



Victorian Cytology Service



Annual Report 1997

for the year ended 30 June

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Historical Background of VCS

The Victorian Cytology Service (VCS) was founded as a joint preventative health initiative between the Government of Victoria and the Anti Cancer Council of Victoria. Activities commenced early in 1965 following an "Order to establish a Benevolent Society" under the Hospital and Charities Act 1958 (gazetted 9 December 1964) when the Minister of Health invited a group of persons to form a Board, under the chairmanship of Professor Sydney Lance Townsend. The Service was to operate with the following objectives:

- i) to provide in Victoria facilities for research and investigation with respect to the cytological examination of gynaecological specimens associated with cancer detection and to undertake such research and investigation;
- ii) to provide a free laboratory service for examination of specimens submitted;
- iii) to provide for collection of material for examination and the notification of results of such examinations through the legally qualified medical practitioner submitting such material;
- iv) to make arrangements as are necessary with any public or private hospital or the Cancer Institute or any other body or any person having a similar or allied purpose.

For its first twenty-seven years the Service was hosted by Prince Henry's Hospital under an agreement by which the Director of VCS was also Director of the Hospital's Department of Cytology. The two services operated in an integrated way such that the predominantly non-gynaecological requirements of the hospital provided training opportunities and a variety of work for VCS staff, features which are essential to develop and maintain a high level of skill in the discipline of cytology. In return, VCS provided the opportunity for Prince Henry's Hospital scientific staff and pathologists to develop skills in gynaecological cytology. A resource of pathologists who shared the autopsy and surgical pathology duties of the department of Anatomical Pathology and the varied workload of the cytology service was thus created to the mutual advantage of all.

During the first fifteen years of operation in excess of 90% of the smears performed in Victoria were reported by VCS. This proportion decreased during the early 1980s due to the expansion of private pathology services. The decline was assisted by the under-resourcing of VCS over this period resulting in delays of up to three weeks in reporting smears.

Since 1989, when VCS was once again resourced appropriately, VCS has retained approximately 45% of all smears in Victoria. This has been achieved by a program of continuing productivity and workflow improvement. There has been progressive improvement in turnaround time such that 99% of all smears received are reported by the end of their second day in the Service, and VCS is continuously striving to maintain its market share in a climate of increasing competition from a private sector which is now almost completely controlled by large commercial interests.



Historical Background of VCS (contd)

In June 1989 under an amendment to the Cancer Act 1958, called the Cancer (Central Registers) Act 1989, legislation was passed in Victoria *to allow formation of a Cervical Register maintained by the Victorian Cytology (Gynaecological) Service*. Core activity of the Register, subsequently known as the Victorian Cervical Cytology Registry (VCCR) was to register tests for cervical cancer for Victorian women permitting an organised infrastructure to the screening program in Victoria. This was the first such Register in Australia. More recently most other States have established similar facilities. The separate report details the function and activities of VCCR which has continued to be maintained by VCS.

In the first week of December 1991 following the closure of Prince Henry's Hospital, VCS moved to its purpose-built location on the ground floor and mezzanine of the new carpark at The Royal Women's Hospital. The location, on the corner of Faraday and Swanston Streets, opposite Melbourne University has been most beneficial in developing new links with Melbourne University, and facilitating previously existing associations with the Royal Melbourne Institute of Technology (RMIT) and the Melbourne Sexual Health Centre.

During the past three years VCS pathologists have been contracted to the Pathology Departments of the Mercy Hospital for Women and The Royal Women's Hospital (RWH) for several histopathology sessions, and in the past year a pathologist from the RWH and some contracted private pathologists have spent sessions at VCS. In this way it has been possible to provide some diversity of work for VCS pathologists outside VCS, whilst recruiting otherwise unobtainable experienced cytopathology skill back to VCS.

This initiative and continuing initiatives to build scientific bridges between public hospital pathology departments aim to develop a broader framework of duties for VCS cytopathologists in order to make these positions more attractive to well trained specialists for whom the rather limited task specification previously in place was not significantly challenging. It is hoped that similar programs of staff exchange may become possible for other members of the scientific staff.

The decision to retain the RWH on its current site, and therefore the implication of secure tenure for VCS, is a welcome one which has put an end to the destabilising effect of the recent uncertainty surrounding the future of the RWH.

Since its inception, VCS has been the only formal training institution for cytologists (scientists specialising in cytology) and cytopathologists in Victoria. The cytology component of the Bachelor of Applied Science (Medical Laboratory Science) from RMIT has been coordinated and taught by VCS staff. Scientists and pathologists from interstate and overseas have visited the Service for initial and refresher training and to take part in the formal courses conducted on an annual basis.

Historical Background of VCS (contd)

VCS continues to attract visitors from abroad who are concerned with developing screening programs for cervical precancer and cancer in their own countries. Recently health care professionals from Nepal and from Indonesia have spent time within VCS as part of programs of skill transfer in appropriate disciplines. Staff of VCS have a high profile in the professional framework of cytology in Australia and overseas, as evidenced by publications in the Australian and international medical literature, and invited participation at scientific meetings.



1996-97 Activity

VCS continues to function well in its purpose built facility. The development of what was perceived by some to be a very generous allocation of space, has proven to be more than justified. The Victorian BreastScreen Registry (VBR) has required an expansion of its facility, resulting in some reduction in space available to VCS. The Victorian Cervical Cytology Registry (VCCR) has also more than filled its designated space.

There has been some concern within VCS at a small but steady decline, in the market share of Victorian smears processed by VCS, however this appears now to have ceased. This decline reflects two quite significant changes in the provision of health care in Australia. Firstly the change in community care with reduction in small general practices with a defined group of partner practitioners, with whom it was possible to develop a good service relationship, to a predominance of practices which operate with a large number of employed, often casual, and frequently changing, staff. Secondly there has been a change in the nature of pathology practice, such that most of the large pathology providers are now owned by large industrial or commercial companies, which have a well developed marketing structure which can be easily applied to their pathology interests.

Although VCS provides a courier service to most metropolitan and some country centre practitioners the frequency of this service cannot match that of companies that provide a wide range of diverse services to practices necessitating multiple calls during the course of each day.

VCS has made every attempt to improve other aspects of performance, such as freepost envelopes for practitioners who do not have a courier service, regular publication of Newsletters and statistical profiles to individual practitioners, upgrade of sampling equipment, and information leaflets about new technologies in Pap test screening. The appointment six years ago of a liaison physician who visits practitioners to discuss issues related to sampling procedures, interpretation of reports and other matters has also been a valuable addition to the service profile of VCS. During the second half of this financial year a number of measures have been implemented to supplement these initiatives and where opportunities to improve the VCS market share have become evident, these have been grasped with some success.

The prevailing medico-legal climate continues to be a threat to VCS, to the cervical cancer screening program, and indeed to screening programs in general. The importance of developing a realistic expectation of the test in the community as a whole is paramount. The Pap smear is a good screening test that has the possibility of preventing about 90% of cervical squamous cell cancer in women who are regularly screened. However, by the very nature of the test in its current form, there will be some women who develop invasive cervical cancer despite having regular Pap smears, and despite the reporting of those smears by laboratories that are performing at a standard of world's best practice. Some of these women will have invasive adenocarcinoma, a cancer of glandular epithelium of the endocervical canal, which by its location is much more difficult to prevent. A few will have the entity of rapid onset cancer which may develop and grow in a much more rapid time frame than the more usual tumour types.



Some of these women will have a smear containing abnormal cells which are either not detected or are misinterpreted by the reporting laboratory. Some will fail to receive their report or experience failure of subsequent management. However each year in Australia between 700 and 800 cancers will be prevented by the program.

VCS has a commitment to strive for continuous quality improvement and at the same time is putting in place educational initiatives for health care practitioners and women to make it clear that the Pap smear is a test which identifies among a population of apparently well women those who probably have significant disease and those who probably do not.

As indicated previously, during the past three years, two pathologists have been contracted to the Mercy Hospital for Women and RWH for a small number of regular histopathology sessions. Although this in the short term may have aggravated the shortage of cytopathologists for routine duties, the long term benefit of making VCS a more desirable workplace, with the possibility of retaining and even developing broader relevant skills makes this a necessary sacrifice. The intention to expand this initiative further and to use the funds generated by such contracting to create a larger work force with an increased scope of duties, alluded to in the previous Annual Reports, has in this year been achieved by introducing a senior cytopathologist from RWH to add experience and flexibility to the VCS workforce.

Repeated attempts to recruit full time experienced cytopathologists, within the existing duty structure of VCS, have in past years rarely proved completely successful. During the past year, one such person has joined the VCS staff, but unfortunately, as is often the case, another pathologist who for two years has been trained within VCS, will shortly move to a senior position in a major teaching hospital, where task diversity is much greater than VCS can achieve. It is necessary now to anticipate the retirement of the Director, Dr Gabriele Medley within the next two to three years, and ensure that there is in place a logical successor to this position. The maintenance of credibility of a scientific facility such as VCS would dictate that this should preferably be an experienced pathologist with well developed leadership skills, and recruitment initiatives are currently in place to further this process.

VCS continues to report all public cervical cytology for RWH, Western Hospital, Box Hill Hospital, and Goulburn Valley Hospital. The Royal Melbourne Hospital will shortly also participate in this rationalisation. There is currently negotiation with some other centres to assume, as has been done with Wimmera Pathology, their gynaecological and non-gynaecological commitments. Unfortunately the latter, which would provide a much needed diversification of workload for the screening workforce of VCS, is almost invariably retained by hospitals.

VCS reported 270,368 gynaecological smears during the 1996-97 year. The loss last year of nine experienced scientists has been difficult to accommodate. Training of new scientists has again proceeded throughout the year, but has, in the short term, created an extra stress on the senior staff. However the recent restructuring of some private laboratories has resulted in the recruitment of several experienced scientists to VCS and two more Canadian scientists have joined the staff.

Initiatives to improve communication with practitioners, to assist risk minimisation measures and most importantly to improve the quality of service offered to women continue to be a focus of our endeavours. As detailed previously VCS initiated the provision of an additional section at the bottom of the report form which gives a brief summary of the report, which the requesting practitioner can tear off and send to the woman. It has space for the practitioner to add specific comments relevant to the woman, such as an instruction to telephone for an appointment to discuss a report, if abnormal, or to attend for a repeat smear in two years if normal. There has been a very positive reaction from practitioners to this innovation and a number of modifications have been made in response to useful suggestions from the VCS practitioner base.

As foreshadowed in the last Annual Report, an addition to the request form that would be retained by the practitioner to act, like a cheque book butt, as a reminder of all women who had been tested, has been implemented. This enables a hard copy verification to be made of each smear taken, to ascertain that a report had been received and the woman notified of the result, a further step toward ensuring the safety of a system which may otherwise be difficult to monitor. VCS is most grateful to practitioners who offer suggestions such as this which have the potential to improve the care of screened women.

During the past year there have been a number of developments in relation to new technology in two broad areas relevant to the prevention of cervical cancer. The first is to provide automated and semi-automated rescreeing of conventional Pap smears. The second is to utilise the cervical sample for machine made monolayer cell preparations which have stated advantages over the conventional Pap smear in both the yield and preservation of cells that have been harvested from the cervix, and the ease of screening.

These technologies have been developed in the United States, and several of them have recently been granted approval by the U.S. Food and Drug Administration (FDA) for a tightly specified role in sample collection and in the laboratory reporting of cervical cells.

Since the companies which own these products have invested large amounts of money in their development, and have been unable to sell them in the USA prior to their approval by the FDA, there has been very extensive marketing offshore, including in Australia, over the past two years. This marketing has been not only to the medical profession, but in the case of the rescreeing technologies, there has been very active media promotion, exploiting the natural fear of women about the fallibility of the conventional Pap test.

1996-97 Activity (contd)

VCS has conducted trials of two of the technologies. Previously reported studies had been mainly small and funded by the developers, and it was generally agreed that well constructed independent studies would be very valuable to ascertain the incremental cost and benefit of the technologies.

Most recently there has been a study to compare the detection of abnormalities which had been missed by a single routine conventional screening, by manual rescreening and semi-automated rescreening by the PAPNET method. Although originally planned to include rescreening by the Neopath AutoPap 300 QC in the comparison, withdrawal by Neopath necessitated restructuring of the project design. The results have been submitted and accepted for publication in the international literature. The study was funded by the Victorian Cervical Screening Program

Since early in 1997 both the ThinPrep liquid based monolayer sample methodology and PAPNET assisted rescreening of conventional smears have been offered by VCS as optional additional tests which may be requested by women or practitioners.

Whilst reporting of conventional smears of course remains free to women, a charge is made for these additional tests. VCS does not actively promote such tests but, by provision of information leaflets for women and practitioners, seeks to provide a balanced view of the costs and benefits of the technologies, with updates on the evolving body of knowledge in this field.

During the next 12 - 18 months VCS will purchase a new information technology facility. The current system, commissioned in 1984 and implemented early in 1985 has been a robust and reliable one. Initially designed to handle the receipt and reporting of Pap smears, it has been expanded to service the complex data needs of an epidemiology unit, and in 1989 the programs to implement the Victorian Cervical Cytology Registry were added. In 1994 the existing software was transported onto new Unix based hardware, and in the past year modem access for several external laboratories to the VCCR has been added.

It is apparent that modern hardware and software has superseded the existing facility and it is hoped that the new initiative will improve the accuracy and efficiency of VCS operation. Much time and effort has been expended by members of senior management in preparation for this initiative. It is anticipated that tenders will be received early in the next financial year and the project completed within 18 months.

VCS has developed a histopathology service, and a number of gynaecologists refer cervical biopsies for processing and reporting, a logical extension of the predictive nature of cytology to the diagnostic facility of biopsy reporting. This has proven to be a successful initiative and it is intended that the service will be extended to receive a wider range of samples. The pathologists of VCS enjoy the diversification provided by this activity and it enables the scientific staff also to benefit from the ready availability of histological sections for correlation with smears at multihead microscope teaching sessions which form an important part of the VCS continuing education program.

1996-97 Activity (contd)

Preparation for the triennial inspection by the National Association of Testing Authorities in May was a further challenge, and our target was to achieve a fault-free inspection. It was with much pleasure that senior management received the verbal and subsequent written high commendation of the assessors who stated that they considered VCS to be a model of the standard to which laboratories in Australia should look and aspire.

VCS has received a very satisfactory report on submitted data to the RCPA Quality Assurance Program on Performance Standards for Laboratories Reporting Cervical Cytology. Performance by VCS in the regular tests of the RCPA Quality Assurance Program in Cytopathology and Histopathology has also once again been of an excellent standard in this year.

On 17 September 1996 the Minister for Health, the Hon Rob Knowles visited VCS. It was a privilege for the senior staff of VCS to have the opportunity to introduce the Minister to some of the details of the Pap smear assessment at the multihead microscope and to discuss important issues in the cervical screening program in particular, and the broader context of screening programs in general.

Board of Management

During this year Ms Nita Cherry resigned from the Board. Over the past five years Ms Cherry has given generously of her time and expertise, not only at Board Meetings, but in making herself available to the Management Team within VCS for consultation and involvement in difficult issues in which she was able to lend her skills. She will be very much missed.

It is anticipated that the Minister will approve the appointment of two new Board members in the new reporting year.

Board Members

Ms Dorothy Reading (Chairman)
Dr Elisabeth Banks
Ms Kerry Bradley (Honorary Treasurer)
Dr Robert Burton
Ms Rosie Cummings
Mrs Katharina Dimtscheff

Dr Sonia Grover
Mrs Mary Murdoch
Professor Michael Quinn (Vice Chairman)
Dr Michael Sedgley
Dr Julia Shelley

Membership of the Board of Management of VCS is an honorary appointment.

The management and staff of VCS have been most grateful for the willingness of members to make themselves available to share their time and wisdom when the need arises. VCS continues to be confident that the diverse skills and experience of the Board of Management will be an important asset in negotiating the difficult time being faced in the cervical cancer screening program, and in maintaining the support necessary to compete effectively in the aggressively competitive cytology market.

The Rules of Incorporation of VCS do not require Members of the Board of Management to lodge declarations of pecuniary interest.

Senior Officers of Victorian Cytology Service Incorporated

Director and Public Officer

Gabriele Medley
MB, BS, FRCPA, FIAC

**Deputy Director, Epidemiologist,
Medical Director of VCCR and VBR**
Heather Mitchell,
MB, BS, MD, MSc, FRACP, FAFPHM

Business Manager

Brian Salter

Pathologists

Valerie Maru Surtees
BSc, MB, ChB, PhD, FRCPA
Jan Margaret Pyman MB BS, FRCPA
Prudence Elizabeth Allan MB BS, FRCPA
James Duhig
MB BS, FRCPA (until January '97)
Huw Llewellyn
MB BS, BSc, FRCPA, FRCS

Trainee Cytopathologist

Marek Havlat (from February 1997)
MB BS, BMedSci, FRCPA, Dip RCPATH

Sessional Pathologists

Nick Mulvany MB BS, FRCPA

Liaison Physician

Stella Heley MB BS, Dip Ven, FACVen

Chief Scientist

Linda Brown HNC (MLS), CT(ASC),
CT(IAC)

Coordinator of VCCR and VBR

Vicky Higgins MRA

Teaching Coordinator

Debbie Reich
BAppSc, CT(ASC), CT(IAC) Grad Dip Ed

Personnel Officer

Yvonne Sheppard

Cytopathologists remain a very scarce commodity both in Australia and overseas. VCS has been fortunate once again to receive funds from the Victorian Cervical Cancer Program to employ another trainee cytopathologist, Dr Marek Havlat, who commenced duties in February 1997. Regrettably Dr Llewellyn, who was trained within VCS will leave to commence duties as staff pathologist at the Alfred Hospital early in July 1997.

The position of Liaison Physician with VCS, held since its inception by Dr Stella Heley, has once again been funded by the Victorian Cervical Cancer Program. Dr Heley has the responsibility of visiting practitioners to discuss issues surrounding their utilisation of the program, to assist in further development of sampling skills, and to familiarise them with VCS reporting, follow-up, and other new initiatives as they occur. In particular there continues to be considerable interest and uncertainty amongst referring practitioners surrounding the issue of the new technologies for Pap smear reporting. Dr Heley joins with the Director and senior medical staff in being available for consultation on these and other matters of concern. This is a most important function in the task of maintaining a responsive, user-friendly Pap smear reporting service in a highly competitive market.



Diagnostic Activities

The number of Papanicolaou tests received during the year was 270,368. The monthly totals were:

1996		1997	
July	24362	January	20062
August	24749	February	23852
September	22698	March	21055
October	24769	April	22874
November	21744	May	24827
December	18473	June	20903

313 non-gynaecological cytology specimens were processed. These included urine samples, bronchial brushings and washings, and fine needle aspirates of lesions for diagnosis, in particular breast aspirates for early detection of abnormalities. It is important to continue to attract samples representative of this other aspect of cytological detection. The lack of such experience has been one of the main reasons that experienced cytologists move to private laboratories which report a much higher percentage of such samples.

286 histology specimens were processed. The majority of these specimens were cervical biopsies from a small number of colposcopists working in Metropolitan Melbourne. VCS will seek to expand this service gradually within the constraints of staff resources, as this will enhance its reputation as a highly specialised gynaecological pathology service provider.

Financial Activities

These are considered in the attached papers.

In this financial year the target for base funding was set at 270,000 smears. This estimate was based on the previous year's total of 262,885, there was an expectation that there may be a small increase in smear numbers, but that anticipated greater compliance with the two yearly screening policy would restrict the size of such an increase.

VCS has worked hard to operate within its agreed budget, and the cooperation of staff to introduce greater flexibility to the workplace has permitted a responsive management of the rather unpredictable fluctuation in workload.

The provision of funds from the Victorian Cervical Cancer Program has enabled important training and quality assurance initiatives, unachievable within the base funding, to be implemented.



Space and Equipment

In a continuing quest for technology which may improve the quality of Pap smear reporting, *Pathfinder* as described in the previous annual report has been operating on a number of microscopes within VCS. Marketed by an American company, the CompuCyte Corporation, the technology monitors the actual screening coverage on each slide, identifying the areas screened and not screened, the areas selected for special examination and the time taken. This data may be visualised by the screener on a computer screen, in real time during the process, or at the end of the slide screening. The networked system also records and sorts the data providing a computer generated comprehensive quality assurance report, identifying workload and performance trends. VCS was fortunate in obtaining funds to purchase six of these units, networked, with funds from the Victorian State Program. Following a period of several months trial within VCS, the six networked units supplied by the company on a trial basis were purchased. The option of incorporating *Pathfinder* or similar technology into every screeners' workstation is under serious consideration.

Much of 1996-97 was devoted to an evaluation of existing work practices within the organisation. The anticipated outcome was identification of areas and processes which could benefit, in terms of accuracy and efficiency, by revision either prior to, or in association with, the development of a new information technology system.

In the climate of rapidly evolving technology associated with the Pap test it is a challenge to anticipate the direction of such developments and incorporate these into the planning process.

The introduction of ThinPrep sample preparation and PAPNET assisted rescreening of conventional smears has been achieved without major capital expenditure by leasing equipment for a twelve month period. Implementation of these adjunct tests has been associated with IT System modification which allows the introduction of direct-to-screen reporting of such tests by cytologists. This will serve as a period of familiarisation, over a year or so, for all scientists in preparation for the new system which should incorporate direct-to-screen reporting by both scientists and pathologists. It is anticipated that such a very extensive change in work practice, from the previous protocol of recording coded data on paper for entry by data processing staff, will have benefits in both accuracy and efficiency which will justify the initial cost of hardware acquisition and workplace modification required to accommodate it.

Staff

The staff is the most important resource of the Service and this year has seen a number of significant changes in workplace strategy and structure particularly in the clerical and support areas. Over the second half of the year there has been a resulting period of stabilisation and efficiency gain which was required to maintain VCS in a competitive position in an aggressive, now highly commercialised, market place.

Smear numbers have remained steady slightly below the unexpectedly high levels of the 1994-95 year. This has allowed the development of an expanded quality assurance program, so important in risk minimisation. New technology and self funding initiatives such as the histopathology service, and contracting senior staff to other institutions, are initiatives which have improved the quality and diversity of scientific activity.

With the loss of experienced staff due to recruitment to other laboratories with a more varied workload, and the absence of two senior scientists on maternity leave, there had been a shift in the balance toward relatively inexperienced scientists trained within the VCS. However the return of several staff members who had been working in the private sector has somewhat redressed this balance. VCS has also recruited two more Canadian cytologists. The Service sponsors the Immigration Permits of such persons and contributes \$1000 towards relocation expenses after the successful completion of the first year's contract. The three Canadian scientists who have now been working within VCS have been a very positive force in the workplace, and it is most encouraging to observe the mutual benefit of such an integration process. The fourth scientist to be so recruited will take up her duties in July.

As stated elsewhere in this report, a process of business re-engineering has begun in preparation for design and implementation of the new information technology system. Such a venture must be careful to utilise optimisation of existing human resources as well as investing in appropriate new technology. Input to the process by staff at all levels is vital to a successful outcome. Change in the workplace has the potential to be threatening, and it will be a challenge to the whole community of VCS to negotiate the year ahead in a spirit of optimism and commitment to a common goal.

It is incumbent on all who operate in the public sector of health care to recognise that there is an imperative to achieve the conventional standards of **quantity** of service such as speed of service delivery, advertised by the private sector. However this is not enough. To retain and further develop the credibility of public funded health care delivery in the important functions of training, monitoring, advising and rational research planning, the **quality** of performance must be continually measured and improved. VCS continues to be committed to such a leadership role.



Training and Education

Cytopathologists - Internal Initiatives

The internal program of continuing staff education centres around four main areas:

1. Consistency of reporting of abnormalities.
2. Correlation of cytological prediction with subsequent histological diagnosis of cervical lesions.
3. Productivity in relation to reporting of smears.
4. Maintaining and improving relationships with consumers.

Regular meetings and review of cases at the multi-head microscope are an ongoing element of the quality assurance process. Follow-up of smears received is correlated with cytology predictions and returned for review to scientists and cytopathologists. Elements of inconsistency are discussed and addressed by microscopy reviews. Biopsy material kindly lent by other pathology laboratories enables staff to review the biopsy and smears together. Pathologists are encouraged to meet with peers from other laboratories to exchange information. Attendance and participation in meetings of learned societies is encouraged.

Regular sessions with the pathologists and members of the oncology unit staff from RWH are held at the multihead microscope. Clinico-pathological correlation of cytology with biopsy specimens form the basis of clinical decision making to optimise future management of women who may pose problems.

External Initiatives

The annual in-depth practical two week course for pathologists wishing to report cytology will be conducted for two weeks commencing on 1 July 1997. The course is over-subscribed, largely due to recommendation from previous participants. The course, designed and coordinated by Associate Professor Valerie Surtees is self funding and utilises the extensive teaching resources of VCS and external lecturers who contribute in areas of their individual expertise.

VCS pathologists take part in the Quality Assurance Protocols of the Royal College of Pathologists of Australasia and the American Society of Clinical Pathologists in both histopathology and cytopathology.

The senior medical staff of VCS now also take part in the undergraduate teaching of Pathology in the Medical Course of the University of Melbourne and the Public Health teaching of Monash University. There is continuing participation in educational activities of the RCGPA, Family Planning Victoria, the College of Venereologists, and other bodies involved in continuing education of medical and nursing practitioners. There is also a commitment to initiatives to inform women in the Victorian community of the value and limitations of screening programs.

The Director, Dr Gabriele Medley, has over the past three to four years played an active role in the Royal College of Pathologists of Australasia development and implementation of a post graduate diploma in cytopathology. This initiative will permit identification of a new generation of pathologists who have been specifically trained and have demonstrated competency in the discipline of cytopathology. The first group of candidates presented to the examiners in August 1996, a further step in the purposeful upgrading of the quality of service in this important element of a successful cervical cancer prevention program.

Scientists - Internal Initiatives

The internal program continues to have three elements, viz:

The training of scientists continues to be funded by the Health Development Infrastructure Unit of the Department of Human Services. There are five trainees who have been recruited and are currently being trained on a six month contract, and one recruit from Canada has commenced duties at VCS in the past year.

The in-service continuing staff education is designed to communicate scientific advances to staff, and to ensure that there is feedback and remedial education as a result of data generated by the computer in the areas of diagnosis and productivity of screeners. The *Pathfinder* technology described earlier in this report, has been a most interesting tool both for self monitoring and assessment of scientists who have been screening for some years, and in the early training of new recruits.

The comprehensive internal quality control protocols which have been established within VCS continue to operate. Participation by the scientists in the Cytopathology Quality Assurance Protocols of the Royal Australian College of Pathologists, has again yielded excellent results.

External Initiatives

Once again several VCS scientists are preparing for the CT(ASC) - the certificate of competence issued to successful candidates by the Australian Society of Cytology. It has been VCS policy to encourage all scientists to present for this examination as soon as they have fulfilled the specified criteria of experience, and VCS staff have performed extremely well in these examinations.

Scientists are encouraged to attend and participate in meetings of learned societies such as the regular workshops of the Victorian Branch of the Australian Society of Cytology. Reference material is available and facilities provided for photography and preparation of presentations. Financial support for registration expenses for participants in scientific meetings is offered.

Training and Education (contd)

The external program of teaching cytology as a component of the Bachelor of Applied Science (Medical Laboratory Science) at RMIT continues. The Director has been a member of the Advisory Committee for this course and is involved in curriculum review, staff selection and ongoing planning of appropriate courses. It is considered that this is an important initiative by which VCS has continuing input into the recruitment and training of cytologists statewide and thus has a significant role in the setting and maintenance of cytology standards.

An annual two-week course in gynaecological cytopathology for scientists, similar to the course for cytopathologists is continuing, in 1997 the course was held from 16-27 June. This initiative is self-funding and provides an opportunity for exchange of information with staff from other centres as well as a challenge to teaching skills.



VCS continued to contract this Registry during 1996/97.

Approximately 220,000 telephone calls to the appointment line were handled by Registry staff during the year. The response time in handling the calls remains excellent with very few complaints being received about waiting times for a telephonist to answer. By centralising the appointment function, it is possible to maintain record-linked files for each woman who attends BreastScreen; this is invaluable in maintaining a registry of screened women.

Appointments were made for 158,000 women to be screened at almost 50 locations throughout Victoria. Registry staff book women in for screening at 33 fixed clinics, nine mobile and six relocatable clinics.

The Registry posted 305,000 items of mail in relation to the attendance of women for breast cancer screening during the year. This number comprises 118,000 letters confirming the date, time and place of appointments booked over the telephone, 115,000 invitation letters for women to attend second (or subsequent) round screening, and 72,000 invitation letters to apparently unscreened women on the Electoral Roll.

Major achievements were made during 1996/97 in providing the software and hardware support to the BreastScreen computer facilities which are located at nine separate locations. All critical jobs were attended to on the same day and there was essentially no down time due to technical problems. Ongoing telephone support was continually available to the eight external sites throughout the year.

By the completion of the financial year, there were no outstanding requests in relation to hardware maintenance. Software support was provided for Word V6, Excel, Tracker, SPSS, Grumpfish, Novell, Arcsolo, Powerpoint, Access, TeamMate, Palindrome, Publisher and Windows. Given the varying skills of staff at the eight external sites, this was an excellent achievement.

Major projects during 1996/97 in relation to the database included:

- i) Programming for the automatic extraction of data for the Commonwealth.
- ii) Programming of a suite of reports for the Screening and Assessment Services to show their performance in relation to the National Accreditation Requirements.
- iii) A complete rewrite of the image work-up and clinical assessment component of the data system with enhanced user interface. This rewrite greatly facilitates the extraction of assessment outcomes for reporting and evaluation. Although the project was very time consuming, the involvement of Screening and Assessment Services in defining appropriate system specifications was invaluable.

- iv) Programming and implementation of standard letters for women with clear screening outcomes. This project required ongoing work throughout the year with site testing and feedback from Screening and Assessment Services.
- v) Programming of a barcoding system for file tracking within Assessment Centres. This work is currently being site tested. Again, the involvement of staff from the Screening and Assessment Services was very beneficial to this project being efficiently transacted.
- vi) Automated calculation of invitation status and recall date for individual records in accordance with the State protocol and provision of daily updates between the Registry and Assessment Services.
- vii) Review of all past backup tapes at all Assessment Services with the episode file being completely rebuilt to incorporate lost general practitioner and radiographer codes. This was a tedious but necessary task.
- viii) Provision of a new startup menu for ISDN and backup computers at most Assessment Services to manage the backup, re-index and ISDN jobs.
- ix) Rewriting of the assessment transfer program so that when a woman changes Assessment Services, the Registry notifies the old Assessment Service to transfer the woman's records to the new Assessment Service.
- x) Programming to automatically update files for high risk women.

Quarterly data audits were performed by Registry staff thus allowing timely completion of clean data for individual records and for aggregate reporting.

Information for the Victorian poster at the forthcoming national conference to be held in Canberra in August 1997 was prepared. More than 40 ad hoc requests for data from the Screening and Assessment Services and the Coordination Unit were handled during the first six months of 1997.

Work on the Annual Statistical Report for the 1996 calendar year is proceeding on schedule. The Annual Statistical Report for the 1995 calendar year was released in December 1996.

Finally, achievement of the above would not have been possible without an extraordinary commitment by the Registry staff, each of whom are sincerely thanked for their individual contribution.

Refereed Articles

Mitchell H, Medley G

Detection of Laboratory False Negative Smears by the PAPNET Cytological Screening System

Acta Cytologica Accepted for publication.

Mitchell H

Report disclaimers and informed expectations about Papanicolaou smears: an Australian view

Arch Path Lab Med 1997;121:327-330

Editorials

Mitchell H

Pap Smear Reports: Time for Another Change?

Aust Fam Physician 1997; 26 (Suppl 1):S3

Other Activities

During this year both the Director, Dr Gabriele Medley and the Deputy Director, Dr Heather Mitchell have continued to participate in activities associated with the national screening program in both professional development and community education.

Dr Medley has been appointed spokesperson for Papscreen Victoria and in August 1996 was an Examiner in the Oral Examination of the Royal College of Pathologists of Australasia. She also served as an occasional member of the Appointments Board of The Royal Women's Hospital.

In addition to lectures for Melbourne University, Royal Melbourne Institute of Technology and The Royal Women's Hospital, Dr Medley presented the following talks or participated in the following initiatives during 1996/97.

Screening for Cervical Cancer, Invited lecturer, Department of Epidemiology and Preventive Medicine, Monash Medical School, Alfred Hospital, August 1996.

Cervical Cytology, Invited lecturer, Nurse Practitioner, Sexual and Reproductive Health Course, Family Planning Victoria Inc, September 1996 and April 1997.

The Screening Pathway, Invited speaker, Ballarat Base Hospital, September 1996.

Cervical Cytology, Invited lecturer, Postgraduate Diploma in Venerology, Monash Medical School, Alfred Hospital, October 1996.

Technological Advances in Pap Screening Procedures, Invited speaker, Launch of PapScreen Victoria, Queen Victoria Women's Centre, April 1997.

An overview of the future of cytology in Australia, Invited speaker, Neuromedical Systems Inc sponsored conference, Hayman Island, April 1997.

What can the Pap smear promise? Invited speaker, Biological Sciences Meeting, Family Planning NSW, May 1997.

Dr Medley is a member of the following committees.

- ♦ Board of Management, Prince Henry's Institute of Medical Research.
- ♦ Australian Health Technology Advisory Committee (AHTAC) Working Party on Automated and Semi-Automated Screening Devices.
- ♦ Evolving Technologies Committee of the International Academy of Cytology.
- ♦ The Royal Women's Hospital Ethics Committee
- ♦ New Technologies Reference Group of the Commonwealth Department of Health & Family Services
- ♦ Advisory Committee for Papscreen Victoria
- ♦ RMIT Courses Advisory Committee Medical Laboratory Science.
- ♦ Executive Committee of the Medico-legal Society of Victoria
- ♦ Executive Committee of the Australian Society of Colposcopy and Cervical Pathology

Other Activities (contd)

Apart from teaching activities within Melbourne, Dr Mitchell presented the following talks or participated in the following panels during the year:

How to Influence the Medical Profession, Invited talk, Breast Cancer Support Group, Melbourne, July 1996.

Cost-effectiveness of Cervical Cancer Screening: Is Medicare to Blame? Invited lecture, Department of Obstetrics and Gynaecology, University of Tasmania, February 1997.

Reporting Systems for Pap Smears, Invited talk, Division of General Practice, Southern Region, Tasmania, February 1997.

The VCS Papnet Study

Invited talk, Neuromedical Systems Inc sponsored conference, Hayman Island, April 1997.

Panel member for *Cell Preparation Methods and Criteria of Specimen Adequacy* Task Force, and for *Medico-Legal Affairs* Task Force, Diagnostic Cytology towards the 21st Century, The International Academy of Cytology, Hawaii, June 1997.

Dr Mitchell was also a member of the following committees:

- ♦ National Advisory Committee for Preventing Cancer of the Cervix, Department of Health and Family Services.
- ♦ Working Party on Quality Assurance in Cervical Cytology, Department of Health and Family Services.
- ♦ Advisory Committee, PapScreen Victoria.
- ♦ Monitoring Working Group, National Breast Cancer Centre.
- ♦ Board of Management, Victorian BreastScreen Program.
- ♦ Executive Committee, Australian NHMRC Twin Registry.
- ♦ Trustee, Research and Education Trust, Public Health Association of Australia.

Associate Professor Valerie Surtees has continued to take an active role in the planning strategy of the Medical Laboratory Science Program of the Royal Melbourne Institute of Technology, further strengthening the bonds between this institution and VCS. By membership on committees of professional bodies, VCS senior staff have the opportunity to develop communication channels between the various disciplines involved in cancer prevention.

The pathologists of VCS now take weekly tutorials for medical students in the Department of Pathology and the Department of Obstetrics & Gynaecology of Melbourne University. This has benefits for VCS including access to the excellent library facility of the University, and communication with the academic staff of the Department.

Conclusion

The Victorian Cytology Service has completed another year in which the ability to change, both within the organisation and in the broader context of the community, has been of paramount importance. It has done so with the support of the Health Development Infrastructure Unit of the Department of Human Services, and the referring base of practitioners who send smears to VCS.

Responsiveness to the requirements of both these sectors and even more importantly, of the women of Victoria, must be an ongoing commitment so that the organisation will be able to fulfil its role as a provider of quality care at a competitive price across a range of preventive health services to the community.

Maintenance of the Victorian Cervical Cytology Registry and the Victorian BreastScreen Registry, and more recently the implementation of new educational and service initiatives are tangible evidence of the policy of utilising core competencies to compete not only for market share, but also opportunity share in the changing field of health care delivery.

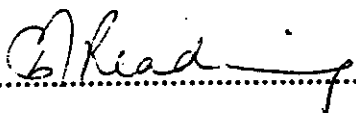


Victorian Cytology Service Incorporated Certification

In our opinion the Report of Operations and the Financial Statements of the Victorian Cytology Service Incorporated comprising Revenue and Expense Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements have been prepared in accordance with Australian Accounting Standards and Urgent Issues Group Consensus Views.

In our opinion the Financial Statements present fairly the financial transactions for the year ended 30 June 1997 and the financial position as at that date of the Victorian Cytology Service Incorporated.

At the date of signing the Financial Statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.



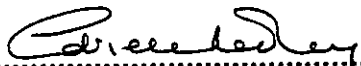
Dorothy Reading

Chairperson (on behalf of the Board)




Kerry Bradley

Member (on behalf of the Board)



Gabriele Medley

Chief Executive Officer



Brian Salter

Principal Accounting Officer

Dated the 19TH day of SEPTEMBER 1997.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	NOTES	TOTAL 1996/97 \$	TOTAL 1995/96 \$
Operating Revenue Providing Fund Inflows			
Government Grants	2	4,113,829	3,741,833
Indirect Contributions by Human Services	3	50,553	47,842
Program Receipts		1,151,574	356,476
Bank Interest	4	4,049	20,821
Sale of Equipment		45,112	43,643
Funds received for Restricted Purposes		418,069	—
TOTAL OPERATING REVENUE PROVIDING FUNDS		5,783,186	4,210,615
Operating Expenses Requiring Fund Outflows			
Diagnostic and Medical Support Services		2,582,380	2,643,686
Administration and Quality Assurance		987,119	1,054,375
Program Expenditure		772,970	362,623
Engineering and Maintenance		29,956	34,016
Domestic and Catering Services		6,280	7,753
Corporate Costs Funded by Human Services	3	50,553	47,842
Workcare		12,367	13,250
Superannuation		260,441	263,903
Teaching and Research		8,303	19,333
Funds paid from Restricted Purposes		251,952	—
TOTAL OPERATING EXPENSES REQUIRING FUNDS		4,962,321	4,446,781
Operating Surplus (Deficit) Providing Fund Inflows		820,865	(236,166)
Operating Expenses Not Requiring Fund Outflows			
Depreciation		245,789	226,903
Employee Entitlements		10,660	263,193
		<u>256,449</u>	<u>490,096</u>
Operating Surplus (Deficit) for the Year		<u>564,416</u>	<u>(726,262)</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

	NOTES	TOTAL 1996/97 \$	TOTAL 1995/96 \$
Retained Surplus at 1 July		881,286	1,607,548
Aggregate of Amounts transferred to Reserves		(166,117)	<u> </u>
Retained Earnings at 30 June		<u>1,279,585</u>	<u>881,286</u>

The accompanying notes form part of these financial statements.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 1997

	NOTES	TOTAL 1996/97 \$	TOTAL 1995/96 \$
Equity			
Capital			
Funds held for Restricted Purposes	11	368,418	451,219
Reserves			
Retained Surplus		1,279,585	881,286
Total Equity		1,648,003	1,332,505
Current Liabilities			
Bank Overdraft		23,038	73,207
Creditors		60,793	81,381
Accrued Expenses		107,352	118,771
Provision for Employee Entitlements	5	673,131	675,168
Employee Entitlements	6	62,900	-
Total Current Liabilities		927,214	948,527
Non Current Liabilities			
Provision for Employee Entitlements	5	439,023	426,326
Employee Entitlements	6	247,494	-
Total Liabilities		1,613,731	1,374,853
Total Equity and Liabilities		3,261,734	2,707,358
Current Assets			
Cash at Bank and on Hand		1,489	9,389
Stores	7	193,184	182,010
Debtors and Accrued Revenue	8	40,140	10,176
Short-term Investments	9	2,229,025	1,676,644
Total Current Assets		2,463,838	1,878,219
Non Current Assets			
Plant and Equipment	10	477,950	586,117
Motor Vehicles	10	319,946	243,022
Total Non Current Assets		797,896	829,139
Total Assets		3,261,734	2,707,358
The accompanying notes form part of these financial statements.			

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 1997

	Funds Held for Restricted Purposes	Retained Surplus	Total 1996/97	Total 1995/96
	\$	\$	\$	
Balance at beginning of year	451,219	881,286	1,332,505	1,952,427
Funds transferred out for reclassification of employee entitlements (sabbatical leave)	(248,918)		(248,918)	
	202,301		1,083,587	
Surplus/(Deficit) for year	-	564,416	564,416	(726,262)
Funds transferred in for restricted purposes	166,117	(166,117)		
Balance at end of year	368,418	1,279,585	1,648,003	1,332,505

The accompanying notes form part of these financial statements.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1997

	NOTES	1997 \$	1996 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Services Supported by Health Services Agreement			
Receipts			
Government Grants		4,062,034	3,826,100
Program Grants		1,231,446	356,476
Interest		4,049	20,821
Funds received for restricted purposes		418,069	-
Payments			
Salaries & Wages		(2,529,785)	(2,632,197)
Other		(2,421,695)	(1,697,630)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	14	764,118	(126,430)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchase of plant, equipment & motor vehicles		(380,018)	(437,673)
Proceeds from disposal of plant, equipment & motor vehicles		210,550	193,849
		(169,468)	(243,824)
MOVEMENT IN FUNDS HELD FOR RESTRICTED PURPOSES		-	106,340
NET INCREASE IN CASH HELD		594,650	(263,914)
CASH AT 1 JULY		1,612,826	1,876,740
CASH AT 30 JUNE	13	2,207,476	1,612,826

The accompanying notes form part of these financial statements.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accounts of the service are stated to assist in a general understanding of these financial statements. These policies have been consistently applied except where otherwise indicated.

The financial statements have been made out in accordance with Australian Accounting Standards.

a. Basis of accounting

The financial statements have been prepared on the basis of historical costs and except where stated do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Service has not adopted a policy of revaluing its non-current assets on a regular basis. Non-current assets are revalued from time to time as considered appropriate by the directors and are not stated at amounts in excess of their recoverable amounts. Except where stated recoverable amounts are not determined using discounted cash flows.

b. Accrual basis

The accrual basis of accounting has been used with revenues and expenses being recognised as they are earned or incurred, and brought to account in the period to which they relate.

c. Historical cost

The financial statements have been prepared on a historical cost basis whereby assets are recorded at cost and do not take into account changing money values nor the current cost of non-current assets (unless specifically stated).

d. Rounding off

All amounts shown in the financial statements are expressed to the nearest dollar.

e. Investments

Investments are valued at cost. Interest revenue from investments is brought to account where it is earned.

f. Depreciation

Depreciable assets with a cost in excess of \$1,000 are brought to account and depreciation has been provided over their estimated lives using the straight line method.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

g. Stores

Stores are stated in the Balance Sheet at the lower of cost and net realisable value. Cost is determined principally by first-in, first-out method.

h. Employee Entitlements

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of balance date, are accrued in respect of all employees at the present values of future amounts expected to be paid based on a 5.2% per annum projected weighted average increase in wage and salary rates over an average period of 11 years. Refer to Note 1 (o) below regarding sabbatical leave.

i. Incorporation

The entity was incorporated on 3 September 1991 under the Associations Incorporation Act 1981. The financial statements include the results and activities of the Victorian Cytology Service Inc. only. The results and operations of the Victorian Cervical Cytology Registry are reported separately based on a directive from Department of Human Services.

j. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

k. Superannuation

Contributions to employee superannuation plans are charged as expense as the contributions are paid or become payable.

l. Taxation

The Service is exempt from Income Tax.

m. Interest Revenue

Interest received on Program Grant Funds held is included in Program Receipts revenue. Other interest received is disclosed separately.

n. Funds Held for Restricted Purposes

Monies received from non government grant sources and monies spent by the Service in relation to such activities are disclosed as Funds received for or paid from Restricted Purposes. Such monies are maintained in separate bank accounts and the surplus of monies received over monies spent is transferred from retained surplus to a restricted purpose capital account.

o. Change in Accounting Policy

The liability for employee entitlements to sabbatical leave has been reclassified as a current and non current liability. In previous years, this balance was included in equity as a fund held for restricted purposes. This change has been reflected as a transfer from equity in 1997 and the comparative figures have not been reclassified.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 2: GOVERNMENT GRANTS

	1996/97	1995/96
	\$	\$
Total Operating Grants	<u>4,113,829</u>	<u>3,741,833</u>

NOTE 3: INDIRECT CONTRIBUTION BY HUMAN SERVICES VICTORIA

The Department of Human Services makes certain payments on behalf of the service which, in accordance with the Department's requirements, have been brought to account in determining the operating result for the year.

NOTE 4: OTHER REVENUE

	1996/97	1995/96
	\$	\$
Bank Interest Received	<u>4,049</u>	<u>20,821</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 5: PROVISION FOR EMPLOYEE ENTITLEMENTS

	Current \$	Non Current \$	Total 1996/97 \$	Total 1995/96 \$
Long Service leave	173,471	439,023	612,494	599,803
Annual Leave	475,841	—	475,841	478,420
Accrued Days Off	23,819	—	23,819	23,271
Total	<u>673,131</u>	<u>439,023</u>	<u>1,112,154</u>	<u>1,101,494</u>

NOTE 6: EMPLOYEE ENTITLEMENTS

Sabbatical leave	62,900	247,494	310,394	—
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NOTE 7: STORES

	1996/97 \$	1995/96 \$
AT COST:		
Housekeeping Supplies	—	80
Medical & Surgical Lines	149,855	93,253
Administration Stores	43,329	88,677
Total	<u>193,184</u>	<u>182,010</u>

NOTE 8: DEBTORS AND ACCRUED REVENUE

	Less than 1 Year	Total 1996/97 \$	Total 1995/96 \$
Additional smears	5,017	5,017	—
Superannuation Deductions	—	10,176	10,176
Outstanding Human Services Grant	17,867	17,867	—
Mercy Hospital for Women	2,851	2,851	—
Women's & Children's Health Network	4,229	4,229	—
Total Debtors and Accrued Revenue	<u>29,964</u>	<u>40,140</u>	<u>10,176</u>

NOTE 9: INVESTMENTS

Types of Investment	Operating Fund	Specific Purpose Funds	Total 1996/97 \$	Total 1995/96 \$
Current Commonwealth Bank Cash Management, Call Account	<u>1,551,502</u>	<u>677,523</u>	<u>2,229,025</u>	<u>1,676,644</u>

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	At Cost 30 June 1997 \$	Accumulated Depreciation at 30 June 1997 \$	Written Down Value at 30 June 1997 \$	Written Down Value at 30 June 1996 \$
Plant & Equipment	970,436	(492,486)	477,950	586,117
Motor Vehicles	382,918	(62,972)	319,946	243,022
	<u>1,353,354</u>	<u>555,458</u>	<u>797,896</u>	<u>829,139</u>

NOTE 11: FUNDS HELD FOR RESTRICTED PURPOSES

	1996/97 \$	1995/96 \$
Education	78,137	46,378
Specific Purposes	141,342	155,923
Sabbatical Leave	—	248,918
Histopathology	33,691	—
IT Facilities	57,069	—
Thinprep & Papnet	13,161	—
NAB Common Fund	45,018	—
	<u>368,418</u>	<u>451,219</u>

NOTE 12: UNFUNDED SUPERANNUATION LIABILITIES

The following details relate to the Service's unfunded superannuation liabilities:

- i) Name of Fund to which the Service contributes:
HOSPITAL SUPERANNUATION BOARD
- ii) Notional share of unfunded liability attributable to the Service: \$511,000 (1996 \$498,000)
- iii) Contribution made by the Service during 1996/97: \$260,441 (1996 \$263,903)
- iv) Contributions outstanding as at 30/06/97: NIL
- v) Contributions are paid in accordance with the Hospital Superannuation Act 1988 and the State Superannuation Act 1988.
- vi)

BASIC BENEFIT SCHEME	
Payrolls greater than \$1 million	
01/07/96 - 30/06/97	6%
CONTRIBUTORY SCHEME	
01/07/96 - 30/06/97	
Employee	Employer
3.0%	3.0%
4.0%	4.0%
6.0%	7.0%

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 13: RECONCILIATION OF CASH

For the purpose of the statement of cash flows, cash includes cash on hand and at bank and monies held at call in cash management accounts. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	1997 \$	1996 \$
Operating Fund		
Cash at bank and on hand	200	120
Bank Overdraft	(23,038)	(73,207)
Cash Management Account	1,551,502	1,234,694
Special Purpose Fund		
Cash at bank	1,289	9,269
Cash Management Account	677,523	441,950
	<u>2,207,476</u>	<u>1,612,826</u>

NOTE 14: RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO OPERATING RESULT

	1997 \$	1996 \$
Operating Surplus (Deficit)	<u>564,416</u>	<u>(726,262)</u>
Depreciation	245,789	226,903
Profit on sale of fixed assets	(45,112)	(43,643)
Changed assets and liabilities:		
(Decrease)/Increase in creditors	(20,588)	74,587
(Decrease)/Increase in accruals	(11,419)	22,914
Increase in employee entitlements	72,136	263,193
(Increase)/decrease in stores	(11,140)	(9,376)
(Increase)/decrease in debtors	(29,964)	65,254
Net cash provided by (used in) operating activities	<u>764,118</u>	<u>(126,430)</u>

NOTE 15: CAPITAL COMMITMENT

The Service will be acquiring computer equipment to the value of approximately \$1.4 million over the next two financial years. The Service has received \$500,000 to 30 June 1997 as Government grant funding towards this acquisition.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

NOTE 16: DIRECTORS' REMUNERATION

1996/97	1995/96
\$	\$

The number of directors of the Service included in these figures are shown below in their relevant income bands;

Income of \$NIL	<u>NUMBER</u> 12	<u>NUMBER</u> 11
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RELATED PARTY INFORMATION

Controlling Entities

The ultimate controlling entity is The Department of Human Services.

Directors and Director-Related Entities

The directors below each held office as a director throughout the period ended 30 June 1997 except where otherwise noted;

Name of Director	Date of Appointment
Ms Dorothy Reading	September 1991
Dr Michael Sedgley	May 1993
Dr Elizabeth Banks	September 1991
Mrs Kerry Bradley	February 1994
Associate Professor M Quinn	September 1991
Dr Julia Shelley	April 1992
Dr S Grover	April 1992
Ms Katharina Dimtscheff	December 1991
Dr Robert Burton	January 1996
Mrs Mary Murdoch	January 1993
Ms Rosie Cummings	July 1996
	Date of Resignation
Ms Nita Cherry	March 1997

Price Waterhouse



Independent Audit Report to the Members of the Victorian Cervical Cytology Service Incorporated

Scope

We have audited the financial statements of the Association for the year ended 30 June 1997 as set out on pages 1 to 13. The Board of Management are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of the financial statements in order to express an opinion on them to the members of the Association.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views, and the rules of the Association so as to present a view which is consistent with our understanding of the Association's state of affairs, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial statements of the Association present fairly, in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the rules of the Association, the financial position of the Association as at 30 June 1997 and the results of its operations and its cash flows for the financial year ended on that date.

Price Waterhouse

Price Waterhouse
Chartered Accountants

Melbourne
19 September 1997

SC Bannatyne
Partner