



**Victorian Cytology Service**

A.B.N. 35 430 554 780

# **Annual Report 2000**

**for the year ended 30 June**

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Financial Statements of Victorian Cytology Service Incorporated

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## Historical Background of VCS

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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 throughout most of the year 99% of all smears received were reported by the end of their second day in the Service. VCS is continuously striving to maintain its market share in a climate of increasingly aggressive competition from a private sector which is now almost completely controlled by large commercial interests. This can only be achieved by maintaining a focus on the high quality of our scientific products.



## Historical Background of VCS (contd)

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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. Over the past ten years other States have established similar facilities. A separate report details the function and activities of VCCR, which has continued to be maintained by VCS.

Since late 1992 VCS has contracted to implement the Registry for BreastScreen Victoria. Appointments for women, invitations to women, reminders for repeat screening and statistical reporting are among the functions of the Registry. Although this activity has resulted in a restriction of space available to the core activities of VCS, the opportunity to utilise available skills and experience in this important initiative has justified the resulting sacrifices.

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), The Key Centre for Women's Health and the Melbourne Sexual Health Centre.

During the past six years VCS pathologists have been contracted to the Pathology Departments of the Mercy Hospital for Women and The Royal Women's Hospital (RWH) to report surgical pathology on a sessional basis. This has served to provide some diversity of work for VCS pathologists whilst maintaining and expanding their skills in the highly specialised field of gynaecological pathology.

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 redevelop 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 uncertainty of recent years surrounding the future of the Hospital. It is to be hoped that the recent decision of the Women's and Children's Network to form a joint venture with a private pathology provider will allow the teaching, training and research initiatives shared between our two institutions to continue and further develop.



## Historical Background of VCS (contd)

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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 these formal courses.

VCS continues to attract visitors from abroad who are concerned with developing screening programs for cervical pre-cancer and cancer in their own countries. 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.



During the 1999/2000 year VCS reported 275,660 gynaecological smears. This represents a drop of 5% since last year. This small reduction in the total number of smears was predicted in the previous Annual Report. It relates primarily to recruitment activities towards the end of the 1998/99 year resulting in "borrowing from the future" such that many women had smears in that financial year who would otherwise have had smears in the 1999/2000 financial year. There is no evidence that VCS has experienced a fall in market share.

The delivery of core functions of the new Cytology Information System (CIS) occurred on 17 August 1999. The transition to the new system was relatively smooth, a result of successful teamwork between staff at all levels of VCS and MITS staff. In particular Dr Heather Mitchell's project leadership was extremely valuable during this time.

In early 2000 it became apparent that the old computer system was not in fact Y2K compliant, highlighting the importance of having achieved cutover before the end of 1999.

The important roles of the Client Services Officer and the Liaison Physician continues with these staff working closely with many VCS referring practitioners. The Client Services Officer and the Liaison Physician are available to visit practices and in the case of the Liaison Physician to provide lectures on any topic related to cervical screening. Senior Cytopathologists continue to provide advice to practitioners who wish to discuss issues surrounding the reporting and the pathology of cervical disease. Together these teams continue to provide an experienced and comprehensive support facility that communicates the commitment of VCS to the highest achievable quality of service to Victorian women and their healthcare practitioners. Updates to practitioners about the changing roles of new technologies, changes to our follow-up service and other items relating to cervical screening form the major component of the regular Newsletters to practitioners that have been a feature of the VCS service for some years.

This aspect of our activities becomes increasingly important as 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. Increasingly primary health practitioners have become vulnerable to complaints surrounding the screening process, in particular failure to offer screening, and allegedly inappropriate responses to the reports they receive. The importance of developing realistic expectations of the test in the community as a whole is paramount. The Pap smear is a good screening test which has the possibility of preventing about 90% of cervical squamous cell carcinoma 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 cancer despite have regular Pap smears, and despite reporting of those smears by laboratories that are performing at the standard of world's best practice.

A significant proportion of these women will have adenocarcinoma, a cancer of glandular epithelium of the endocervical canal. The Pap smear is unable to offer the same preventive potential for this disease because the precursor lesions are more difficult to sample and recognition of their cellular representation is not established to the same level of accuracy as squamous lesions. As a result an increasing proportion of cervical cancers are of this type.

A very few women will have the entity of rapid onset cancer, which can develop and grow in a much more rapid time frame than the more usual tumour types and may therefore not be preventable within the normal screening parameters.



Some women will have a smear containing abnormal cells which are either not detected or are misinterpreted by the reporting laboratory. However if women are regularly screened every two years the subsequent testing will usually prevent a serious outcome.

Some women will fail to receive their report or experience failure of subsequent management. 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. The important message being that the test cannot give a guarantee.

The contract between VCS and Mercy Hospital for Women for provision of professional pathology services has come to an end. Dr Jan Pyman resigned from VCS in September 1999 and accepted a full-time position with the Mercy Hospital for Women. However, our contractual with the Royal Women's Hospital for the provision of regular histopathology sessions continues albeit through Melbourne Pathology. The Royal Women's Hospital has contracted the professional component of their anatomical pathology services to Melbourne Pathology. VCS has, in turn, contracted with Melbourne Pathology to continue to provide regular histopathology sessions. This arrangement is important not only because it allows pathologists to retain and expand their skills in gynaecological and breast histopathology but also because it provides regular experience in cervical histopathology which reinforces skills in cervical cytopathology.

As planned Dr Gabriele Medley retired as Director on 30 June 2000. Her retirement and her contribution to cytology and women's health were acknowledged at a local function, held at the University of Melbourne, for VCS staff, colleagues from general practice, obstetrics and gynaecology, the University and the Board of Management. Dr Medley's contribution was also recognised at the national level. At the recent Annual Scientific Meeting of the Australian Society of Cytology held in June, Dr Medley was conferred with Honorary Life Membership. Dr Marion Saville was appointed Director and will take up her position on 3 July 2000. It is planned that Dr Medley will be re-employed as a Consultant Pathologist on a part-time basis.

VCS continues to report all public cervical cytology for the Royal Women's Hospital, Western Hospital, Box Hill Hospital, Goulburn Valley Hospital, and the Royal Melbourne Hospital. Unfortunately, with the sale of Wimmera Pathology to Dorevitch Pathology, our long standing relationship with this laboratory has come to an end. This is particularly unfortunate because it was our major source of non-gynaecological cytology.

The excellent relationship between VCS, the Public Health Branch of the Department of Human Services and the Anti-Cancer Council continues to provide the opportunity for skill and knowledge sharing with broad and constructive discussion surrounding the delivery of the Cervical Screening Program. The ability to collect and review recent outcome data such as the significant reduction in the incidence and mortality from squamous cell cancer that has characterised the latter years of the Victorian Program, has allowed a refocussing of priorities that must be continuously reviewed as such a public health initiative matures. The optimal use of financial resources is mandatory if the program is to retain its place in the broad picture of disease prevention across the community.



Once again several groups of community health workers, including representatives of disabled health initiatives, and ethnic and aboriginal liaison groups, visited VCS for a tour of the facility, and a multihead microscope tutorial to demonstrate the nature of the Pap smear. Such occasions, and the speaking engagements of senior VCS staff in lay, medical, nursing and medico-legal fora provide the opportunity to broaden the community's understanding of the principles and implementation of the cervical screening program. These activities serve to underpin the role of VCS as a significant community resource



## Board of Management

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During this year there have been two resignations from the Board of Management.

Dr Sonia Grover resigned from the Board of Management on 23 September 1999. Dr Grover, an Obstetrician & Gynaecologist, was one of two representatives on the VCS Board from the Royal Women's Hospital. Dr Grover's appointment to the VCS Board was approved by the Minister for Health in 1992. VCS is extremely grateful for the time and energy that Dr Grover was able to commit to the Board over the last seven years.

Ms Rosie Cummings, a nurse practitioner with experience in family planning, also tendered her resignation in September 1999. Ms Cummings had served on the Board for 3 years, she is sincerely thanked for her contribution.

The management and staff continue to be grateful for the generosity of Board Members in making themselves available both for meetings and for consultation when there is a specific need of individual expertise. At a time when public sector facilities such as VCS are implementing their commitment to high quality competitive service that is necessary for survival, the opportunity to have access to such a body of experience is invaluable.

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### Board Members

Professor Michael Quinn (Chairman)  
Dr Elisabeth Banks  
Mrs Kerry Bradley (Honorary Treasurer)  
Ms Janice Carpenter  
Professor Gordon Clunie  
Dr Susan Hughes

Ms Elizabeth Kennedy  
Mrs Mary Murdoch (Vice Chairman)  
Ms Kate O'Brien  
Ms Dorothy Reading  
Dr Julia Shelley

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

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

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### **Director and Public Officer**

**Until 30 June 2000**

Gabriele Medley  
MB, BS, FRCPA, FIAC

**From 1 July 2000**

Marion Saville (nee Gurley)  
MBChB, Am Bd (Anat Path & Cytopath),  
FIAC, Grad Dip Med (Clin Epi)

**Deputy Director, Epidemiologist, Medical  
Director of VCCR and VBR**

Heather Mitchell,  
MB, BS, MD, MSc, FRACP, FAFPHM

### **Business Manager**

Brian Salter

### **Pathologists**

Prudence Elizabeth Allan MB, BS, FRCPA  
Frances Petry MB, BS, BMedSc, FRCPA  
Henry Yeung MB, BS, FRCPA  
Valerie Maru Surtees (until Dec '99)  
BSc, MB, ChB, PhD, FRCPA  
Jan Margaret Pyman (until Sept '99)  
MB, BS, FRCPA

### **Trainee Cytopathologists**

Afaf Haddad MD, MB, BS, FRCPA  
(until January 2000)  
Amanda Charlton MB, ChB, FRCPA  
(from February 2000)  
Alison Skene MB, BS, FRCPA  
(from February 2000)

### **Liaison Physician**

Stella Heley MB, BS, Dip Ven, FACVen

### **Chief Scientist**

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

### **Information Technology Manager**

Matthew Cunningham BBus(InfoSys)

### **Coordinator of VCCR and VBR**

Vicky Higgins MRA

### **Teaching Coordinator**

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

### **Accountant**

Chris Platford BBus(Acc)

### **Personnel Officer**

Yvonne Sheppard

Cytopathologists remain scarce both in Australia and overseas. VCS has been fortunate once again to receive funds from the Victorian Cervical Cancer Screening Program to employ two trainee Cytopathologists, Drs Amanda Charlton and Alison Skene, who commenced duties in February 2000.

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 Screening 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. 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. As noted previously in this report 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

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The number of Papanicolaou tests received during the year was 275,660

1999		2000	
July	29761	January	16410
August	29555	February	24178
September	23693	March	25643
October	21552	April	17396
November	21274	May	25988
December	18278	June	22112

215 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. The fall since last year is almost entirely due to the sale of Wimmera Pathology, our major source of non-gynaecological specimens, to Dorevitch Pathology and the consequent loss of this work to VCS.

1229 histology specimens were processed. The majority of these specimens were cervical biopsies from a small number of colposcopists working in Metropolitan Melbourne. This represents a 38% increase in the number of tests since the previous year. The expansion of this service is pleasing as it is evidence of an increasing reputation for VCS as a highly specialised gynaecological pathology service provider.

In this financial year there have been 2321 PAPNET tests requested. This represents a reduction of approximately 43% since last year. During 1999/2000 there were 9896 ThinPrep tests requested, a 12% reduction compared to the previous financial year.

The fall in number of PAPNET tests requested probably reflects the cessation of operations of Neuromedical Systems Inc, the owner of the original PAPNET technology. Another company involved in the development of cervical screening technology has purchased the intellectual property of the organisation and continues to offer PAPNET testing. However, there is very little promotional activity either to doctors or women. The decline in the the number of PAPNET tests requested can be expected to continue.

The CYTYC company continues operations in Australia and worldwide.

Both of these tests have continued to be offered as adjunct tests to the conventional Pap smear in Australia. However, in the USA and parts of Europe there is an increasing tendency to utilise both liquid based sampling and automated screening technologies to replace the conventional preparation screening pathway, despite the absence of high level evidence to support this change. In keeping with its role as a leader in developing research to provide high-level evidence on which to base appropriate change in practice, VCS continues to explore opportunities to be involved in significant research which would have the potential to make a major contribution for planning for such change in Australia.



## Financial Activities

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These are considered in the attached papers.

In this financial year the target for base funding was set at 280,000 smears.

The VCS budget for the financial year was approved on 22 December 1999. Funding was maintained at the same level as 1998/99. VCS has completed this year with a surplus of \$26,564 on an accrual basis.

The provision of funds from the Victorian Cervical Cancer Screening Program has once again enabled important training and quality improvement initiatives to be implemented that would be unachievable within the base funding. This has enabled the organisation to continue its important role in the Victorian program to improve women's health.

During the financial year the Commonwealth announced its intention to cease the Health Program Grants. Laboratories throughout Australia with Health Program Grants are to be moved into the Medicare funding system. This change will take place from 1 July 2000. However, because of the Victorian State Government election and the inability of staff from the Department of Human Services Victoria to talk with staff from the Commonwealth Department of Health and Aged Care, VCS has been given a further one-year Health Program Grant, which will terminate on 30 June 2001.

If VCS is to become a bulk-billing Medicare laboratory, which will not be eligible for the per episode initiation (PEI) fee this will seriously threaten the ongoing financial viability of the Service. Talks are underway with staff from the Screening Section of the Commonwealth Department of Health and Aged Care in an attempt to come to an agreement whereby Commonwealth funding would come to VCS via a protected line item in the Public Health Outcome Funding Agreements (PHOFA). Such agreement may well require that VCS provide Medicare equivalent data to the Health Insurance Commission (HIC) for the purposes of monitoring the National Cervical Screening Program. A preliminary review of the Commonwealth Privacy Legislation and the Victorian Health Information Bill, as it currently stands, suggests that it should be possible to provide such information.

In addition the Commonwealth is currently undertaking a review of Pathology Legislation and in response to a request for submissions Dr Saville made a submission outlining the problems with the current legislation, particularly in relation to the PEI. The submission points out that if indeed VCS will require to become an HIC laboratory, the prohibition on access to the PEI would result in a serious competitive disadvantage, rather than competitive neutrality, the intended goal of the legislation relating to the PEI.



## Space and Equipment

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Space has continued to be at a premium during this financial year, however with the pending departure in July 2000 of the MITS team, who developed our new Cytology Information System (CIS), and the relocation of the BreastScreen Registry, the pressure on office space should ease considerably.

Equipment purchases for the financial year 1999/2000 were confined to personal computer purchases (\$29,494) associated with the CIS.



## Staff

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The staff is the most important resource of the Service and this year has again seen significant changes in workplace strategy and structure. In the clerical area, following the resignation of the Office Services Coordinator, a decision was made to postpone filling this position to allow the new three senior staff to establish themselves and to review the need for a manager between these three senior staff and the Business Manager. A watching brief will be maintained in this area.

Scientific staff and pathologists have adapted well to the new and much changed work practices that have been implemented following cutover to the CIS.

These staff now enter cytology results, a task previously undertaken in the clerical area. With the development of more sophisticated statistical functions of the CIS it should be possible to evaluate the impact of this change particularly with regard to changes in productivity.

The staff of all sections of the Service are congratulated on their commitment of time and effort and the smooth transition to the new system.

The restructure of the Anatomical Pathology Department of the Royal Women's Hospital has been a period of considerable uncertainty. However, the eventual outcome has been that Melbourne Pathology has signed a contract with the Royal Women's Hospital to provide professional and registrar teaching sessions to the Hospital. The relationship between VCS and Melbourne Pathology involving the provision of histopathology reporting sessions continues, allowing valuable exposure to this area for our pathologists. In addition there has been increased participation by VCS pathologists in the clinico-pathological conferences resulting in improved communication between gynaecologists and VCS pathologists. Since VCS continues to report all Pap smears from the Hospital we anticipate a continued benefit in the care of patients shared by the two institutions.

Ms Lisa Garay continues as Client Services Officer. Her role in the maintenance of a responsive relationship with the existing referring practitioners and in recruiting new practitioners to VCS is extremely important. The intensity of marketing activities of private pathology providers who are able to offer incentives which are unavailable to VCS highlight the need to put strongly before our practitioner base the high quality of service and specialised skills attached to our product, which are the only incentives that VCS can offer. Ms Garay has also been working with our IT Department to identify practitioners for whom the availability of electronic downloading of reports is important in their selection of laboratories. As this functionality becomes available to us we will visit practices that have indicated that they wish to have electronic downloading and assist them in setting this up.

Dr Gabriele Medley has been consulting to the New Zealand Health Funding Authority assisting them in a review of New Zealand's cytology laboratories and as an expert witness at the Gisborne enquiry. In addition, in June she agreed to be a Consultant to the New Zealand Health Technology Assessment which is being carried out by the Department of Public Health and General Practice at the University of Otago. Dr Medley's participation in these activities enhances the international reputation of VCS.



### **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 referring practitioners including telephone and face to face presentation.

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 when there appears to be a discrepancy. Elements of inconsistency not avoidable in the pursuit of a subjective discipline such as cytology are discussed and addressed by quality assurance test sets followed by multihead microscope consensus discussions. 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 Dysplasia Clinic staff from RWH are held at the multihead microscope. Clinico-pathological correlation of cytology with biopsy specimens forms 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 courses for pathologists wishing to report cytology unfortunately had to be cancelled both in 1998 and 1999 because of the constraints on space and staff time associated with the development of the new Cytology Information System. The course will be held in August 2000. This initiative 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. Performance continues to be well above average.

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, the continuing education programs of the Anti-Cancer Council of Victoria 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 four to five 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, a further step in the purposeful upgrading of the quality of service in this important element of a successful cervical cancer prevention program.

Medical students attached to the Royal Women's Hospital are all offered the opportunity to view the working operations of VCS. The Director provides, on a weekly basis, a guided tour that follows the path of a Pap smear through the laboratory. The session concludes with a short tutorial at the multihead microscope and the opportunity for questions and discussion. This is an important part of the training of medical students, laying the basis for future good practice in relation to cervical screening.

### **Scientists - Internal Initiatives**

The internal program continues to have three elements, viz:

The training of scientists as screeners of cervical smears continues to be funded by the Health Development Infrastructure Unit of the Department of Human Services. Previously employed cytotechnologists and those returning after maternity leave undergo retraining prior to independently reporting smears.

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 comprehensive internal quality control protocols that 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 two VCS scientists have been preparing for the examination 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 in past years performed extremely well in these examinations. Due to the timing of the ASC Annual Scientific Meeting, which was held in Broome WA from 22 - 24 June 2000, the certificate of competence examination will be held on 22 & 23 July 2000.

Scientists are encouraged to attend and participate in meetings of learned societies such as the regular local workshops of the Victorian Branch of the Australian Society of Cytology. This year three scientists attended the ASC Annual Scientific Meeting in Broome. Reference material is available and facilities provided for photography and preparation of presentations. Financial support for expenses for participants in interstate scientific meetings is offered.



## Training and Education (contd)

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The external program of teaching cytology as a component of the Bachelor of Applied Science (Medical Laboratory Science) at RMIT continues. Due to the continuing space constraints alluded to above the classes this year were also held on campus. 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.

The annual two-week course in gynaecological cytopathology for scientists, similar to the course for cytopathologists was unfortunately cancelled in 1999 but will be held in September 2000. 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.

Ms Debbie Reich, the VCS External Teaching Coordinator, accompanied a multidisciplinary team to Mongolia where they provided assistance in setting up a local cervical screening program. As a result of that visit, Dr Enktuya, a Mongolian pathologist, visited VCS in early 2000 for two months training in gynaecological cytology.

During 1999/2000 there has been a continuing program of training related to the new Cytology Information System. This has stretched the resources of the organisation and the senior staff are to be congratulated on their sustained commitment of both time and effort during this period.



## Victorian BreastScreen Registry

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During 1999/2000, the Victorian Cytology Service continued to operate this Registry for BreastScreen Victoria. The Registry's contribution to the BreastScreen program in Victoria encompassed

- running the telephone appointment system for women (>250,000 phone calls per year),
- operation of the reminder system for women shortly before their next screening is due,
- sending invitation letters to apparently unscreened women as they reach the target age range for BreastScreen which is currently 50 years,
- data cleaning and analysis, and
- the provision of an information system for the statewide program.

The 1999/2000 year was dominated by two events - the need to achieve Y2K compliance before the end of 1999, and preparations for the transfer and relocation of the BreastScreen Registry to the BreastScreen Coordination Unit.

Achieving Y2K compliance was a very large undertaking for the Registry staff. The scope of the work covered the equipment located within the Registry (such as the PABX telephone systems, fax machines, computer equipment) and the VicScreen information system used by all Screening and Assessment Centres throughout Victoria. VicScreen is the centrally maintained software and database that is networked across the State. Registry staff perform all modifications and enhancements to the software. Screening and Assessment Centres enter data to VicScreen for each woman who attends the BreastScreen program with central collation at the Registry.

The scope of the work at the eight Screening and Assessment Centres involved hardware (eight file servers, network systems and in excess of 130 workstations), developed software, commercially purchased software and ad hoc utilities. The complexity of the task related not just to the use of the VicScreen software and database, but also to the myriad of different hardware and software that had been purchased by the Screening and Assessment Centres over the preceding seven years.

A Y2K contingency plan was prepared but in the event was not used as the transition into the year 2000 was unremarkable. All members of the Registry's information technology staff were diligent in their work throughout 1999 and the Y2K compliance is a tribute to their dedication and competency. The work of John Siddham and Darren Firth, and the managerial responsibilities performed by Vicky Higgins, were particularly noteworthy.

The other major event of the 1999/2000 financial year was implementing the decision taken in late November 1999 to transfer responsibility for the Registry to the BreastScreen Coordination Unit. The original agreement was to aim for the transfer to occur by the end of February 2000. This was not able to be achieved due to difficulties in finding a suitable physical location for the Registry in close proximity to the Coordination Unit. Ultimately the move was able to be achieved in late July 2000.



This delay in the relocation plus the new reporting lines associated with the move meant a protracted period of stress and uncertainty for Registry staff. Senior management was nevertheless able to maintain a spirit of cooperation and teamwork such that there was minimal staff turnover during the intervening period. It is noteworthy that all middle-level staff transferred to the new premises, indicating a promising commencement for the new arrangements.

Given that seven years have elapsed since the commencement of the program in early 1993, both the BreastScreen Victoria program and the Registry are now in a mature state. The Registry leaves VCS as a well functioning unit and team. Its staff are its major asset. The challenges for the future will be many and varied, not least the replacement of the existing information system. This will be a major and complex undertaking. The need for a new information system was flagged as a forward planning issue at the Registry's annual planning day in February 1999. During 1999/2000, a working group was formed to conduct a feasibility study. Ongoing work continues in this area.

On reflection, many of the decisions and work practices adopted by the Registry have positioned Victoria as a leader within BreastScreen Australia as regards a suitable infrastructure for a screening program. Two such decisions are worthy of particular comment.

First, the decision taken in 1993 to assign a unique ID number to each woman who participated in BreastScreen Victoria so that accurate record-linkage between individual screening episodes could be achieved has meant that Victoria has avoided the problems experienced by several other large Australian States in achieving woman-based records. This has meant that Victoria was in a much better position to efficiently provide monitoring statistics such as participation rates, cancer detection rates and interval cancer rates. It greatly assists the transfer of files and films between different screening services within Victoria.

Second, the publication of an Annual Statistical Report since 1994 has meant that timely information has been available about the profile of women attending BreastScreen and the results of their screening tests and other investigations. The importance of such information in the identification of problem areas, in maintaining staff interest, and in general accountability for the program cannot be overstated. Since Victoria took the lead in this area, a number of other States have also commenced publishing an Annual Statistical Report.

Finally, it is once again appropriate to express sincere thanks to each member of staff of the BreastScreen Registry, all of who performed admirably during the year and without whom the Registry could not function. The performance of the Coordinator, Ms Vicky Higgins remains outstanding. Thanks are also expressed to Victorian Cytology Service for assistance throughout the year, particularly the Business Manager, Mr Brian Salter, the Personnel Officer, Ms Yvonne Sheppard, and the Accountant, Mr Chris Platford.

## **Publications from VCS during 1999/2000**

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Kavanagh AM, Mitchell H, Giles CG

Hormone replacement therapy and accuracy of mammographic screening

Lancet 2000;355:270-74

Kavanagh A, Mitchell H, Farrugia H, Giles G

Monitoring interval cancers in an Australian mammographic screening programme

J Med Screen 1999;6:139-143



## Other Activities

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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 continues to be spokesperson for PapScreen Victoria.

Dr Mitchell continues as Chair of the National Advisory Committee of the National Cervical Screening Program.

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 1990/2000.

- ◆ October 1999 Invited Lecturer: *Cervical Cytology*, Diploma of Venereology.
- ◆ March 2000 Invited Panel Leader: *The Medically Underserved Woman* International Consensus Conference on the Fight against Cervical Cancer, Chicago USA..
- ◆ March 2000 Invited Panel Leader: *Medico-Legal Problems* International Consensus Conference on the Fight against Cervical Cancer, Chicago USA.

Dr Saville presented the following talks or participated in the following initiatives during 1999/2000.

- ◆ October 1999 Lecture and Workshop: *Liquid Based Cytology*, 29<sup>th</sup> Annual Scientific Meeting of the Australian Society of Cytology.
- ◆ June 2000 Keynote Lecture: *The Current Status of HPV and Cervical Cancer*, 30<sup>th</sup> Annual Scientific Meeting of the Australian Society of Cytology.
- ◆ June 2000 Invited Lecturer: *Glandular Lesions of the Cervix – Epidemiology – Prospects for Control*, 30<sup>th</sup> Annual Scientific Meeting of the Australian Society of Cytology.



## Other Activities (contd)

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Dr Medley is a member of the following committees:

- ◆ Evolving Technologies Committee of the International Academy of Cytology
- ◆ The Royal Women's Hospital Ethics Committee
- ◆ General & Long Range Planning Committee of the International Academy of Cytology
- ◆ Advisory Committee for PapScreen Victoria
- ◆ Executive Committee of the Medico-legal Society of Victoria
- ◆ Executive Committee of the Australian Society of Colposcopy and Cervical Pathology
- ◆ NPAAC Subcommittee to Review the Requirements for Gynaecological Cervical Cytology

Dr Mitchell is a member of the following committees:

- ◆ National Strategies Coordination Committee, National Public Health Partnership
- ◆ Chair, National Advisory Committee, National Cervical Screening Program
- ◆ New Technologies Working Group, National Cervical Screening Program
- ◆ Policy and Cost Effectiveness Working Group, National Cervical Screening Program
- ◆ National Screening Information Advisory Group, Australian Institute of Health & Welfare
- ◆ Monitoring Working Group, National Breast Cancer Centre
- ◆ Executive Committee, Australian NHMRC Twin Registry
- ◆ Advisory Committee for PapScreen Victoria

Dr Saville is a member of the following committees:

- ◆ Evolving Technologies Committee of the International Academy of Cytology
- ◆ Membership Committee of the International Academy of Cytology
- ◆ Advisory Committee for PapScreen Victoria

The pathologists of VCS continue to 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

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The Victorian Cytology Service has completed another extremely difficult and challenging 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 by the coordinated efforts of the staff, 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.



# VICTORIAN CYTOLOGY SERVICE INCORPORATED

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## Director's Declaration

The Directors declare that the financial statements and notes set out on pages 1 to 14:

- a) comply with Australian Accounting Standards and Urgent Issues Group Consensus Views;
- b) give a true and fair view of the Service's financial position as at 30 June 2000 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the Directors opinion:

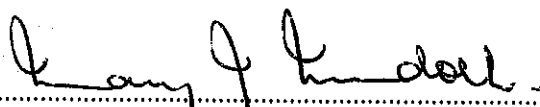
- a) there are reasonable grounds to believe that the Service will be able to pay its debts as and when they become due and payable; and
- b) at the date of this declaration, there are reasonable grounds to believe that the Directors identified in note 17 will be able to meet any obligations or liabilities to which they are, or may become.

This declaration is made in accordance with a resolution of the Directors.



Michael Quinn

Chairperson (on behalf of the Board)



Mary Murdoch

Member (on behalf of the Board)



Marion Saville

Chief Executive Officer



Brian Salter

Principal Accounting Officer

Dated the FIFTEENTH day of SEPTEMBER 2000



# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	TOTAL 1999/00 \$	TOTAL 1998/99 \$
<b>Operating Revenue Providing Funds Inflows</b>			
<b>Services Supported by Health Service Agreement</b>			
Operating Grants		5,140,920	4,927,503
Program Grants		426,047	737,623
Indirect Contributions by Human Services	2	74,083	67,400
Bank Interest	3	117,659	105,749
Gain on Sale of Equipment	4	57,071	5,085
Funds received for Restricted Purposes		471,763	526,927
Other		280	-
<b>TOTAL OPERATING REVENUE PROVIDING FUNDS</b>		<b>6,287,823</b>	<b>6,370,287</b>
<b>Operating Expenses Requiring Funds Outflows</b>			
Diagnostic and Medical Support Services		4,099,561	3,732,889
Administration		752,007	693,033
Program Expenditure		333,554	625,754
Engineering and Maintenance		28,741	22,946
Domestic and Catering Services		14,555	14,376
Corporate Costs Funded by Human Services	2	74,083	67,400
Workcare		18,702	11,941
Superannuation	12	306,719	318,681
Teaching and Research		13,163	7,632
Funds paid from Restricted Purposes		415,094	341,551
Doubtful Debts for Restricted Purposes		7,198	9,688
<b>TOTAL OPERATING EXPENSES REQUIRING FUNDS</b>		<b>6,063,377</b>	<b>5,845,891</b>
<b>Operating Surplus (Deficit) Providing Funds Inflows</b>		<b>224,446</b>	<b>524,396</b>

# **VICTORIAN CYTOLOGY SERVICE INCORPORATED**

## **REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30 JUNE 2000**

	<b>NOTES</b>	<b>TOTAL 1999/00</b>	<b>TOTAL 1998/99</b>
		<b>\$</b>	<b>\$</b>
<hr/>			
<b>Operating Expenses Not Requiring Funds Outflow</b>			
Depreciation		367,784	254,216
Employee Entitlements Provision		(169,882)	226,074
		<u>197,902</u>	<u>480,290</u>
<b>Operating Surplus for the Year</b>		<u>26,544</u>	<u>44,106</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## BALANCE SHEET AS AT 30 JUNE 2000

	NOTES	TOTAL 1999/00 \$	TOTAL 1998/99 \$
<b>Equity</b>			
<b>Capital</b>			
Funds held for Restricted Purposes	11	740,646	691,175
<b>Reserves</b>			
Retained Surplus		1,889,036	1,911,963
<b>Total Equity</b>		<u>2,629,682</u>	<u>2,603,138</u>
<b>Current Liabilities</b>			
Prepaid Course Fees		26,650	-
Creditors		187,992	423,003
Accrued Expenses		115,782	43,902
Provision for Employee Entitlements	5	1,065,896	1,235,498
Employee Entitlements	6	214,997	267,520
<b>Total Current Liabilities</b>		<u>1,611,317</u>	<u>1,969,923</u>
<b>Non Current Liabilities</b>			
Provision for Employee Entitlements	5	86,380	101,279
Employee Entitlements	6	221,003	153,862
<b>Total Non Current Liabilities</b>		<u>307,383</u>	<u>255,141</u>
<b>Total Liabilities</b>		<u>1,918,700</u>	<u>2,225,064</u>
<b>Total Equity &amp; Liabilities</b>		<u>4,548,382</u>	<u>4,828,202</u>
<b>Current Assets</b>			
Cash at bank & On Hand		23,293	188,146
Stores	7	247,225	196,994
Debtors and Accrued Revenue	8	392,955	368,860
Short Term Investments	9	2,154,616	2,479,154
<b>Total Current Assets</b>		<u>2,818,089</u>	<u>3,233,154</u>
<b>Non Current Assets</b>			
Plant & Equipment	10	1,415,763	1,284,197
Motor Vehicles	10	314,530	310,851
<b>Total Non Current Assets</b>		<u>1,730,293</u>	<u>1,595,048</u>
<b>Total Assets</b>		<u>4,548,382</u>	<u>4,828,202</u>

**VICTORIAN CYTOLOGY SERVICE INCORPORATED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2000**

	FUNDS HELD FOR RESTRICTED PURPOSES \$	RETAINED SURPLUS \$	TOTAL 1999/00 \$	TOTAL 1998/99 \$
Balance at beginning of year	691,175	1,911,963	2,603,138	2,559,032
Surplus/(Deficit) for Year	-	26,544	26,544	44,106
Funds transferred in for Restricted Purposes	49,471	(49,471)	-	-
<b>Balance at end of year</b>	<u>740,646</u>	<u>1,889,036</u>	<u>2,629,682</u>	<u>2,603,138</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2000

	NOTES	TOTAL 1999/00 \$	TOTAL 1998/99 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Services Supported by Health Service Agreement</b>			
<b>Receipts</b>			
Operating Grants		5,136,325	4,496,547
Program Grants		422,887	932,123
Interest		118,906	97,372
Funds received for restricted purposes		467,384	530,552
<b>Payments</b>			
Salaries and Wages		(4,502,383)	(4,292,406)
Other		(1,686,582)	(1,127,743)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>14</b>	(43,463)	636,445
Payments for purchase of plant, equipment & motor vehicles		(847,690)	(630,042)
Proceeds from disposal of plant, equipment & motor vehicles		401,762	197,408
		<u>(445,928)</u>	<u>(432,634)</u>
<b>Net Increase/(Decrease) in Cash Held</b>		(489,391)	203,811
<b>Cash at start of financial year</b>		2,667,300	2,463,489
<b>Cash at end of financial year</b>	<b>13</b>	<u>2,177,909</u>	<u>2,667,300</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

### 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 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 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). Cost is based on the fair values of the consideration given in exchange for assets.

#### 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

The Service capitalises depreciable assets with a value in excess of \$3,000. In the past depreciable assets were capitalised (including high value software associated with the CIS project) when costs were in excess of \$1,000 with depreciation provided over their estimated lives using the straight line method. It is expected that assets with values of less than \$3,000 will be written back as expenses over the next financial year.

Plant & Equipment	5-50% depreciation
Motor Vehicles	20% depreciation

#### h. 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.

## VICTORIAN CYTOLOGY SERVICE INCORPORATED

### i. **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 on 4.6% per annum projected weighted average increase in wage and salary rates over an average period of 11 years.

### j. **Sabbatical Leave**

Certain employees are entitled to sabbatical leave after six years service (which is transferable inwards and outwards with the employee and without due consideration paid to/from subsequent/previous employers). The liability at balance date represents an accrual based on current salary levels and an allowance for travel and accomodation.

### k. **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.

### l. **Comparatives**

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

### m. **Superannuation**

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

### n. **Taxation**

The Service is exempt from Income Tax. From the 1/4/01 Fringe Benefits Tax will apply. The provision of Medical Services is exempt from GST.

### o. **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.

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 2: INDIRECT CONTRIBUTIONS 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 results for the year.

## NOTE 3: OTHER REVENUE

	1999/00	1998/99
	\$	\$
Bank Interest Received	<u>117,659</u>	<u>105,749</u>

## NOTE 4: GAIN ON SALE OF EQUIPMENT

Equipment was sold for consideration of \$401,762

## NOTE 5: PROVISION FOR EMPLOYEE ENTITLEMENTS

	Current	Non Current	Total 1999/00	Total 1998/99
	\$	\$	\$	\$
Long Service Leave	452,234	86,380	538,614	758,719
Annual Leave	580,887	-	580,887	549,264
Accrued Days Off	32,775	-	32,775	28,794
Total	<u>1,065,896</u>	<u>86,380</u>	<u>1,152,276</u>	<u>1,336,777</u>



# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 6: EMPLOYEE ENTITLEMENTS

	1999/00	1998/99
	\$	\$
Sabbatical Leave	436,000	421,382

## NOTE 7: STORES

	1999/00	1998/99
	\$	\$
Medical & Surgical Lines	200,233	160,163
Administration Stores	46,992	36,831
<b>Total</b>	<u>247,225</u>	<u>196,994</u>

## NOTE 8: DEBTORS AND ACCRUED REVENUE

	1999/00	1998/99
	\$	\$
Australian Taxation Office	947	-
VBR BreastScreen Registry	18,317	10,520
Victorian Cervical Cytology Registry	4,234	-
Dept of Human Services	256,510	248,756
Women's & Children's Healthcare Network	-	6,910
Melbourne Pathology	7,464	10,654
Histo Pathology/Non Gynaecological Accounts Receivable	13,913	16,461
Mercy Hospital	-	9,750
Thinprep & Papnet	34,455	27,915
Provision for Doubtful Debts for ThinPrep & Papnet	(551)	(483)
RMIT Teaching Costs	30,000	30,000
Bank Interest	7,130	8,377
Auckland Hospital	1,886	-
Health Funding Authority of NZ	18,650	-
<b>Total Debtors and Accrued Revenue</b>	<u>392,955</u>	<u>368,860</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 9: INVESTMENTS

Types of Investment	1999/00 \$	1998/99 \$
<b>Current</b>		
Cash Management Call Accounts & Cheque Bearing Interest Accounts		2,479,154
Bank Bills and Fixed Term Investments	2,154,616	-
	<u>2,154,616</u>	<u>2,479,154</u>

## NOTE 10: PLANT AND EQUIPMENT

	At Cost 30.06.00 \$	Accumulated Depreciation 30.06.00 \$	Written Down Value at 30.06.00 \$	Written Down Value at 30.06.99 \$
Plant & Equipment	2,512,552	(1,096,789)	1,415,763	1,284,197
Motor Vehicles	355,133	(40,603)	314,530	310,851
	<u>2,867,685</u>	<u>(1,137,392)</u>	<u>1,730,293</u>	<u>1,595,048</u>

## Reconciliations

	Furniture Plant & Equipment	Vehicles
Carrying Amount as at 1/7/99	1,284,197	310,851
Additions	433,418	414,269
Disposals	(39,872)	(432,370)
Depreciation Written back on Disposals	31,618	95,966
Depreciation Amortisation	(293,598)	(74,186)
Carrying Amount as at 30/6/00	<u>1,415,763</u>	<u>314,530</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 11: FUNDS HELD FOR RESTRICTED PURPOSES

Retained Earnings Reserve Account	1999/00 \$	1998/99 \$
Education	83,551	66,724
Specific Purposes	190,240	190,885
Histopathology	144,441	105,652
IT Facilities	59,183	59,183
ThinPrep	123,267	118,465
Papnet	93,087	103,389
NAB Common Fund	46,877	46,877
	<u>740,646</u>	<u>691,175</u>

## NOTE 12: SUPERANNUATION LIABILITIES

- i) Name of Fund to which the Service contributes:  
HEALTH SUPER FUND
- ii) Notional share of unfunded liability attributable to the Service: nil
- iii) Contributions are paid in accordance with the Trust Deed of Health Super Fund, employer contributions are calculated as a percentage of the employee's salary. Separate contributions are determined for Health Super Scheme and Health Super Contributory Benefits. The rates for 1999/00 for all participating employees were:

Schemes	Contribution Rates	
Health Super Scheme	Superannuation Guarantee - 7%	
Health Super Contributory	<b>Employee</b>	<b>Employer</b>
	3%	3%
	4%	4%
	6%	4%

- iv) Contributions made by the Service during 1999/00: \$306,719 (1998/99: \$318,681).

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 13: RECONCILIATION OF CASH

For the purpose of the statement of cash flows, cash flows include 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 balance sheet as follows:

	1999/00	1998/99
	\$	\$
<b>Operating fund</b>		
Cash on hand & at bank	18,301	188,146
Cash management account	4,992	2,479,154
Term Deposits	115,603	-
Bank Bills	2,039,013	-
	<u>2,177,909</u>	<u>2,667,300</u>

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

	1999/00	1998/99
	\$	\$
<b>Operating Surplus (Deficit)</b>	<u>26,544</u>	<u>44,106</u>
Depreciation	367,758	254,216
Profit on Sale of Fixed Assets	(57,071)	(5,085)
Changed Assets and Liabilities		
(Decrease)/Increase in creditors	(235,011)	340,847
(Decrease)/Increase in prepaid course fees	26,650	-
(Decrease)/Increase in accruals	71,880	20,897
(Decrease)/Increase in employee entitlements	(169,883)	226,075
(Increase)/Decrease in stores	(50,234)	(12,206)
(Increase)/Decrease in debtors & accrued revenue	(24,096)	(232,404)
Rounding	-	(1)
<b>Net Cash provided by (used in)</b>		
<b>Operating activities</b>	<u>(43,463)</u>	<u>636,445</u>

# VICTORIAN CYTOLOGY SERVICE INCORPORATED

## NOTE 15: DIRECTOR'S REMUNERATION

In 2000 13 Directors (1999: 14) have received \$0 remuneration.

## NOTE 16: FINANCIAL INSTRUMENTS

### (a) Credit Risk Exposures

The credit risk on financial assets of the organisation, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debt.

### (b) Interest Rate Risk Exposures

The organisation's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out as follows.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the organisation intends to hold any fixed assets and liabilities to maturity.

1999/00	Notes	Floating Interest Rate \$	Non-Interest Bearing \$	Total 1999/00 \$	Total 1998/99 \$
<b>Financial Assets</b>					
Cash on deposits		23,093	200	23,293	188,146
Trade and other debtors	9	-	392,955	392,955	368,860
Investments	10	<u>2,154,616</u>	<u>-</u>	<u>2,154,616</u>	<u>2,479,154</u>
		<u>2,177,709</u>	<u>393,155</u>	<u>2,570,864</u>	<u>3,036,160</u>
Weighted average interest rate		5.82%			
<b>Financial Liabilities</b>					
Trade and other creditors			(187,992)	(187,992)	(423,003)
Net financial assets (liabilities)		<u>2,177,709</u>	<u>205,163</u>	<u>2,382,872</u>	<u>2,613,157</u>

### Reconciliation of Net Financial Assets to Net Assets

	1999/00 \$	1998/99 \$
Net Financial Assets	2,382,872	2,613,157
Non-financial Assets & Liabilities		
Stores	247,225	196,994
Property, plant & equipment	1,730,293	1,595,048
Provisions	(1,588,276)	(1,758,159)
Other Liabilities	(142,432)	(43,902)
Net Assets per Balance Sheet	<u>2,629,682</u>	<u>2,603,138</u>

## VICTORIAN CYTOLOGY SERVICE INCORPORATED

### (c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the economic entity approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

## NOTE 17: RELATED PARTY INFORMATION

### Controlling Entities

The ultimate controlling entity is the Department of Human Services

### Directors and Director-Related Entities

The Directors listed below each held office as a Director throughout the period ended 30 June 2000 except where otherwise noted.

<b>Name of Director</b>	<b>Date of Appointment</b>
Dr Elisabeth Banks	September 1991
Mrs Kerry Bradley	February 1994
Ms Janice Carpenter	October 1997
Professor Gordon Clunie	September 1998
Ms Rosie Cummings	July 1996 (see below)
Dr Sonia Grover	April 1992 (see below)
Dr Susan Hughes	February 1999
Ms Elizabeth Kennedy	February 1999
Mrs Mary Murdoch	April 1992
Ms Kate O'Brien	October 1997
Associate Professor M Quinn	September 1991
Ms Dorothy Reading	September 1991
Dr Julia Shelley	April 1992
	<b>Date of Resignation</b>
Ms Rosie Cummings	17 December 1999
Dr Sonia Grover	23 September 1999

**PricewaterhouseCoopers**  
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## **Independent Audit Report to the Members of the Victorian Cytology Service Incorporated**

### ***Scope***

We have audited the financial statements of the Victorian Cytology Service Incorporated ("the Service") for the year ended 30 June 2000 as set out on pages 1 to 14. 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 Service.

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 Service so as to present a view which is consistent with our understanding of the Service'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 Service present fairly, in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and the rules of the Service, the financial position of the Service as at 30 June 2000 and the results of its operations and its cash flows for the financial year ended on that date.

  
PricewaterhouseCoopers  
Chartered Accountants

  
SC Bannatyne  
Partner

Melbourne  
15 September 2000