system.

It means the scientists and medical experts – and their colleagues across the country – who are often the impetus for change. Their R&D efforts will solidify Canada's place at the forefront of transfusion medicine.

It means the Centre Directors and the employees at CBS locations across the country who make the plans for change become reality. They embraced change throughout 2000/2001, conducting their work with great energy and commitment. They will do no less in 2001/2002.

And it means the hospitals that work with CBS to ensure wise use of blood and blood products and their alternatives.

As CBS moves forward, there will be new people who will undoubtedly contribute fresh ideas that will influence the transformation of CBS. Perhaps the most profound changes will come from

the public – from the people who donate blood and bone marrow, the people who volunteer in the clinics and sit on CBS's advisory committees. They are the people who care to get involved in the blood supply system, the people without whom it could not function.

Finally, there are the people who receive blood, blood products and bone marrow, and the groups that represent them. They will continue to contribute their thoughts and opinions as CBS goes forward.

Those people who find themselves in a position of needing blood or bone marrow want to know that the products they receive in Canada are as safe as they can possibly be. The changes being made to the system are for them. They deserve nothing less.

Highlights

It is almost three years since Canadian Blood Services acquired substantially all of the assets comprising Canada's blood system outside of Quebec. During this time significant progress has been made to establish the infrastructure of systems and processes required to support the organization on a day to day basis. Our enterprise-wide system (SAP) has been in place for two years, providing financial management and control across the organization, and timely accurate financial reporting.

Improvements to the management reporting process were introduced during this fiscal year. A monthly management report presenting an analysis of key operational and financial indicators is produced monthly and distributed to management. This analysis includes explanations for variances between actual results and budgets at the corporate level and for each operating unit. In addition, the report tracks key performance indicators such as the number of labour hours per unit collected. These indicators provide a benchmark to track performance over time and establish long-term plans. Furthermore, these indicators represent

a first step towards the development of a more elaborate product and service costing system.

Cost-effectiveness and utilization are important principles of *Transformation*. We must ensure efficient and effective use of public resources. To accomplish this we must provide services in a cost-effective manner through active monitoring of performance and continual improvement of business processes.

Funding Provided to CBS from the Members

The Provincial and Territorial Ministers of Health provide operational funding to CBS. Budgets include measures to ensure that appropriate arrangements exist to indemnify CBS, its officers and directors and members of advisory bodies for uninsured liabilities and approved borrowing, and to maintain the capacity within CBS to respond in a timely manner to health and safety emergencies.

The Federal/Provincial/Territorial Memorandum of Understanding provides that the Members are responsible for the approval of Business Plans submitted by the Board of Directors.

CBS Insurance

CBS Insurance Company Limited (CBSI) was established in September 1998. The company provides insurance coverage up to \$250 million with respect to risks associated with the operation of the blood system. Coverage in excess of this amount to the aggregate limit of \$1 billion has been arranged by CBSI through reinsurance markets. A letter of credit facility is in place to provide standby bridge financing with respect to the contributions yet to be funded by the Members. At March 31, 2001 this amount was \$130 million.

Consolidated Financial Statements for March 31, 2001

The consolidated financial statements include the operations of the blood system and the results of the Corporation's wholly owned insurance company, CBS Insurance Company Limited (CBSI).

Financial Results for the Period

The financial statement presentation of expenses on the statement of operations has been changed to show expenses incurred by activity rather

than by nature of the expense in order to better reflect the operations of the Corporation. An operating expense summary with additional details of the nature of expenses incurred by each activity has been provided in the notes to the financial statements.

Operating contributions were received from the Provinces and Territories in the amount of \$604.9 million (2000, \$592.6 million) including a contingency of \$10.0 million (2000, \$15.0 million) that has been deferred and restricted for future years. The total operating revenues recognized in the period ended March 31, 2001, were \$688.7 million (2000, \$583.9 million) which includes the current period operating revenue of \$578.3 million (2000, \$480.0 million), the amortization of deferred contributions of capital assets and the amortization of revenue deferred from prior years. CBS uses the deferral method of revenue recognition, which means that contributions that are restricted for a specific purpose are deferred and recognized as revenue in the same period in which the expense is incurred. The total operating expenses before the insurance expense were \$686.4 million (2000, \$577.7 million). The increase of \$108.7 million was in line with our operating goals and budget. The excess of revenue over expenses before insurance expense was \$2.3 million (2000, \$6.2 million). This represents the operating results of the blood system. The insurance income of \$1.5 million (2000, expense of \$0.4 million) from CBSI leaves CBS with a consolidated excess of revenue over expenses in the amount of \$3.7 million, (2000, \$5.9 million).

For the fiscal year ending March 31, 2001 fractionated program expenditures totalled \$281.2 million, up \$62.7 million (28.7 per cent) from the \$218.5 reported last year. Fractionated product prices and usage continue to grow. CBS distributes fractionated products in response to hospital demand. Intravenous Immune Globulin and Coagulation products account for 83 per cent of fractionated product costs. CBS is investigating ways to contain the rising costs of fractionated products.

Consolidated Financial Statements of Canadian Blood Services

For the year ended March 31, 2001

Management Report to the Members of Canadian Blood Services

The consolidated financial statements contained in this report have been prepared by management in accordance with Canadian generally accepted accounting principles. The integrity and reliability of the data in these financial statements are management's responsibility. Management is also responsible for ensuring that all other information in this report is consistent, where appropriate, with the financial statements.

Management maintains a system of internal control to provide reasonable assurance as to the reliability of the financial information and safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance and Audit Committee of the Board, which is composed of directors who are not employees of the Corporation. The Finance and Audit Committee meets periodically during the year with management and the external auditors.

The external auditors, KPMG LLP, conduct an independent audit, in accordance with generally accepted auditing standards, and express an opinion on the financial statements. The external auditors, whose report follows, have full and free access to the Finance and Audit Committee of the Board and meet with the committee on a regular basis.



Lynda Cranston
Chief Executive Officer



June Bain
Chief Financial Officer

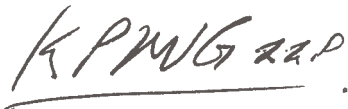
June 8, 2001

Auditors' Report to the Members

We have audited the consolidated statement of financial position of Canadian Blood Services as at March 31, 2001 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied, except for the change explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.



Chartered Accountants

Ottawa, Canada

June 8, 2001

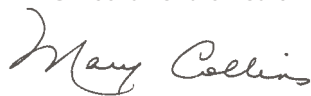
Canadian Blood Services Consolidated Statement of Financial Position

As at March 31, 2001 with comparative figures for 2000
(In thousands of dollars)

	2001	2000 (Restated)
Assets		
Current assets:		
Cash and cash equivalents (note 4)	\$ 86,244	\$ 105,096
Investments (note 5)	100,722	66,784
Members' contributions receivable	34,247	4,304
Other amounts receivable	17,650	14,150
Inventory	80,215	61,594
Prepaid expenses	12,214	14,555
	<u>331,292</u>	<u>266,483</u>
Capital assets (note 6):		
Land, buildings, software and equipment	130,755	127,042
Right to the blood supply system	33,003	33,883
	<u>163,758</u>	<u>160,925</u>
	<u>\$ 495,050</u>	<u>\$ 427,408</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 85,644	\$ 62,697
Provision for future insurance claims	70,607	38,367
Current portion of long-term debt (note 7)	1,000	1,000
	<u>157,251</u>	<u>102,064</u>
Long-term debt (note 7)	22,000	23,000
Deferred contributions (note 8):		
Expenses of future periods	127,117	120,187
Capital assets	132,587	129,845
Captive insurance	17,260	17,213
	<u>276,964</u>	<u>267,245</u>
Net assets:		
Invested in capital assets (note 9a)	9,289	9,289
Restricted for captive insurance purposes (note 9b)	25,967	24,506
Unrestricted net assets	3,579	1,304
	<u>38,835</u>	<u>35,099</u>
Contingencies (note 14)		
Commitments (note 15)		
	<u>\$ 495,050</u>	<u>\$ 427,408</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Mary Collins, Director



William H. Gleed, Director

Canadian Blood Services Consolidated Statement of Operations

Year ended March 31, 2001 with comparative figures for 2000
(In thousands of dollars)

	2001	2000 (Restated)
Revenues:		
Member contributions – blood operations	\$ 297,140	\$ 261,537
Member contributions – fractionation	281,200	218,495
	<u>578,340</u>	<u>480,032</u>
Amortization of deferred contributions:		
Relating to capital assets	13,519	9,318
Relating to operations	8,897	21,735
Total contributions recognized as revenue	<u>600,756</u>	<u>511,085</u>
Other revenues:		
Héma-Québec, fractionated product	77,225	63,645
UBMDR revenue	4,951	4,259
Investment income (note 10)	3,959	1,885
Other income	1,805	3,049
Total revenues	<u>688,696</u>	<u>583,923</u>
Expenses:		
Blood centres including NAT	229,042	191,012
Field support	17,113	13,355
Plasma centres	3,398	3,323
Corporate services (Head Office)	37,449	35,337
Research and development	4,267	3,906
UBMDR	8,348	7,858
Projects (CBS funded)	11,880	21,582
	<u>311,497</u>	<u>276,373</u>
Fractionation program	281,200	218,520
Total operating expenses (note 11)	<u>592,697</u>	<u>494,893</u>
Other expenses:		
Héma-Québec, cost of fractionated product	77,225	62,835
Amortization of capital assets	13,519	9,318
Projects (transition)	1,365	9,101
Projects (externally funded)	1,462	992
Miscellaneous	153	542
Total expenses	<u>686,421</u>	<u>577,681</u>
Excess of revenues over expenses before insurance income (expense)	2,275	6,242
Net Insurance income (expense) of CBSI (note 13)	1,461	(365)
Excess of revenues over expenses	<u>\$ 3,736</u>	<u>\$ 5,877</u>

See accompanying notes to consolidated financial statements.

Canadian Blood Services Consolidated Statement of Changes in Net Assets

Year ended March 31, 2001 with comparative figures for 2000
(In thousands of dollars)

	Invested in capital assets	Restrictive for captive insurance	Unrestricted	2001	2000 (Restated)
Balance, beginning of year	\$ 9,289	\$ 24,506	\$ 1,304	\$ 35,099	\$ 28,941
Excess of revenues over expenses	–	1,461	2,275	3,736	5,877
Change in investment in capital assets	–	–	–	–	281
Balance, end of year	\$ 9,289	\$ 25,967	\$ 3,579	\$ 38,835	\$ 35,099

See accompanying notes to consolidated financial statements.

Canadian Blood Services Consolidated Statement of Cash Flows

Year ended March 31, 2001 with comparative figures for 2000
(In thousands of dollars)

	2001	2000 (Restated)
Cash and cash equivalents provided by (used for):		
Operating activities:		
Excess of revenues over expenses	\$ 3,736	\$ 5,877
Items not involving cash and cash equivalents:		
Amortization of capital assets	13,519	9,318
Amortization of deferred contributions:		
– related to capital assets	(13,519)	(9,318)
– related to operations	(8,897)	(21,735)
Provision for future insurance claims	32,240	27,117
	27,079	11,259
Increase in investments	(33,938)	(66,784)
Increase in accounts payable and accrued liabilities	22,931	12,212
Decrease (increase) in members' contributions receivable	(29,943)	37,900
Decrease (increase) in other amounts receivable	(3,484)	4,380
Increase in inventory	(18,621)	(687)
Decrease in prepaid expenses	2,341	1,994
Increase in deferred contributions related to expenses of future periods	15,827	60,524
Increase in deferred contributions related to captive insurance	47	4,884
	(17,761)	65,682
Financing and investing activities:		
Increase in deferred contributions related to capital assets	16,261	23,049
Contributions related to land	–	281
Purchase of capital assets	(16,352)	(45,121)
Increase (decrease) in long-term debt	(1,000)	24,000
	(1,091)	2,209
Increase (decrease) in cash and cash equivalents	(18,852)	67,891
Cash and cash equivalents, beginning of year	105,096	37,205
Cash and cash equivalents, end of year	\$ 86,244	\$ 105,096

See accompanying notes to consolidated financial statements.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

1. Nature of the organization and operations:

Canadian Blood Services/Société canadienne du sang ("CBS" or the "Corporation") owns and operates the national blood supply system for Canada, except Québec, and is responsible for the collection, testing, processing and distribution of blood and blood products as well as the recruitment and management of blood donors.

CBS was incorporated on February 16, 1998 under Part II of the Canada Corporations Act. It is a corporation without share capital and qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada). The Members of the Corporation, the Ministers of Health of the Provinces and Territories of Canada except Québec, provide contributions to fund the operation of the blood supply system. CBS operates in a regulated environment, pursuant to the requirements of the Federal Food and Drugs Act, with licensing required from the Bureau of Biologics and Radiopharmaceuticals of Health Canada.

As a result of the Krever Commission of Inquiry on the Blood System of Canada, the Federal, Provincial and Territorial Ministers of Health agreed in 1996 to create CBS as the new national authority to operate Canada's blood system. On September 28, 1998, Héma-Québec, for Québec, and CBS for the balance of Canada, acquired the blood system assets from the Canadian Red Cross Society and from this date, assumed their respective responsibilities for the management and operation of the blood system.

2. Significant accounting policies:

(a) *Financial statement presentation:*

The consolidated financial statements of CBS include the results of operations of the blood system and the accounts of the Corporation's wholly owned insurance company, CBS Insurance Company Limited ("CBSI").

Contributions received from the Members to fund the capital requirements of CBSI are recorded as a direct increase in net assets restricted for captive insurance purposes. Contributions received to fund premiums together with investment income earned on these contributions and other components of the captive insurance operations are included on a net basis as insurance income or expense in the consolidated statement of operations and separately disclosed in the consolidated statement of changes in net assets. The portion of contributions received that relates to future operations is included in deferred contributions on the consolidated statement of financial position.

(b) *Use of estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses in the financial statements. Estimates and assumptions also may affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

2. Significant accounting policies (continued):

(c) *Revenue recognition:*

The Corporation follows the deferral method of accounting for contributions, which include donations and government contributions.

Operating contributions are recorded as revenue in the period to which they relate. Amounts approved but not received at the end of an accounting period are accrued. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets other than land are initially deferred and then amortized to revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets. Contributions restricted for the purchase of land are recognized as direct increases in net assets invested in capital assets.

Unrestricted funding or donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees and contracts is recognized when the services are provided or the goods are sold.

(d) *Donated goods and services:*

Donors are not paid for the blood or plasma collected in Canada. Additionally, a substantial number of volunteers contribute a significant amount of time each year in support of the activities of CBS. The value of such contributed goods and services is not quantified in the financial statements.

(e) *Investments:*

Investments in marketable fixed interest securities are carried at amortized cost. Investments in marketable equity securities are carried at cost. Where a decline in value of marketable securities is considered to be other than temporary the carrying value is reduced.

Interest income is recognized on the accrual basis and includes the amortization of premium or discount on fixed interest securities purchased at amounts different from their par value.

Short-term investments, consisting of certificates of deposit and commercial paper, are carried at fair value. Any appreciation in value is recorded as interest income. Dividends are recorded as income when declared.

(f) *Inventory:*

Inventory consists of fractionated blood and blood products and supplies related to the collection of blood. Inventory is recorded at average cost and is charged to expense upon distribution to hospitals.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

2. Significant accounting policies (continued):

(g) *Capital assets:*

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Useful life
Buildings	40 years
Machinery and equipment	8 years
Motor vehicles	8 years
Furniture and office equipment	10 years
Computer equipment	3 years
Computer software	2 to 5 years

Equipment purchased on acquisition of the blood supply system in 1998 is being amortized on a straight-line basis over 5 years.

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives. Assets under construction are not amortized until they are available for use by the Corporation.

The right to the blood supply system represents the non-amortized excess of the purchase price of the system over the fair value of the tangible net assets acquired in 1998, and is being amortized on a straight-line basis over 40 years.

(h) *Foreign currency transactions:*

Foreign currency transactions of the Corporation are translated using the temporal method. Under this method, transactions are initially recorded at the rate of exchange prevailing at the date of the transaction. Thereafter, monetary assets and liabilities are adjusted to reflect the exchange rates in effect at the balance sheet date. Gains and losses resulting from the adjustment are included in income.

(i) *Employee future benefits:*

The Corporation accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other non-pension post-retirement benefits.

The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, market interest rates and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

Market values are used to value plan assets for the purpose of calculating the expected return on plan assets.

Cumulative unrecognized net actuarial gains and losses in excess of 10% of the greater of the accrued pension benefit obligation or value of plan assets are amortized over the average remaining service life of the employees.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

3. Change in accounting policy:

During the year, CBSI changed its accounting policy for fixed interest securities from the cost basis to amortized cost basis. This represents a change in presentation from the prior year. This change had the effect of increasing investments, and excess of revenue over expenses by \$2,469 in 2000.

4. Cash and cash equivalents:

Cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term deposits (i.e., bankers' acceptances and commercial paper), with an original maturity of ninety days or less.

Cash and cash equivalents include \$829 (2000 - \$1,963) that is restricted for captive insurance operations.

5. Investments:

All of the investments are restricted for captive insurance operations.

The amortized cost and fair market value of marketable securities are as follows:

	2001 Amortized cost	2001 Fair value	2000 Amortized cost	2000 Fair value
Short-term notes	\$ –	\$ –	\$ 1,458	\$ 1,458
Fixed interest securities	82,384	83,671	54,425	52,437
Equity securities	18,338	16,979	10,901	12,302
	<u>\$ 100,722</u>	<u>\$ 100,650</u>	<u>\$ 66,784</u>	<u>\$ 66,197</u>

The fixed interest securities have contractual maturities from 5 to 10 years at rates ranging from approximately 5.40% to 6.30%

6. Capital assets:

	Cost	Accumulated amortization	2001 Net book value	2000 Net book value
Land	\$ 9,289	\$ –	\$ 9,289	\$ 9,289
Buildings	87,645	4,370	83,275	81,417
Machinery and equipment	23,718	6,950	16,768	16,880
Motor vehicles	5,568	1,093	4,475	3,300
Furniture and office equipment	7,025	1,835	5,190	4,502
Computer equipment	11,316	6,000	5,316	6,638
Computer software	5,223	1,905	3,318	3,635
Leasehold improvements	1,985	420	1,565	1,381
Assets under construction	1,559	–	1,559	–
	<u>153,328</u>	<u>22,573</u>	<u>130,755</u>	<u>127,042</u>
Right to the blood supply system	35,203	2,200	33,003	33,883
	<u>\$ 188,531</u>	<u>\$ 24,773</u>	<u>\$ 163,758</u>	<u>\$ 160,925</u>

Cost and accumulated amortization at March 31, 2000 amounted to \$173,314 and \$12,389 respectively.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

7. Credit facilities:

CBS has entered into the following credit facilities that are secured by the assets of the Corporation:

(a) Mortgage loan:

The Corporation has entered into a mortgage agreement to finance the purchase of the Winnipeg Blood Transfusion Service Centre (WBTSC).

	2001	2000
Mortgage loan bearing interest at prime less 0.75%, requiring minimum annual principal repayments of \$1,000 with the balance due in 2010	\$ 23,000	\$ 24,000
Less current portion	1,000	1,000
	\$ 22,000	\$ 23,000

The Corporation is party to an interest rate swap contract which has the effect of converting the floating rate of interest to a fixed rate of 6.8% over the full term of the loan.

(b) Operating line of credit:

A bank line of credit of \$25,000 has been arranged for working capital purposes. At March 31, 2001, no amounts had been borrowed under this facility.

(c) Letter of credit:

To meet certain regulatory capital requirements related to its captive insurance subsidiary, the Corporation has established a committed, stand-by letter of credit facility of \$130,000. Under the terms of this credit arrangement, the facility is to be reduced by \$35,000 in September 2001. This corresponds with scheduled additional capital contributions by the Members (note 13b).

8. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions represent externally restricted contributions to fund expenses of future periods.

	2001	2000
Balance, beginning of year	\$ 120,187	\$ 81,398
Add amount received related to future periods	14,786	72,094
Less amounts recognized as revenue in the year	(8,897)	(21,735)
Less capital assets purchased from deferred contributions	(1,025)	(12,826)
Add income earned on resources restricted for transition	2,066	1,256
	\$ 127,117	\$ 120,187

The capital assets purchased represent capital assets purchased with contributions that were deferred at March 31, 2000.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

8. Deferred contributions (continued):

(b) *Capital assets:*

Funds received to purchase capital assets are recorded as deferred revenues – capital assets on the consolidated statement of financial position. They are included in revenues on the consolidated statement of operations, on the same basis as the amortization expense.

	2001	2000
Balance, beginning of year	\$ 129,845	\$ 116,114
Capital assets purchased	15,261	23,049
Capital funding received for repayment of WBTSC loan	1,000	–
Less amounts amortized to revenue	(13,519)	(9,318)
	\$ 132,587	\$ 129,845

Included in capital assets purchased is \$1,025 (2000 – \$12,826) of capital assets that were purchased using contributions deferred for future periods at March 31, 2000.

(c) *Captive insurance:*

Deferred contributions represent externally restricted contributions to fund future operations of CBSI.

	2001	2000
Balance, beginning of year	\$ 17,213	\$ 12,329
Contributions	35,000	35,000
Less amounts amortized to revenue (note 13c)	(34,953)	(30,116)
	\$ 17,260	\$ 17,213

9. Net assets:

(a) *The change in investment in capital assets is calculated as follows:*

	2001	2000
Balance, beginning of year	\$ 9,289	\$ 9,008
Land purchased	–	1,451
Less disposal of land	–	(1,170)
	\$ 9,289	\$ 9,289

(b) All of the net assets restricted for captive insurance purposes are subject to externally imposed restrictions stipulating that they be used to provide insurance coverage with respect to risks associated with the operation of the blood system.

Investment income earned on the assets restricted for insurance captive purposes is also externally restricted for these purposes (note 13).

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

10. Investment income:

	2001	2000
Income earned on unrestricted funds	\$ 3,959	\$ 1,885
Income earned on resources restricted for captive insurance	4,850	4,282
Income earned on resources restricted for transition	2,066	1,256
	10,875	7,423
Less amounts deferred	(2,066)	(1,256)
Less amount included in net insurance income (expense) (note 13c)	(4,850)	(4,282)
	\$ 3,959	\$ 1,885

11. Operating Expense Summary:

	Blood centres	Field support	Plasma centres	Corporate services (Head Office)	R & D	UBMDR	Projects (CBS Funded)	Fractionation	Total operating expenses	% of Subtotal
Cost of goods sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96	\$279,560	\$279,656	47.2
Staff costs	135,615	11,173	1,836	17,324	3,075	1,876	2,186	604	173,689	29.3
Medical supplies	58,954	1,034	277	-	457	255	35	-	61,012	10.2
Clinic costs	4,666	-	29	784	2	22	219	-	5,722	1.0
Travel	1,505	1,902	62	1,764	141	162	514	44	6,094	1.0
Administrative services	10,350	784	488	9,754	197	626	316	1,539	24,054	4.1
Professional fees	3,005	1,333	143	3,225	247	346	7,590	285	16,174	2.7
Other purchased services	4,696	490	80	2,045	80	89	542	178	8,200	1.4
Property expenses	9,368	63	413	3,143	13	157	223	-	13,380	2.3
Equipment	946	88	68	329	34	15	159	2	1,641	0.3
Miscellaneous expenses (income)	(63)	246	2	(919)	-	(128)	-	(1,012)	(1,874)	(0.3)
Grant expense	-	-	-	-	21	-	-	-	21	0.0
UBMDR search and transplant costs	-	-	-	-	-	4,928	-	-	4,928	0.8
	\$229,042	\$17,113	\$3,398	\$37,449	\$ 4,267	\$ 8,348	\$ 11,880	\$281,200	\$592,697	100.0%

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

12. Employee benefits:

CBS sponsors a number of defined benefit plans and a defined contribution plan providing pension, other retirement and post-retirement employee benefits to most of its employees.

The net expense for the Corporation's benefit plans for the year ended March 31, 2001 is as follows:

	Pension benefit plans	Other benefit plans
Defined benefit plans	\$ 3,364	\$ 1,596
Defined contribution plan	4,024	–
	\$ 7,388	\$ 1,596

Information about the Corporation's defined benefit plans as at March 31, 2001 is as follows:

	Pension benefit plans	Other benefit plans
Accrued benefit obligation	\$ 10,774	\$ 8,121
Fair value of plan assets	9,666	–
Funded status – plan deficit	\$ (1,108)	\$ (8,121)
Accrued benefit liability	\$ (1,730)	\$ (3,224)

Included in the accrued benefit obligation for other benefit plans is \$4,897 (2000 – \$6,160), which represents the unamortized transitional obligation. This amount is being amortized over the expected remaining service life of the employee group covered by the plans.

The significant weighted-average actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows:

	Pension benefit plans	Other benefit plans
Discount rate	7.75%	7.5%
Expected long-term rate of return on plan assets	8.0%	–
Rate of compensation increase	5.0%	5.0%

For measurement purposes, a 7.5% annual increase in the per capita cost of covered health care benefits was assumed for 2001. The rate was assumed to decrease to 4.5% over ten years and remain at that level thereafter.

Other information about the Corporation's defined benefit plans for the year ended March 31, 2001 is as follows:

	Pension benefit plans	Other benefit plans
Employer contributions	\$ 2,782	\$ –
Employee contributions	1,821	–
Benefits paid	–	287

An agreement to transfer pension assets and liabilities from the Canadian Red Cross Society Pension Plan ("CRCS Plan") to the Canadian Blood Services Pension Plans in respect of pensionable service prior to September 28, 1998 for CRCS Plan members who transferred to CBS pursuant to the acquisition of the blood supply system was approved by the Ontario Superior Court on May 19, 2000. The actual transfer is subject to review by the Financial Services Commission of Ontario. Upon approval, the assets and accrued benefit obligations transferred will be recorded in the respective plans.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

13. Insurance:

- (a) The Corporation has established a wholly-owned captive insurance company, CBS Insurance Company Limited ("CBSI"), to provide insurance coverage up to \$250,000 with respect to risks associated with the operation of the blood system. Coverage in excess of this amount, to a limit of \$1,000,000, has been arranged by CBSI through reinsurance markets.
- (b) The Members of CBS have agreed to provide additional contributions of \$130,000 over a period ending in 2003. A bank letter of credit facility, renewable on an annual basis, has been arranged to provide standby bridge financing of that amount of the contributions which remains to be funded by the Members (note 7c).
- (c) Insurance income (expense) includes the results of operations of CBSI on a net basis which are summarized as follows:

	2001	2000
Contribution received	\$ 35,000	\$ 35,000
Change in deferred contributions	(47)	(4,884)
	34,953	30,116
Investment income	4,850	4,282
	39,803	34,398
Expenses:		
Increase in provision for future insurance claims	32,250	27,125
Net reinsurance costs	4,242	4,385
General and administrative	305	286
Claims administration	65	108
Letter of credit fees	1,480	2,859
	38,342	34,763
Net insurance income (expense)	\$ 1,461	\$ (365)

14. Contingencies:

The Corporation is party to legal proceedings in the ordinary course of its operations. In the opinion of management, the outcome of such proceedings will not have a material adverse effect on the Corporation's financial statements or its activities. Claims and obligations related to the operation of the blood supply system prior to September 28, 1998 are not the responsibility of CBS.

Canadian Blood Services Notes to Consolidated Financial Statements

Year ended March 31, 2001
(In thousands of dollars)

15. Commitments:

At March 31, 2001, the Corporation had the following contractual commitments:

- (a) Future minimum payments under operating leases of approximately \$7,640, with payments in each of the next five years of: 2002 – \$2,380; 2003 – \$1,800; 2004 – \$1,280; 2005 – \$810; 2006 – \$340 and thereafter \$1,030.
- (b) Research and development project grants of approximately \$4,680.

16. Related party transactions:

Members of the Corporation are the Ministers of Health within the provincial and territorial governments of Canada, except Québec. The Members provide funding for the operating budgets of CBS. The Corporation enters into other transactions with these related parties in the normal course of business.

17. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted for 2001.

corporate members

(As of July 27, 2001)

The Honourable Julie Bettney*
Minister of Health
and Community Services
*Province of Newfoundland
and Labrador*

The Honourable Jamie Ballem
Minister of Health and Social Services
(Minister Responsible for Seniors)
Province of Prince Edward Island

The Honourable Jamie Muir
Minister of Health
(Minister Responsible for the
Emergency Measures Act)
Province of Nova Scotia

The Honourable Dr. Dennis Furlong
Minister of Health and Wellness
Province of New Brunswick

The Honourable Tony Clement
Minister of Health and Long-Term Care
Province of Ontario

The Honourable David Chomiak
Minister of Health
(Minister Responsible for Sport)
Province of Manitoba

The Honourable John Nilson
Minister of Health
Province of Saskatchewan

* **The Honourable Gerald Smith**
Minister (Acting) of Health
and Community Services
*Province of Newfoundland
and Labrador*
To September 2001

The Honourable Gary Mar
Minister of Health and Wellness
Province of Alberta

The Honourable Colin Hansen
Minister of Health Services
Province of British Columbia

The Honourable Don Roberts
Minister of Health and Social Services
(Minister Responsible for the Yukon
Workers' Compensation Health
and Safety Board)
Government of Yukon Territory

The Honourable Jane Groenewegen
Minister of Health and Social Services
(Minister Responsible for Status
of Women, Minister Responsible
for Seniors)
*Government of the
Northwest Territories*

The Honourable Ed Picco
Minister of Health and Social Services
(Minister Responsible for Nunavut
Power, Minister Responsible
for Homelessness)
Government of Nunavut

provincial/ territorial contacts

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Newfoundland and Labrador

Joyce Thompson
Prince Edward Island

Elizabeth Shears
Nova Scotia

Lyne St. Pierre-Ellis
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Dr. Colin D'Cunha
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David Reeleder
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Alberta

Wendy Trotter
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Violet van Hees
Yukon

Denise Canuel
Northwest Territories

Richard O'Brien
Nunavut

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Standing (left to right): T. Douglas Kinsella, Neil R. Wilkinson, William R. Livingston, Peter H. Pinkerton, Adélaïde La Plante, Rod MacLennan, Harvey Schipper, William H. Gleed (Interim Chair).
Seated (left to right): Lynda Cranston (Chief Executive Officer), Frederick E. Hyndman, Mary Collins, Verna M. Skanes, Linda M. Rankin.

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Toronto, Ontario

Consumer Interest Representatives

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Ottawa, Ontario

Adélaïde La Plante ▼▲
Moncton, New Brunswick

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Calgary, Alberta

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Truro, Nova Scotia

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BA Sc (Eng.), MD, FRCP (C)
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PhD
St. John's, Newfoundland

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Neil R. Wilkinson ▼▲
Edmonton, Alberta

British Columbia and Yukon
The Honourable
Mary Collins, PC ◆▼
Vancouver, British Columbia

- ◆ Executive Committee
- ▼ Finance and Audit Committee
- ▲ Human Resources Committee
- Safety, Science and Ethics Committee
- CBSI Board of Directors

* Effective November 2000, upon the retirement of Kenneth J. Fyke.

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Canada's Association
for the Fifty-Plus
Ottawa, Ontario

Brian Huskins (Vice-Chair)
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Calgary, Alberta

Eleanor Pask
Candlelighters Childhood
Cancer Foundation
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Thalassemia Foundation
Ottawa, Ontario

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Program of Medical Ethics
Department of Medicine
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Dr. Marilyn J. Telen
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Duke University Medical Center
Durham, North Carolina, U.S.A.

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Dr. Alan Williams
Senior Scientist
American Red Cross
Holland Laboratory
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Dr. Lawrence T. Goodnough
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Department of Pathology
Washington University
School of Medicine
St. Louis, Missouri, U.S.A.

Dr. Paul Hébert
Director, Clinical Epidemiology Program
The Ottawa Hospital
General Campus
Ottawa, Ontario, Canada

Dr. Sherrill Slichter (Chair)
Puget Sound Blood Center
and Program
Seattle, Washington, U.S.A.

Dr. Réal Lemieux
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Health Canada

Dr. Michael Coulthart
Chief, Division of Host Genetics
and Prion Diseases
Bureau of Microbiology
Canadian Science Centre for
Human and Animal Health
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executive management team

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and Transfusion Medicine
Department of Laboratory Medicine
The Ottawa Hospital
Civic Campus
Ottawa, Ontario, Canada

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Executive Vice President
America's Blood Centers
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Mrs. Nancy Heddle

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Dr. Lorna Williamson

University of Cambridge
Division of Transfusion Medicine
East Anglia Centre
Cambridge, U.K.

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Chief Executive Officer

Ken Anderson

Chief Information Officer

June Bain

Chief Financial Officer

Sophie de Villers

Director, Corporate Planning
and Executive Assistant to CEO

John Johnston

Vice-President, Human
Resources and Legal Affairs

Ian Mumford

Vice-President, Marketing
and Communications

Donald J. Philippon

Executive Advisor,
Government Relations

John Racher

Vice-President, Operations

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