



Victorian Cytology Service

Victorian Cytology Service Incorporated
Annual Report 2008



Our vision is to minimise suffering in women due to diseases preventable by screening and other public health initiatives.

Our mission is to use our expertise in cervical screening to support evidence based screening, diagnostic and disease prevention programs in women’s health through the delivery of laboratory and registry services.



Victorian Cytology Service



National HPV Vaccination
Program Register



Victorian Cervical Cytology
Registry

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ORGANISATIONAL OVERVIEW

Victorian Cytology Service Incorporated (VCS Inc.) is a Health Promotion Charity whose activities centre on the provision of laboratory testing and registry services for the Cervical Screening Program. Established in 1965 as a joint initiative between the Victorian State Government and the Cancer Council, the organisation has a proud history in helping to reduce the incidence of cervical cancer. VCS Inc. is incorporated under the Associations Incorporation Act (Vic) 1981 and governed by a Board of Directors.

The organisation's core laboratory service is the reporting of around 300,000 conventional Pap tests per annum, representing approximately 50% of the total number of Pap smears taken in Victoria and making it the largest single laboratory reporting Pap tests in Australia. Commonwealth and State funding ensures that the Pap screening service is provided free of charge.

The organisation also provides a number of important complementary tests – Liquid Based Cytology, Histology, HPV (Human Papillomavirus) and Chlamydia testing. Revenue generated through these initiatives is invested back into the organisation through its programs and its staff.

VCS Inc. auspices the Victorian Cervical Cytology Registry (VCCR), which works closely with VCS and other laboratories. VCCR is a key component of the cervical screening program in Victoria and records the results of almost all the Pap smears performed in Victoria. VCCR administers a comprehensive Reminder and Follow-

up program for each Victorian woman who has her Pap smear result listed with the register. VCCR also contains a linked record for each woman containing details of her Pap test and subsequent investigations. This database is used to remind women when their Pap test is overdue and to remind women and doctors when the follow-up of abnormal results is apparently overdue. VCCR also provides history links for laboratories reporting Pap smears and is responsible for production of statistical information on cervical screening.

The National Human Papillomavirus Vaccination Program Register (NHVPR) project was established in early 2008 to support the National HPV Vaccination Program funded and operated by the Australian Government. The NHVPR will play an essential role in monitoring and evaluating the program by recording information about HPV vaccine doses administered in Australia.

The VCS Inc. role extends beyond the provision of laboratory and registry services. It plays a key role as a centre for research and teaching and provides advice to state and federal governments to assist with policy formulation. VCS Inc. activities include:

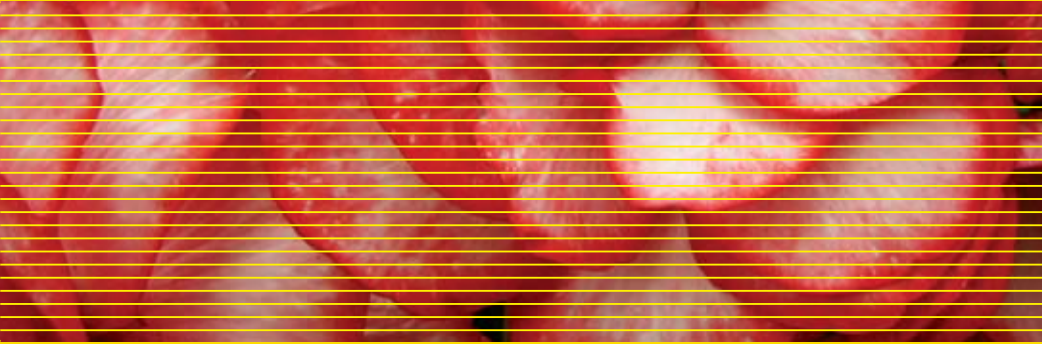
- maintaining a teaching and training centre for diagnostic cytology, with links to major teaching hospitals and universities. Staff at VCS Inc. are involved in the education and training of scientific and medical undergraduates, scientists, pathology registrars and pathologists

- conducting and supporting scientific research such as investigations into new technologies and the epidemiology of cervical cancer, leading to publication of findings in the international scientific literature
- providing educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap tests are performed

VCS Inc. has a multimillion-dollar budget with the majority of funds coming from the Australian Government and the Victorian State Government. It has strong relationships with the Department of Human Services (Vic.) and the Department of Health and Ageing (Cth). The organisation employs more than 100 staff in a variety of roles, including, administration, clerical, scientific, medical, courier, information technology and customer service staff. The Registries employs a further 30 staff in a variety of roles.

VCS Inc. is an Equal Employment Opportunity (EEO) employer and is a 'smoke free' workplace.

PRESIDENT'S REPORT



The Victorian Cytology Service Incorporated (VCS Inc.) has consistently met and/or exceeded the quality and turn around time benchmarks set for the range of services it provides. In its primary laboratory testing service - Pap tests - it continues to hold a market share of 50%. The VCCR has similarly maintained the high quality and timely service its many stakeholders have come to expect, these include, Victorian women and their families, medical practitioners, laboratories and the Department of Human Services. These results are highly commendable especially as they occurred during a period of significant change and growth resulting from the successful tender ;to establish and maintain the National Human Papillomavirus Vaccination Program Register (NHVPR). The Board is delighted with the organisations success in its submission to the Department of Health and Ageing and how it is delivering the requirements of the NHVPR Contract.

The HPV Register will support the National HPV Vaccination Program funded by the Australian Government and will play an essential role in monitoring and evaluating the program by recording information about HPV vaccine doses administered in Australia.

I would like to thank the Board for their invaluable contributions in assisting A/Prof Marion Saville and the VCS Executive team during the contract negotiations and establishment phase of the NHVPR. I would also like to congratulate A/Prof Marion Saville for her unfaltering determination in securing the NHVPR contract. Marion, together with the Executive Team at VCS Inc.

worked tirelessly over a number of months during the contract negotiations. The establishment of the NHVPR represents an important concrete step in the delivery of the Victorian Cytology Service Inc's strategic plan.

A Strategic Planning workshop was held in November 2007 to review the organisations progress against the expected outcomes in each of the critical success factors agreed upon at the time of the plan's development in March 2006. The review showed that the organisation has already successfully delivered on a large number of the strategic objectives underpinning the key result areas within the timeframes set.

As a result of the review, the organisation's Vision and Mission statements were modified to reflect the introduction of the broader range of operations undertaken by the organisation.

The past year has seen a number of changes in the membership of the VCS Board. The VCS Rules of Incorporation were updated in December 2007, and as a result the number of members on the Board was reduced from 12 to no more than 10 members. Expiration of terms of appointment and personal circumstances saw a number of members retire from the Board during the year. In particular I would like to acknowledge Dr Elisabeth Banks who announced that she will not be seeking re-election and will be leaving the Board as of July 2008. Dr Banks contributed to the VCS Board from 1989 both as a representative of GPs and as Chair from 2001 – 2004. I speak on behalf of the Board in thanking Dr Banks for her

19 years of dedication to the Board and to the VCS Service. I would also like to thank Dr Peter Hughes, Ms Pat Hill, Ms Nicole Mollard, Dr Chris Bayly and Prof Julia Shelley for their time and significant contributions to the Board. Five new members, Ms Marie Howard, Dr Jane Collins, Ms Lucy Hunter, Ms Christine Harvey, Ms Tess Whittakers, were inducted to the Board during the year. These new members bring a broad range of expertise to the Board and we look forward to their input and advice.

The governance processes of the organisation continue to grow with significant emphasis placed on the development of a Risk Management Strategy. It is anticipated that the policy underpinning the strategy will be released in the 2008/09 financial year. In addition a performance management system for both individual Board Members and the Board as a whole was developed. This system will ensure continual improvements to the Board's processes, procedures and performance and will identify areas for improvement and the need to introduce appropriate development programs to improve individual skills if required.

I would like to thank Sandy Anderson, immediate past President, for maintaining and fostering good governance and providing solid leadership during her time as the President of the VCS Inc. Board. Finally, I would like to thank and acknowledge the contribution of the staff without whom none of the organisations achievements would have been possible.

PETER GRANT
President
Victorian Cytology Service Inc.

EXECUTIVE DIRECTOR'S REPORT



When the previous Australian Minister for Health announced that there was to be a national register of HPV vaccinations, I believed that our experience in operating a Registry, coupled with our understanding of cervical cancer prevention and our skilled and committed staff, made us ideally suited to provide these services on behalf of the Australian Government.

In early 2007, Victorian Cytology Service Incorporated (VCS Inc.) was nominated as the preferred supplier for the National Human Papillomavirus Vaccination Program Register (NHVPR) contract tender. A dedicated project team worked extensively with the Department of Health and Ageing in a commercial-in-confidence environment, to negotiate a contract suitable to both parties.

The opportunity to establish and operate the National HPV Vaccination Program Register was an exciting one and, although many were involved, the significant contributions of A/Prof Dorota Gertig, Mr Mark Van Zuylekom and Mr Matthew Cunningham ensured that the contract was successfully finalised and signed on 1 February 2008.

VCS Inc. has housed the Victorian Cervical Cytology Registry (VCCR), a State-based Registry with over 13 million records since 1969. The VCCR has extensive expertise in the accurate matching of histories, liaison with service providers, researchers and women and a strong focus on quality assurance and customer service. To accommodate the growth of the registries side of the organisation a site at 250 Victoria Parade East Melbourne was identified as a suitable co-location facility to accommodate both the existing VCCR and the new NHPVR operations. I would like to thank Ms Sally Wilson, Human Resources Officer and the IT team for their tireless work in the establishment of the new site and the seamless transition of existing operations to the new facility.

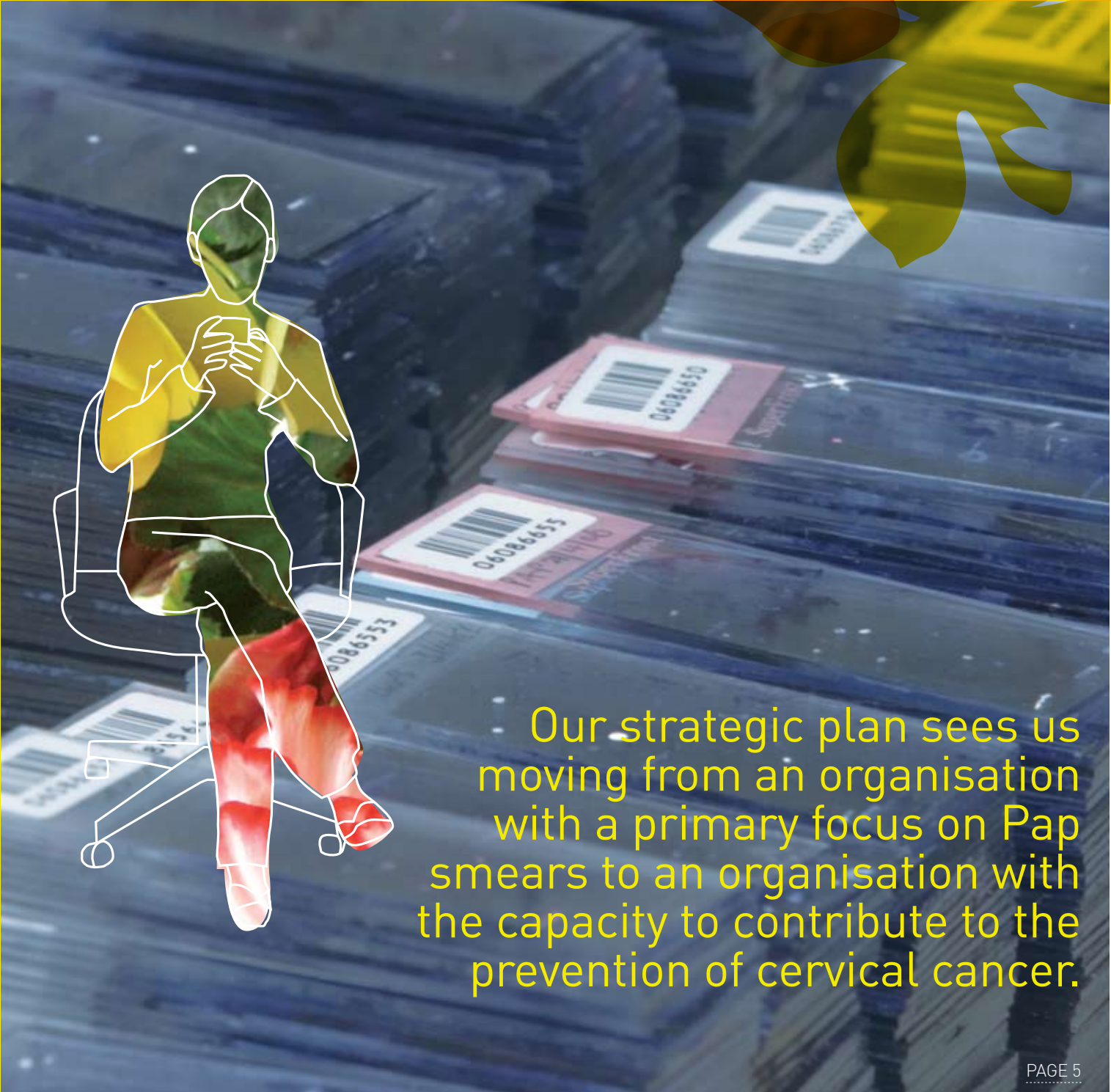
This co-location with an established Pap Test Registry will facilitate the strong links that will be required in the near future between the cervical screening program and the NHPVR. The opening of these new premises anticipated in August 08, will represent a significant achievement which has only been possible with the hard work and commitment of all of the staff at VCS Inc., supported strongly by our Board.

VCS Inc. is an organisation with a long history of contributing to cervical cancer prevention in Victoria. We are proud of our national and international reputation for the quality of our work in laboratory and registry services. I would like to thank the staff of VCS and VCCR for their continuing commitment to quality and the maintenance of high standards of service provision during a particularly challenging year.

Our strategic plan sees us moving from an organisation with a primary focus on Pap smears to an organisation with the capacity to contribute to the prevention of cervical cancer by the provision of a broad range of services relevant in the context of HPV vaccination.

We look forward to continuing to serve the women of Victoria, and now the women of Australia, in the prevention of cervical cancer.

**ASSOCIATE PROFESSOR
MARION SAVILLE**
Executive Director
Victorian Cytology Service Inc.



Our strategic plan sees us moving from an organisation with a primary focus on Pap smears to an organisation with the capacity to contribute to the prevention of cervical cancer.



EIGHT CRITICAL SUCCESS FACTORS

Early in the 2006/2007 financial year the 2006-2009 STRATEGIC PLAN was developed and launched. The plan contains the specific strategies required to be delivered during the next three years and focuses on 8 CRITICAL SUCCESS FACTORS. This report provides details of VCS Inc's achievements against those critical success factors.

1. Deliver excellence in core laboratory and registry services
2. Investigate and plan for diversification in testing
3. Maintain relationships with health practitioners
4. Maintain and develop partnerships and alliances
5. Maintain an appropriately skilled workforce
6. Maintain and build appropriate infrastructure
7. Contribute to the development of public health policy
8. Develop a program of research relevant to screening policy and new technologies

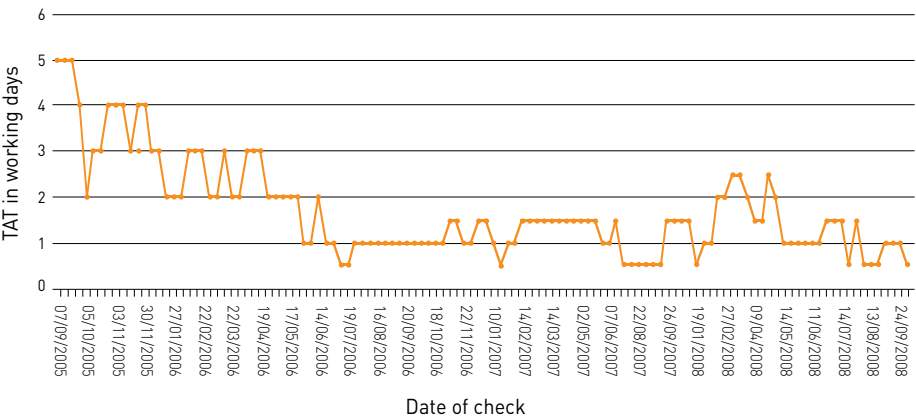
1. DELIVER EXCELLENCE IN CORE LABORATORY AND REGISTRY SERVICES

QUALITY

The VCS laboratory is accredited to AS 4633:2004 (ISO 15189:2003) "Medical laboratories requirements for quality and competence" and is committed to meeting all relevant industry standards including the various requirements of NATA, National Pathology Accreditation Advisory Council (NPAAC), the Royal College of Pathologists Australia (RCPA) and VCS Inc. insurers.

The next NATA assessment of the laboratory is scheduled for October 2009. Quality system activities are coordinated by the Quality Manager, Mr Peter Di Sciascio who commenced work at VCS Inc. in July 2007. Quality activities are supported by the quality management software, Q-Pulse which is designed to ensure all policy and procedure documents are reviewed and updated in accordance with NATA requirements as well as support other key elements of the Quality System.

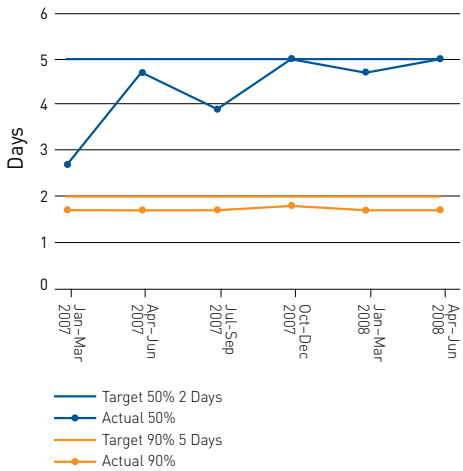
Figure 1
PAP SMEAR TURNAROUND TIME



TURN AROUND TIMES

Turn around times for Pap tests have not exceeded 2.5 days from date of receipt in the laboratory. Frequently throughout the year the turn around times were 1.5 days or less (Figure 1). Histology reporting is also meeting its target with non-complex specimens being processed within 48 hours of receipt, and more complex cases reported within 72 hours of receipt (Figure 2). HPV and Chlamydia test results are reported bi weekly.

Figure 2
TURNAROUND TIME - HISTOLOGY



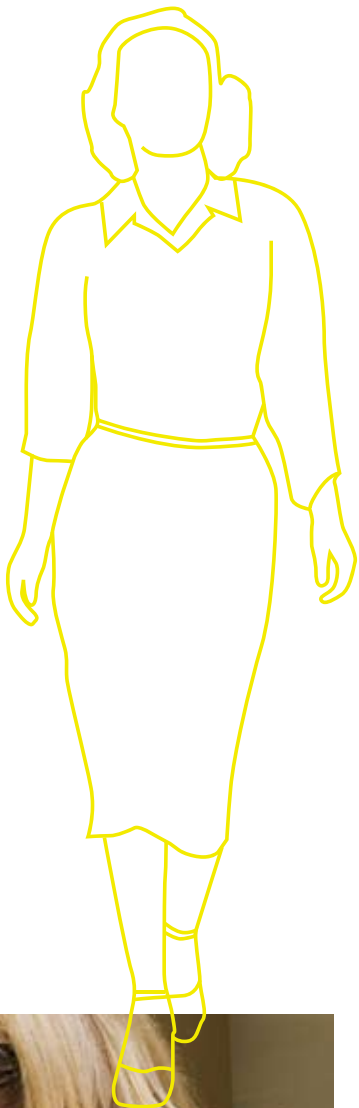
2. INVESTIGATE AND PLAN FOR DIVERSIFICATION IN TESTING

RAPID CAPTURE

Through the generous capital funding provided by the Department of Human Services, VCS Inc. was able to install the "Rapid Capture System" (RCS). This new technology has automated a number of steps significantly streamlining the process of testing for Human Papillomavirus, resulting in labour savings and increasing our testing capacity. The technology also contributed to an improvement in test quality. These benefits have flowed on to our referring practitioners and their patients through decreased result turn around times and improved test accuracy. A demonstration of the operation of the RCS and its quality benefits was conducted in February 2008, at which VCS Inc. was fortunate to have the Hon Daniel Andrews, Minister for Health attend.

THE NATIONAL HPV VACCINATION PROGRAM REGISTER

In January 2007 Victorian Cytology Service Inc. (VCS Inc.) was identified as the preferred supplier for the National Human Papillomavirus Vaccination Program Register (NHVPR) contract tender and worked extensively with the Department of Health and Ageing in a commercial-in-confidence environment, to negotiate a contract suitable to both parties. The contract was successfully finalised and signed on Friday 1st February 2008. The establishment phase of the NHVPR is now underway with the operations due to commence in the first quarter of the 2008/09 financial year.



3. MAINTAIN RELATIONSHIPS WITH HEALTH PRACTITIONERS



From left to right: Dr Stella Heley, Dr Siobhan Bourke and Ms Lyndal Ritchie

EDUCATION

The Senior Liaison Physician, Dr Stella Heley and Liaison Physician Dr Siobhan Bourke delivered in excess of 30 Educational Updates to a combined audience of more than 400 GPs, Registrars, Nurses, and Midwives.

To support the National HPV Vaccination Program, VCS in association with PapScreen Victoria delivered a number of educational sessions to approximately 130 medical staff.

In the Customer Liaison role, Ms Lyndal Ritchie worked with GPs, Obstetrician & Gynaecologists, Practice Managers and Nurses to increase awareness of the organisation, the Cervical Screening program and the VCS Chlamydia and HPV testing service.

SUPPORT

GP Liaison Physicians, Pathologists and Laboratory staff provided support to medical practitioners in a range of areas including:

- Correlation of histology and cervical cytology
- Clinical and Diagnostic advice
- How to take an optimal Pap test
- HPV and Chlamydia tests
- Management of women with pap test detected abnormalities (in accordance with the NHMRC Guidelines)
- Cervical Screening Program

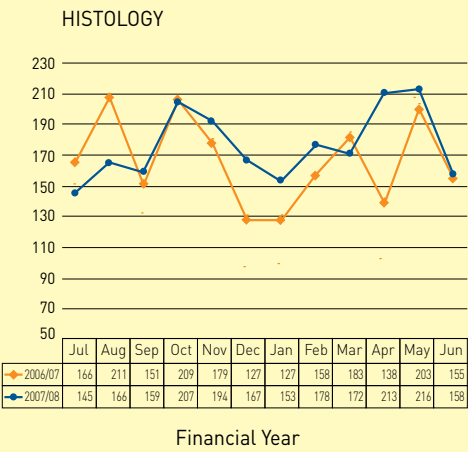
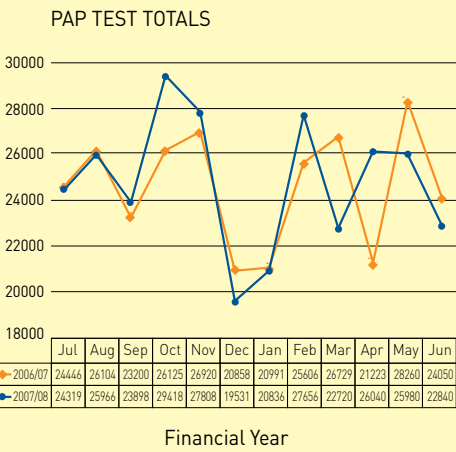
CONFERENCES/PRESENTATIONS

VCS presented and/or supported the following conferences:

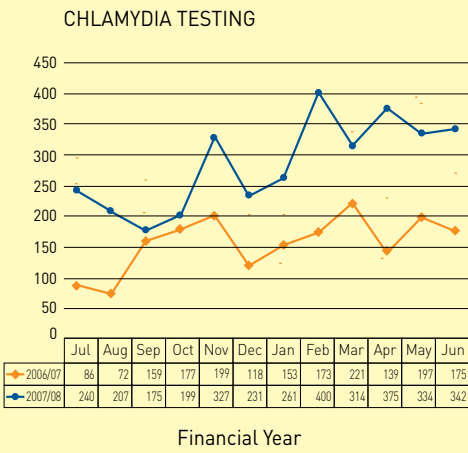
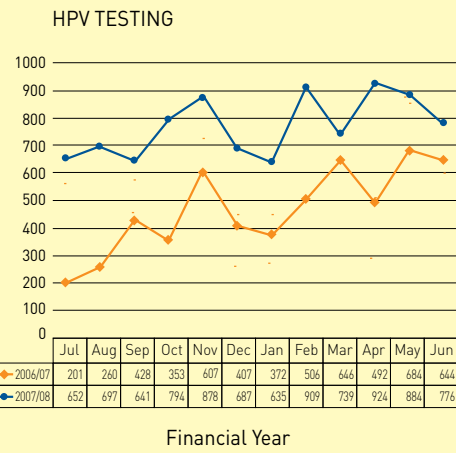
- Chinese Doctors Association Conference - Melbourne, 19th August 2007
- Australian Society of Colposcopy and Cervical Pathology - Gold Coast, 28-30th September 2007
- Advances in Gynaecological Cancer & Pre-cancer - Melbourne, 9-10th November 2007
- General Practitioners Continuing Education Conference - Melbourne, 16-18 November 2007.
- Women's HealthEd day - Melbourne, 23rd March 2008.
- Australian Society of Gynaecological Oncologists Conference - Hobart, 7-11th May 2008.

TESTS REPORTED

Confidence in the VCS service remains strong with continued growth in core testing services. The volume of Pap tests received in the 2007/08 financial year was 297,012 compared to 294,512 in 2006/07. Market share for the financial year was 50.3%, a slight reduction from the 2006/07 result of 50.4%.



Histology reporting volumes were 2,128 for the 2007/08 financial year, a 6% growth from the previous year's result of 2,007.



For the newly introduced HPV test, volumes continue to grow with 9,216 tests reported in 2007/08 compared to 5,600 in 2006/07. Chlamydia testing has also steadily increased with 3,405 tests reported in the financial year compared to 1,869 in the previous year. These results have exceeded the projected targets set in the establishment phase of the new testing facilities.

4. MAINTAIN AND DEVELOP PARTNERSHIPS AND ALLIANCES

COMMITTEE PARTICIPATION

Associate Professor Marion Saville is a member of the following committees:

- International Board of Cytopathology – (International Academy of Cytology)
- Membership Committee of the International Academy of Cytology
- Evolving Technologies Committee of the International Academy of Cytology.
- Advisory Committee for PapScreen Victoria
- NSW Cancer Screen Advisory Committee
- Australian Technical Advisory Group on Immunisation (ATAGI), Human Papillomavirus Working Party
- Victorian Collaborative Gynaecological Oncology Group
- Medical Services Advisory Committee (MSAC) Reference No 39: “Human Papillomavirus triage test for women with possible or definite low-grade squamous intra-epithelial abnormalities of the cervix”
- Medical Services Advisory Committee (MSAC); Reference 1122 “The ThinPrep® System for Cervical Cancer Screening”.

Associate Professor Dorota Gertig is a member of the following committees:

- Victorian Collaborative Oncology Group
- PapScreen Victoria Advisory Committee
- BreastScreen Australia Mortality Feasibility Study Expert Technical Advisory Group
- Department of Health and Ageing – National Safety Monitoring Committee for the NHMRC Guidelines for the Management of Asymptomatic Women with Screen Detected Abnormalities
- Primary Care and Population Health Committee, Royal Women’s Hospital
- Scientific Committee, Victorian Breast Cancer Research Consortium.

VCS Laboratory Scientific Staff Committee involvement:

- Ms Gillian Phillips – Chair, Royal Women’s Hospital Human Research Ethics Committee
- Ms Gillian Phillips – Member, RMIT University Laboratory Medicine Program Advisory Committee
- Ms Grace Tan – Member, Board of Examiners, Australian Society of Cytology.

VCS Managing Pathologist A/Prof Ruth Salom is a member of the following Committees:

- VCOG Committee Member
- The Cancer Council Skin Cancer Committee
- Peninsula Health, Quality and Clinical Governance - Committee
- Peninsula Health - Board
- Peninsula Health, Planning and Future Development Committee.

VCCR Follow-Up/Quality Manager Cathy Burrows is a member of PapScreen Victoria Advisory Committee.

TEACHING

RMIT Cytology Courses

The VCS External Teaching Coordinator Noni Christou and two External Teaching Assistants completed the delivery of the “Cytology 1” subject during the second semester of 2007. Noni Christou, has held the position of External Teaching Coordinator for the past 5 years but in 2007 expressed a wish to step down from this position and resume general cytology screening duties. With the assistance of Assoc Professor Ralph Green, of the School of Medical Sciences at RMIT University, Fiona Maxey a senior scientist at VCS was appointed to replace Noni in the position.

Fiona Maxey successfully completed teaching the RMIT students for Cytology 2. Feedback from enrolled students was received in the form of the Course Experience Survey. This showed a Good Teaching Scale (GTS) score of 85.9% and an Overall Satisfaction Index (OSI) score of 84.6%. These are considered high scores and this is a very pleasing result as Fiona only took on the role of External Teaching Coordinator in January 2008.

Teaching – VCS External Courses

The annual VCS External Courses were held in July 2007 and both courses were fully subscribed. VCS Pathologists and Scientific staff conducted lectures and sessions at the multiheader microscope over a two week period. Participant feedback was very positive and it is pleasing to note that demand for these courses remains high, reflecting the high quality of the teaching sessions.

Cervical Screening in Pacific Nations

VCS Inc’s support of Pap smear testing in the South Pacific region, particularly Samoa, has continued.

Pathology Registrars/Medical Students

Pathologists Dr Alison Skene, A/Prof Ruth Salom, Dr Karen Talia and Dr Trishe Leong provided three weekend training sessions in Cytopathology for Pathology Registrars.

This training held at VCS, is the only gynaecological cytology training offered to pathology Registrars in Victoria. The sessions were very well attended and will continue in 2008.

Medical staff at VCS continue to provide weekly tours of the laboratory to Medical Students and rotational tours to O&G Registrars via coordination with the Royal Women’s Hospital (RWH).

The Pathology Registrars attached to the RWH attended two 2-hour teaching sessions at VCS, incorporating multiheader microscopy sessions with senior scientists. This is an on going teaching initiative at the request of the RWH Pathology department to increase their Registrars’ exposure to Gynaecological Cytopathology.

Dr Trishe Leong has delivered a series of 3 lectures in June on Anatomic Pathology to the Registrars in Radiology at the Royal Melbourne Hospital.

PROVISION OF DATA - VCCR

The VCCR was asked to provide the Australian Institute of Health and Welfare (AIHW) with information and data which will facilitate the analyses for monitoring the National Health Medical Research Council (NHMRC) Cervical Screening Guidelines.

This project required significant development work from the IT department and involved the extraction of historic data, development of a routine for extracting data on an ongoing basis, and the creation of an IT module to analyse this information and facilitate the data supply to the AIHW. This project was implemented as a high priority with the aim of being ‘first to market’ which will further enhance the Registry’s reputation as a leader within the national marketplace.

PapScreen Letters Campaign

A VCCR development project was successfully completed in support of a PapScreen Victoria campaign targeting 65 to 69 year old women who have not had a Pap test in the last three years. A total of 15,000 records were extracted, with 10,000 receiving letters and the remaining 5,000 used as a control group.

Chlamydia Data for Melbourne Sexual Health Centre

A data extract and comparative analysis was completed to satisfy a request made by Melbourne Sexual Health Centre to support a quality assurance audit to assist GP’s with Chlamydia testing in young women.

5. MAINTAIN AN APPROPRIATELY SKILLED WORKFORCE

Training and Development

VCS have invested \$170,468 in training for the year which encompasses internal courses, in-house meetings, slide reviews, external conferences, seminars scientific meetings, journals and publication subscriptions and all training associated travel and accommodation costs.

External courses include conferences, seminars and training which are either conducted off site or in-house by an external provider. A total of 42 external courses were attended by approximately 90 VCS staff. A total of 31 internal courses were conducted which were attended by approximately 880 VCS staff. Internal courses are not expensed and include Quality Activities, Scientific Meetings, Procedure and Emergency Training. Training across all departments is monitored by the Quality System, Q.Pulse. This system logs all training by individual staff member and provides a record of when and if any refresher courses are required. Training is also monitored by the management group on a quarterly basis.

Policies and Procedures

The VCS Inc. quality management system Q.Pulse currently holds 538 controlled documents including policies, procedures, work instructions, forms and records. During the year 105 new documents were created including 57 documents for VCCR who have recently transferred to the Q.Pulse system. Document revision is monitored by Q.Pulse and alerts are provided as to when documents are due for review. A total of 214 documents were reviewed in this financial year. Relevant staff acknowledgement is required and recorded against each updated or newly released quality document.

Staff Meetings

Departmental, Management, Quality and Operational meetings are held and minuted on a regular basis. At the conclusion of each quarter a Management Review Meeting is held to ensure that the organisation is meeting its targets and is working efficiently against the critical success factors of the Strategic Plan.

Recruitment

As at the 30th June 2008 there were 129 employees at VCS Inc. During the year there were a total of 27 vacancies that were all successfully recruited and filled. Of these vacancies there were 4 newly created positions.

In line with the organisations commitment to education three Trainee Cytology Scientists were recruited early in December. All three have successfully completed their training, and one trainee was offered ongoing employment at VCS. In addition a Fellow in Gynaecological Cytology, Aurelia Sadauskiene, was appointed in October 2007.

6. MAINTAIN AND BUILD APPROPRIATE INFRASTRUCTURE

Royal Women's Hospital Relocation

The Royal Women's Hospital relocated to its new site in June 2008. A working group was established to manage the transition period for the remaining RWH departments and VCS Inc., occupying the VCS/Kathleen Syme/RWH Engineering quadrangle. The working group included three representatives from VCS Inc. and addressed a number of issues that affected the day to day operations of VCS including:

- Provision of linen and other consumables
- Building Maintenance
- Building Access
- After hours security

These issues have all been resolved satisfactorily and where required alternatives sourced.

Additional Premises - East Melbourne

The VCCR moved into its new premises at 250 Victoria Pde East Melbourne on 20th June, 2008 to co-locate with

the National HPV Vaccination Program Register. A fit out of the building was required to accommodate the two registers and WAN/LAN links between the Carlton and East Melbourne sites were required along with the purchase of new IT Desktops for the NHVPR. The move to the new premises was seamless with minimal disruption to VCCR work flow.

A telephone call centre has been established at the new premises which will streamline incoming calls allowing for more efficient delivery of service to all callers. The new phone system has extensive reporting facilities enabling accurate monitoring of workflows which will assist in optimal staff rostering.

Environmental Initiatives

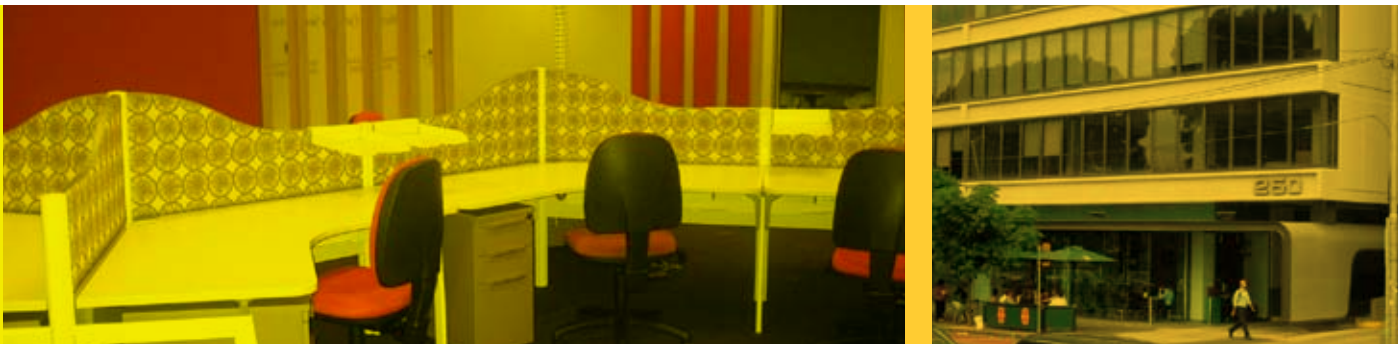
The courier department are trialling the Hyundai i30 turbo diesel which meets Euro 4 emission levels. The outcome of the trial will be finalised by mid 2008. A review and recommendations into reducing the courier fleets carbon footprint has been completed.

The IT Department initiated a program to recycle used cartridges and bottles from the fleet of Kyocera printers used throughout the organisation. These cartridges and bottles are recycled into new products. This service, provided at no cost to VCS, will assist in minimising the impact of VCS's 'e-waste' footprint.

Medipath Enhancements

The Finance department collaborated with VCS IT staff and Last Resort Support (LRS), to implement a new Medicare Australia online claiming facility. This project included updates to the accounting, printing, and data entry functionality within the Medipath System. This project was necessary as from July 2008 Medicare Australia will de-commission the submission of claims via Telstra's X.400 mailbox, and will only accept claims submitted via the Internet.

New premises, Victoria Parade, East Melbourne



7. CONTRIBUTE TO THE DEVELOPMENT OF PUBLIC HEALTH POLICY

A/Prof Marion Saville and A/Prof Dorota Gertig are members of PapScreen Victoria's Advisory Committee.

A/Prof Dorota Gertig participates on the Department of Health and Ageing National Safety Monitoring Committee for the NHMRC Guidelines for the Management of Asymptomatic Women with Screening Detected Abnormalities.

A/Prof Marion Saville continues as a member of the NSW Screening Advisory Committee.

A/Prof Marion Saville is a member of the MSAC¹ considering the role of HPV testing in the triage of low grade smears, [Reference 39], and MSAC application 1122 for Automated Liquid Based Cytology.

A/Prof Marion Saville is a member of the Communicable Diseases Network Australia HPV Surveillance Working Party.

8. DEVELOP A PROGRAM OF RESEARCH RELEVANT TO SCREENING POLICY AND NEW TECHNOLOGIES

- The laboratory continues to support ongoing research projects, including the Women's HPV Indigenous Non-indigenous Urban Rural Study (WHINURS trial), a study investigating cervical lesions in twins and a trial investigating the effects of DHEA (dehydroepiandrosterone).
- A/Prof Dorota Gertig is a co investigator on the Genetic and environmental factors in invasive cervical cancer: a twin study grant with Prof Suzanne Garland that has been funded by NHMRC for \$696,728. A pilot study has commenced in Victoria.
- A/Prof Dorota Gertig is also an investigator on The Oncogenic Risk of HPV in Children and Adolescents: Risk Factors for Early – Onset Cervical

Carcinoma and this will be submitted to NHMRC in March 2008. Seed funding of \$101,250 has been received.

- Ms Lesley Rowland, A/Prof Dorota Gertig and A/Prof Marion Saville have finalised the draft paper on the significance of normal endometrial cells in Pap smears and this has been circulated to co-authors for final comment.
- VCS Inc. is working in collaboration with Professor Michael Quinn on the project "Management of AIS in Victoria".
- A/Prof Marion Saville is an author on an abstract entitled "Why have the diagnoses rates of Trichomonas vaginalis declined so dramatically among Victorian women (1947-2005)?" that will be presented in July 2007 to the International Society for STD Research conference in Seattle.

- A/Prof Dorota Gertig has published a paper on Cervical Cancer in Australia for the Cancer Forum, edited by Gerry Wain.
- A/Prof Dorota Gertig has been invited to be a co-investigator on Fiona Bruinsma grant "Pre-cancerous changes in the cervix and subsequent fertility and pregnancy outcomes".
- A/Prof Marion Saville is a co-author of a chapter in Vaccine Volume 26, Supplement 12, published 19th August 2008 "Human Papillomavirus and Cervical Cancer in Australasia and Oceania: Risk-factors, Epidemiology and Prevention".

¹ Medical Services Advisory Committee.

SENIOR OFFICERS

Executive Director and Public Officer

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

Epidemiologist of VCS and Medical
Director of VCCR & NHVPR

Associate Professor Dorota Gertig
MBBS (Hons), MHSc, ScD, FAFPHM

Business Manager

Mark Van Zuylenkom BSc, MBA, GAICD

Immediate Past Managing Pathologist

Associate Professor Ruth Salom
MB BS, MD, BMedSci (Hon), FRCPA, MBA, MIAC.

Managing Pathologist

Siew Chin Lian MB, BS, FRCPA

Pathologists

Henry Yeung MB, BS, FRCPA
Kristy Dundas MB, BS, FRCPA
Alison Skene MB, BS, B.Med.Sc.(Hons),
FRCPA
Karen Talia MB, BS(Hons), FRCPA

Senior Liaison Physician

Stella Heley BA (Hons) MB, BS,
Dip Ven (Lond), FACSHP

Liaison Physician

Siobhan Bourke FACHSHM, MPH,
MBBS(Hons), Grad Cert PH (Sexual Health)

Laboratory Manager

Gillian Phillips M. App. Science,
M. Health Service Management, CT(ASC), CT(IAC)

Information Technology Manager

Matthew Cunningham BBus(InfoSys), MIS

Health Information Manager VCCR

Cathryn Wharton BAppSc, GradCertHlthInfo

Follow-Up/Quality Manager VCCR

Cathy Burrows BSc (Hons)

Manager – VCCR/NHVPR

Genevieve Chappell BAppSc(MRA).MBA

External Teaching Coordinator

Fiona Maxey BAppSc (MLS), CT (ASC)

Immediate Past External Teaching
Coordinator

Noni Christou BAppSc, CT (ASC)

Finance Manager

Pauline Lomas B.Bus(Acc), ASA

Human Resources

Sally Wilson BA/B.Com

Quality Manager

Peter Di Sciascio
BSc, MAACB, MAIMS

BOARD MEMBERS



CLINICAL ASSOCIATE PROFESSOR
PETER GRANT
President

Dr Grant joined the VCS Inc Board in 2004 as the representative of Gynaecological Oncology and was appointed President in 2007. Dr Grant is currently the Director of the Gynaecological Oncology Department at the Mercy Hospital for Women and is a clinical collaborator for the Australian Ovarian Cancer Study. Dr Grant is the Chairman of Gynaecological Oncology Committee of the Victorian Co-operative Oncology Group and is a member of the expert advisory board of the National Breast and Ovarian Cancer Centre.

MS SANDY ANDERSON
(Immediate Past President)
Vice President

Ms Anderson was appointed to the Board in 2000 to fill the role of Nurse with expertise in cervical screening and was President of the VCS Inc. Board from 2004 to 2007. Ms Anderson is a registered nurse with a Graduate Diploma of Community Health Nursing, Sexual and Reproductive Health Nurse Training, and a Master of Health Management. Ms Anderson has worked with PapScreen Victoria for over seven years in a role working with nurse Pap test providers and coordinates the

Victorian Nurse Credentialing Program within that role. Ms Anderson currently provides a Well Women's Service at Women's Health Grampians in the Ballarat and Grampians region. Ms Anderson is also a Member, Victorian Civil Administrative Tribunal and is currently the Chair of the Board of BreastScreen Victoria.

MS JULIANN BYRON
Treasurer

Ms Byron joined the Board in March 2003 as Treasurer with qualifications including Fellow CPA Australia, Fellow of the Australian Institute of Company Directors, Member of Chartered Secretaries Australia, and Fellow of the Taxation Institute of Australia. Ms Byron is the Chair of the Audit & Finance Committee and also serves on several other boards as Director and Chair of either Audit & Risk or Finance committees.

DR ELISABETH BANKS

Dr Banks retired in July 2008 after serving on the VCS Inc. Board from 1989. Dr Banks was a long standing member of the Board and resided as President from December 2001, retiring from that role in 2004. Dr Banks has an interest in Medical Education and her many

activities include; Consultant to W.H.O in Primary Health Care, RACGP Exam Panel, Surveyor Australian General Practice Accreditation, Member of National Professional Services Review Panel, the Chair of the Management Committee for the Victorian Cervical Cytology Registry, Maroondah Breast Screen Advisory Committee, Member of Standards Committee for FRACGP and a Member G.P Committee – Epworth Hospital and was recently involved in the NHMRC Guidelines for Overweight and Obesity in Australia. Dr Banks continues to practice as a General Practice Partner at the Blackburn Clinic.

DR CHRIS BAYLY

Dr Bayly served on the Board from March 2001 to August 2007 as the nominee of the Royal Women's Hospital. Dr Bayly is a Gynaecologist and is currently the Associate Director of Women's Services at the Royal Women's Hospital. Dr Bayly has interests in public health and fertility control and a background in infertility including assisted reproduction techniques.

BOARD MEMBERS



MS KATE BROUN

Ms Broun served on the VCS Inc. Board from September 2005 to September 2007 as a representative of the Cancer Council Victoria. Ms Broun is the Communications and Recruitment Program Manager of PapScreen Victoria and has extensive experience in health promotion, particularly women’s health. Ms Broun is currently on maternity leave.

DR JANE COLLINS

Dr Jane Collins was appointed to the Board in February 2008 to fill the role of General Practitioner Representative.

Dr Collins is an experienced General Practitioner, business owner and freelance medical writer with a focus on providing high quality medical care and information. She has a special interest in women’s health and more broadly the provision and organisation of health care in the wider community. Dr Collins is a co-owner and the Clinical Director of the Clifton Hill Medical Group, a growing practice that currently has 12 General Practitioners.

PROFESSOR DALLAS ENGLISH

Professor Dallas English joined the Board in October 2007 as the Cancer Council Representative. Professor English obtained a PhD in epidemiology from the University of Washington in Seattle, USA in 1982. He has worked as cancer epidemiologist since then, first at the University of Western Australia and later at the Cancer Council Victoria and The University of Melbourne. Professor English has been associated with Australian cancer screening programs for many years.

MS CHRISTINE HARVEY

Ms Christine Harvey was appointed to the Board in February 2008 to fill the role of a representative with Finance, Commerce, Corporate Management and Law expertise.

Ms Harvey is a legal practitioner with degrees in both arts and law (with Honours) from the Australian National University (ANU) and is admitted to practice in the ACT and NSW.

Ms Harvey has had a diverse career as a legal practitioner in both private and government practice and as a special magistrate of the ACT Magistrates Court. In addition, she has significant experience working in professional associations and peak industry bodies at the national, state and territory level.

Ms Harvey has held positions as Director of Professional Standards of the Law Society of the ACT, Executive Director of the Law Society of the ACT; Deputy Secretary-General of the Law Council of Australia, Chief Executive Officer of the Royal Australian Institute of Architects and Chief Executive Officer of The Victorian Bar.

MS PATRICIA HILL

Ms Hill served on the VCS Inc. Board from June 2001 to February 2008 as the consumer perspective representative. Ms Hill is a Registered Nurse, Midwife with a special interest in women’s health and family planning. Ms Hill is currently located at the Well Women’s Clinic at the Mercy Hospital for Women.

MS MARIE HOWARD

Ms Marie Howard joined the Board in June 2008 as the representative of Finance, Commerce and Corporate Management. Marie is the CEO of Early Childhood Management Services, a community not-for-profit organisation that provides management services for kindergartens and childcare.

With a background in early childhood Ms Howard has held a variety of positions within the sector including in state government. As CEO, Ms Howard works directly with her Board of Management and has had experience and training in

governance. She is also an alumni of Leadership Victoria’s Experience Bank Program that trains senior managers in the issues facing the not-for-profit sector with a view of contributing back to the sector by taking up positions on not-for-profit boards and other community activities.

DR PETER HUGHES

Dr Hughes served on the VCS Board from March 2003 to November 2007 as a member with expertise in Business. Dr Hughes has a Bachelor of Architecture, Master of Business Administration and Doctor of Business Administration. He has expertise in strategic and health planning, operations and financial management, human resource management, business development, marketing and communications along with risk management, legal and contractual negotiation, intellectual property protection and development and information technology management.

MS LUCY HUNTER (photo not shown)

Ms Lucy Hunter joined the Board in 2008 as the Law Representative. Ms Hunter has worked as a solicitor in private practice and is currently employed as corporate counsel in a public hospital.

Ms Hunter has extensive experience in governance, drawing on her experience as a member of the board of a public hospital, the Metropolitan Ambulance Service and the Road Traffic Authority.

MS NICOLE MOLLARD

Ms Mollard participated on the VCS Board from June 2005 to February 2008 as a representative of management with legal expertise. Ms Mollard is currently a Medical Faculty Tutor and Criminal Law Lecturer at Monash University. Ms Mollard has extensive experience in Health Law Practice and Bioethics.

PROFESSOR JULIA SHELLEY

Prof Shelley participated on the Board from December 1991 to August 2007 as the representative for Epidemiology. Prof Shelley’s research focuses on women’s reproductive health including the epidemiology of Pap smear screening. Prof Shelley is currently a senior lecturer at Deakin University for the School of Health and Social Development and was appointed Deputy President to the VCS Board in 2004.

MS TESS WHITTAKERS

Ms Tess Whittakers joined the Board in June 2008 as the Consumer Representative. Tess was a participant in the cervical cancer vaccine trials conducted through the Royal Women’s Hospital and was involved in promoting the vaccine.

Ms Whittakers has completed a Bachelor of Arts and Sciences at the University of Melbourne and she is currently completing her Master of Development Studies with a focus on human rights and women’s health issues.

VCCR/NHVPR MEDICAL DIRECTOR'S REPORT



VICTORIAN CERVICAL
CYTOLOGY REGISTRY

The Victorian Cervical Cytology Registry (VCCR) underwent major changes over the past year. After 17 years of co-location with VCS, we moved to newly fitted-out premises located at 250 Victoria Parade, East Melbourne, together with the newly established National HPV Vaccination Program Register. This involved major planning on the part of many staff to make sure there was minimal disruption to work flow. I would like to express my thanks to all staff involved for all their hard work and patience during the planning process and the move. In August 2008 the Minister for Health Daniel Andrews (Vic.) will officially open the new facility.

I am delighted to welcome Genevieve Chappell, who commenced as Manager of the VCCR and NHVPR in June this year. Genevieve brings a wealth of experience in health information management to the Registries, and was most recently Director of Operations at BreastScreen Victoria.

In 2007, more than 585,000 Pap tests were registered by the VCCR, representing almost 577,000 women. In its role as a safety net for the cervical screening program, the VCCR sent almost 266,000

follow-up and reminder letters to women and practitioners. The implementation of the NHMRC Guidelines has been completed and follow-up is progressing smoothly. Cathy Burrows, the VCCR Follow-up & Quality Manager, has been a key member of the Working group on the National Follow-up protocol and the Test for Cure sub-group. In addition, the VCCR was represented on a number of State and National Committees and working groups over the past year, including the National Safety Monitoring Advisory Committee and the PapScreen Advisory Committee.

The VCCR continues to be involved in a number of important research studies, including the *Genetic and environmental factors in invasive cervical cancer: a twin study* and VCCR has provided information on screening histories for consented women for the Pilot study.

In 2008 the ARC Linkage grant *Planning female and male vaccinations and cervical screening strategies to achieve optimal prevention of HPV related disease* in which VCS is a partner organisation, received funding for four years. Other studies in which VCCR is involved include: AOCs, BreastScreen Mortality Study, Management of AIS, (AI) *Pre-cancerous changes in the cervix and subsequent fertility and pregnancy outcomes*.

During the last six months VCCR received a number of special requests for large de-identified data sets for the National Safety Monitoring Committee and the Medical Services Advisory Committee. Provision of these data sets required a substantial time commitment from VCCR and IT staff. Feedback from key stakeholders was extremely positive, as the data will be used to address important policy questions.

The 2006 statistical report was distributed at the end of 2007. Victoria continues to provide timely data relevant to policy within 12 months of the previous calendar year. This is particularly important for planning purposes as our key stakeholders, such as PapScreen and Department of Human Services, are able to use timely information for their strategic planning.

The accomplishments of VCCR would not be possible without the dedicated support of its staff and I would like to take this opportunity to thank them for all their efforts during such a busy year.

NHVPR

The establishment of the NHVPR has been a very important project for VCS and has involved a large number of people in the organisation, who have worked very hard to ensure our contractual obligations are met. Existing VCCR and VCS staff were essential in designing the operations of the Register and the IT system. They worked under challenging timelines in addition to ensuring the operations of organisation continued to a high standard. I would like to express my sincere thanks to them for their hard work over the past 12 months.

The NHVPR Telephone Information Service was opened in June 2008 and we are now receiving Registrations and notifications from GPs around the country which are being entered onto an interim register. The IT system is being developed in parallel and will be fully operational in the new financial year, at which time the web based portal for entering and accessing information will be available.

The project has progressed according to timeline and this is a tremendous achievement by the project team, led by Cathryn Cosgrave our Project Manager for the establishment phase.

The year ahead will present more exciting challenges as the upload of data is completed and statistical reports for monitoring and evaluating the report will become available.

DOROTA GERTIG
Medical Director
Victorian Cervical Cytology Registry
and National Human Papillomavirus
Vaccination Program Register



It has been an exciting time for Victorian Cytology Service Inc. during the past year with the expansion of the organisation. Victorian Cytology Service Inc. now encompasses Victorian Cytology Service, Victorian Cervical Cytology Registry and the National HPV Vaccination Program Registry which is currently under construction.

The consolidated operating surplus for the year of \$2,499,889 included funding to cover the cost of building the new registry and associated operating expenses.

Victorian Cytology Service (VCS) experienced growth in revenue during the 2007/8 financial year of 5.6% (excluding capital funding) when compared with 2006/7, being a greater increase than anticipated. Revenue was generated from cervical cancer screening grants, cancer recruitment grants, trading activities, conducting training courses and interest received, totalling \$10.7. Revenue increased in all areas during the year except for a 10% decrease in ThinPrep testing in line with current trends. The overall increase was due in the main to additional funding received from the Department of Human Services, an increase in interest received as a result of higher interest rates and

significant growth in Digene HCII HPV (56%) and Chlamydia Hybrid Capture testing (76%) over the previous year. In addition, capital funding of \$279,500 was received during the year to enable the purchase of vital equipment such as microscopes and laboratory equipment. The additional operating funding was utilised to finance an increase in operating expenses of 4.4%, which were mainly attributable to an increase in staff costs.

The number of women screened for cervical cancer for the financial year was 297,012 (2007 294,512) as compared with a target of 280,000.

Victorian Cervical Cytology Registry (VCCR) generated revenue from cancer surveillance grants, a research and monitoring grant, trading activities and interest totalling \$1.2m during the 2007/8 year, compared with \$1.1m in 2006/7 equating to an increase of 7.5% Expenditure increased by 1.45% as a result of increased staff costs offset by a reduction in operating expenses. The cost structure will change in 2008/09 due to its move to be housed with the NHVPR.

National HPV Vaccination Program Registry (NHVPR) was added as a new division on the signing of the contract with the Department of Health and Ageing

during February 2008. Funding of \$3.7m was received to cover the cost of building the new registry and associated operating expenses. Of the amount received \$1m has been carried forward to cover expenditure in the following year.

The Department of Human Services provided funding during the 2007/8 year as in previous years, which enabled VCS and VCCR to continue it's efforts to provide crucial and effective services in the area of women's health, including education, the provision of well regarded cytology training to the profession and a confidential database of women's Pap test results in Victoria. The Department of Health and Ageing provided funding to establish and maintain a new registry to monitor females throughout Australia receiving the HPV Vaccine as part of the HPV vaccination program. None of the activities could have been achieved without the valuable support that has been received from the State and Federal Governments.

JULIANN BYRON
Treasurer
Victorian Cytology Service Inc.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Notes | 2007/8 \$ | 2006/7 \$ |
|--|-------|--------------|--------------|
| Revenue from operating activities | 2 | 12,488,036 | 10,866,010 |
| Revenue from non operating activities | 2 | 440,382 | 390,227 |
| Wages and salaries | 4 | (9,144,666) | (8,299,072) |
| Operating and administration costs | 4 | (2,060,804) | (1,697,611) |
| Medical supplies | 4 | (725,524) | (639,707) |
| Net result before capital items and specific items | | 997,424 | 619,847 |
| Capital purpose income | 2 | 1,938,593 | - |
| Depreciation and amortisation | 4 | (435,791) | (434,952) |
| Loss on sale of non current assets | 4 | (337) | - |
| | | 1,502,465 | (434,952) |
| Operating surplus for the year | | 2,499,889 | 184,895 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
BALANCE SHEET AS AT 30 JUNE 2008

| | Notes | 2007/8 \$ | 2006/7 \$ |
|--------------------------------|-------|--------------|--------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 4,564,478 | 3,259,951 |
| Financial assets | 6 | 4,390,142 | 2,887,663 |
| Trade and other receivables | 7 | 626,478 | 246,375 |
| Inventories | 8 | 49,673 | 40,535 |
| Other current assets | 9 | 175,852 | 176,266 |
| Total current assets | | 9,806,623 | 6,610,790 |
| Non-current assets | | | |
| Plant, equipment & vehicles | 10 | 1,806,768 | 1,054,849 |
| Intangible assets | 11 | 1,049,966 | 51,961 |
| Total non current assets | | 2,856,734 | 1,106,810 |
| Total assets | | 12,663,357 | 7,717,600 |
| Current liabilities | | | |
| Unexpended grants | 12 | 1,418,178 | 203,280 |
| Payables | 13 | 1,941,503 | 946,893 |
| Provisions | 14 | 1,997,655 | 1,686,255 |
| Total current liabilities | | 5,357,336 | 2,836,428 |
| Non-current liabilities | | | |
| Provisions | 14 | 436,360 | 511,400 |
| Total non current liabilities | | 436,360 | 511,400 |
| Total liabilities | | 5,793,696 | 3,347,828 |
| Net assets | | 6,869,661 | 4,369,772 |
| Equity | | | |
| Retained surplus | 15 | 6,869,661 | 4,369,772 |
| Total equity | | 6,869,661 | 4,369,772 |

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2008

| | Retained Surplus \$ | Total Equity \$ |
|--------------------------------|------------------------|--------------------|
| Balance at 1 July 2006 | 4,184,877 | 4,184,877 |
| Operating surplus for the year | 184,895 | 184,895 |
| Balance at 30 June 2007 | 4,369,772 | 4,369,772 |
| Operating surplus for the year | 2,499,889 | 2,499,889 |
| Balance at 30 June 2008 | 6,869,661 | 6,869,661 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Notes | 2007/8 \$ | 2006/7 \$ |
|--|-------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from trading activities | | 1,197,271 | 979,181 |
| Interest received | | 463,115 | 319,598 |
| Receipts from grants | | 16,890,556 | 11,233,034 |
| Payments | | | |
| Wages and salaries | | (9,140,545) | (8,138,861) |
| Suppliers | | (4,424,535) | (3,408,622) |
| Net cash inflow from operating activities | | 4,985,862 | 984,330 |
| Cash flows from investing activities | | | |
| Payments for held to maturity investments | | (1,502,474) | – |
| Purchase of plant and equipment | | (2,272,912) | (503,291) |
| Proceeds from sale of plant and equipment | | 94,051 | 161,326 |
| Interest received | | – | – |
| Net cash flow from investing activities | | (3,681,335) | (341,965) |
| Net increase (decrease) in cash held | | 1,304,527 | 642,365 |
| Cash and cash equivalents at the beginning of the financial year | | 3,259,951 | 2,617,586 |
| Cash and cash equivalents at the end of the financial year | | 4,564,478 | 3,259,951 |
| Reconciliation of net cash provided by operating activities to operating result | | | |
| Operating surplus (deficit) | | 2,499,889 | 184,895 |
| Add depreciation and amortisation | | 435,791 | 434,952 |
| Loss (profit) on sale of fixed assets | | (6,854) | (26,021) |
| Change in operating assets/liabilities | | | |
| (Increase) decrease in accounts receivable | | (334,320) | (148,233) |
| (Increase) decrease in inventories | | (54,510) | 30,716 |
| (Decrease) increase in accounts payable | | 2,209,507 | 341,025 |
| (Decrease) increase in provision for employee entitlements | | 236,359 | 166,996 |
| | | 4,985,862 | 984,330 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: STATEMENT OF
SIGNIFICANT ACCOUNTING
POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Act Victoria.

The financial report covers Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Act 1981. Victorian Cytology Service Inc. comprises the Victorian Cytology Service, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register.

The following is a summary of the material accounting policies adopted by the organisation in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

ACCOUNTING POLICIES

(a) Income Tax

The activities of the Victorian Cytology Service Inc. are except from income tax and payroll tax. Payments for fringe benefits tax are made in accordance with the relevant legislation.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principal.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Assets are capitalised when in excess of \$1,000.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the useful life of the asset commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Plant and equipment | 5-50% |
| Motor Vehicles | 25% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The organisation classifies its financial assets between current and non-current assets based on the purpose for which the assets are acquired. Management determines the classification of its other financial assets at initial recognition.

The organisation assesses at each balance date whether a financial asset or group of financial assets is impaired.

Held-to-maturity investments

Where the organisation has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

(f) Impairment of Assets

At each reporting date, the organisation reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee Benefits

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Government grants

Government grants relating to operational expenditure are recognised upon receipt from the Department of Human Services. Government funding from the Department of Health and Ageing in relation to the National HPV Registry contract is recognised when an invoice relating to the funding is generated. Grant monies are received to fund projects either for contracted periods of time or specific projects, irrespective of the period of time required to complete those projects. It is the policy of the Organisation to treat grant monies as unexpended grants in

the balance sheet where the entity is contractually obliged to provide services in a subsequent financial period to when the grant is received, or in the case of specific project grants where the project has not been completed.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Critical Accounting Estimates and Judgments

The management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Organisation.

Key estimates – impairment:

The organisation assesses impairment at each reporting date by evaluating conditions specific to the organisation that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key judgements – provision for impairment of receivables:

A provision for impairment of trade receivables is established where there is evidence that the debts will not be collectible. Delinquency in payments (more than 60 days) is considered an indicator that the trade receivable is impaired. The directors do not believe the full amount of the trade receivables will be recoverable and accordingly, an impairment provision has been made at 30 June 2008.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 2: REVENUE

| | VCS 2007/8 \$ | VCCR 2007/8 \$ | NHVPR 2007/8 \$ | TOTAL 2007/8 \$ | VCS 2006/7 \$ | VCCR 2006/7 \$ | NHVPR 2006/7 \$ | TOTAL 2006/7 \$ |
|---|---------------------|----------------------|-----------------------|-----------------------|---------------------|----------------------|-----------------------|-----------------------|
| Revenue from operating activities | | | | | | | | |
| Government grants | | | | | | | | |
| Department of Human Services | 9,188,831 | 1,180,504 | – | 10,369,335 | 8,821,035 | 1,021,215 | – | 9,842,250 |
| Department of Health & Ageing | – | – | 1,423,554 | 1,423,554 | – | – | – | – |
| Indirect contributions by Department of Human Services | 3 3,877 | – | – | 3,877 | 4,732 | – | – | 4,732 |
| Patient fees | 1,202,333 | – | – | 1,202,333 | 1,019,028 | – | – | 1,019,028 |
| Other revenue from operating activities | – | 12,601 | 2,414 | 15,015 | – | – | – | – |
| | 10,395,041 | 1,193,105 | 1,425,968 | 13,014,114 | 9,844,795 | 1,021,215 | – | 10,866,010 |
| Transfer unexpended grants | | | | | | | | |
| Operating funding transferred to following year | – | (130,000) | (396,078) | (526,078) | – | – | – | – |
| | 10,395,041 | 1,063,105 | 1,029,890 | 12,488,036 | 9,844,795 | 1,021,215 | – | 10,866,010 |
| Revenue from non operating activities | | | | | | | | |
| Bank interest | 331,178 | 102,003 | 10 | 433,191 | 284,242 | 79,964 | – | 364,206 |
| Profit on sale of non current assets | 7,191 | – | – | 7,191 | 23,892 | 2,129 | – | 26,021 |
| | 338,369 | 102,003 | 10 | 440,382 | 308,134 | 82,093 | – | 390,227 |
| Revenue from capital purpose income | | | | | | | | |
| Department of Human Services | 279,950 | – | – | 279,950 | 150,000 | 53,280 | – | 203,280 |
| Department of Health & Ageing | – | – | 2,347,463 | 2,347,463 | – | – | – | – |
| | 279,950 | – | 2,347,463 | 2,627,413 | 150,000 | 53,280 | – | 203,280 |
| Transfer unexpended grants | | | | | | | | |
| Capital funding transferred from prior year | 150,000 | 53,280 | – | 203,280 | – | – | – | – |
| Capital funding transferred to following year | (279,950) | – | (612,150) | (892,100) | (150,000) | (53,280) | – | (203,280) |
| | 150,000 | 53,280 | 1,735,313 | 1,938,593 | – | – | – | – |
| Total Revenue | 10,883,410 | 1,218,388 | 2,765,213 | 14,867,011 | 10,152,929 | 1,103,308 | – | 11,256,237 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 3: INDIRECT CONTRIBUTIONS BY HUMAN SERVICES VICTORIA

The Department of Human Services makes certain payments on behalf of the Service. These amounts have been brought to account in determining the operating results for the year by recording them as revenue and expenses.

NOTE 4 (a): EXPENSES

| | VCS 2007/8 \$ | VCCR 2007/8 \$ | NHVPR 2007/8 \$ | TOTAL 2007/8 \$ | VCS 2006/7 \$ | VCCR 2006/7 \$ | NHVPR 2006/7 \$ | TOTAL 2006/7 \$ |
|------------------------------------|---------------------|----------------------|-----------------------|-----------------------|---------------------|----------------------|-----------------------|-----------------------|
| Wages and salaries | 7,912,107 | 744,803 | 487,756 | 9,144,666 | 7,539,358 | 759,714 | – | 8,299,072 |
| Operating and administration costs | 1,127,213 | 278,549 | 655,042 | 2,060,804 | 1,143,861 | 248,026 | 305,724 | 1,697,611 |
| Medical supplies | 725,524 | – | – | 725,524 | 639,707 | – | – | 639,707 |
| Depreciation and amortisation | 408,155 | 17,355 | 10,281 | 435,791 | 416,518 | 18,434 | – | 434,952 |
| Loss on sale of non current assets | – | 337 | – | 337 | – | – | – | – |
| | 10,172,999 | 1,041,044 | 1,153,079 | 12,367,122 | 9,739,444 | 1,026,174 | 305,724 | 11,071,342 |
| | | | | | | 2007/8 \$ | | 2006/7 \$ |

NOTE 4 (b): OPERATING EXPENSES

| | | | |
|---|--|--------|--------|
| The net result has been determined after: | | | |
| Auditors remuneration - auditing the accounts | | 10,000 | 9,600 |
| Rental expenses on operating leases | | 6,209 | 28,775 |

NOTE 5: CASH AND CASH EQUIVALENTS

| | | |
|--------------------------|-----------|-----------|
| Cash at bank and on hand | 109,275 | 82,911 |
| Deposits at call | 4,455,203 | 3,177,040 |
| | 4,564,478 | 3,259,951 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

| | 2007/8 | 2006/7 |
|--|--------|--------|
| | \$ | \$ |

NOTE 6: FINANCIAL ASSETS

| | | |
|--|-----------|-----------|
| Term deposits due to mature within 12 months | 4,390,142 | 2,887,663 |
| | 4,390,142 | 2,887,663 |

NOTE 7: TRADE AND OTHER RECEIVABLES

| | | |
|---|----------|----------|
| Current | | |
| Trade debtors and accrued revenue | 532,918 | 126,527 |
| Provision for impairment of receivables | (11,457) | (15,093) |
| | 521,461 | 111,434 |
| Interest receivable | 105,017 | 134,941 |
| | 626,478 | 246,375 |

NOTE 8: INVENTORIES

| | | |
|-------------------------------|--------|--------|
| Medical and surgical supplies | 49,673 | 40,535 |
| | 49,673 | 40,535 |

NOTE 9: OTHER CURRENT ASSETS

| | | |
|-------------|---------|---------|
| Prepayments | 175,852 | 176,266 |
| | 175,852 | 176,266 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

| | 2007/8 | 2006/7 |
|--|--------|--------|
| | \$ | \$ |

NOTE 10: PLANT, EQUIPMENT & VEHICLES

| | | |
|--|-------------|-------------|
| Plant and equipment at cost | 4,077,762 | 3,170,934 |
| Accumulated depreciation | (2,715,195) | (2,441,694) |
| Written down value | 1,362,567 | 729,240 |
| Leasehold improvements at cost | 141,358 | – |
| Accumulated amortisation | (2,839) | – |
| Written down value | 138,519 | – |
| Vehicles at cost | 448,898 | 433,629 |
| Accumulated depreciation | (143,216) | (108,020) |
| Written down value | 305,682 | 325,609 |
| Carrying amount at the end of the year | 1,806,768 | 1,054,849 |

| Movement in Carrying Amounts | Plant & equipment | Motor Vehicles | Leasehold Improvements | Total |
|--|-------------------|----------------|------------------------|-----------|
| Balance at the beginning of the year | 729,240 | 325,609 | – | 1,054,849 |
| Additions | 936,242 | 171,593 | 141,358 | 1,249,193 |
| Disposals | (335) | (86,862) | – | (87,197) |
| Depreciation | (302,580) | (104,658) | (2,839) | (410,077) |
| Carrying amount at the end of the year | 1,362,567 | 305,682 | 138,519 | 1,806,768 |

| | 2007/8 | 2006/7 |
|--|--------|--------|
| | \$ | \$ |

NOTE 11: INTANGIBLES

| | | |
|--|-----------|-----------|
| Software and licences at cost | 1,268,072 | 244,358 |
| Accumulated amortisation | (218,106) | (192,397) |
| Carrying amount at the end of the year | 1,049,966 | 51,961 |

| Movement in Carrying Amounts | Software | Licences | Total |
|--|----------|----------|-----------|
| Balance at the beginning of the year | 49,827 | 2,134 | 51,961 |
| Additions | 917,020 | 106,699 | 1,023,719 |
| Disposals | – | – | – |
| Amortisation | (23,580) | (2,134) | (25,714) |
| Carrying amount at the end of the year | 943,267 | 106,699 | 1,049,966 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

| | 2007/8 \$ | 2006/7 \$ |
|---|--------------|--------------|
| NOTE 12: UNEXPENDED GRANTS | | |
| Capital funding transferred to following year | 892,100 | 203,280 |
| Operating funding transferred to following year | 526,078 | - |
| | 1,418,178 | 203,280 |

NOTE 13: PAYABLES

Current

| | | |
|-----------------|-----------|---------|
| Trade creditors | 910,827 | 233,056 |
| Other creditors | 1,030,676 | 713,837 |
| | 1,941,503 | 946,893 |

NOTE 14: PROVISIONS

Employee benefits

Current

| | | |
|---|-----------|-----------|
| Provision for annual leave - short term | 684,420 | 637,781 |
| Provision for annual leave - long term | 242,431 | 244,090 |
| Provision for long service leave | 944,961 | 678,542 |
| Provision for sabbatical leave | 125,843 | 125,842 |
| | 1,997,655 | 1,686,255 |

Non-Current

| | | |
|----------------------------------|---------|---------|
| Provision for long service leave | 436,360 | 511,400 |
| | 436,360 | 511,400 |

Employee numbers

| | | |
|---|-----|-----|
| Average number of employees during the financial year | 129 | 128 |
|---|-----|-----|

NOTE 15: RETAINED SURPLUS

| | | |
|---|-----------|-----------|
| Retained surplus | 4,369,772 | 4,184,877 |
| Surplus/Deficit for the year | 2,499,889 | 184,895 |
| Retained surplus at the end of the year | 6,869,661 | 4,369,772 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL RISK MANAGEMENT

a) Financial Risk Management Policies

The organisation's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The Organisation does not have any derivative instruments at 30 June 2008.

(i) Treasury Risk Management

An Audit Committee consisting of Board of Governance members meet on a quarterly basis to analyse financial risk exposure and to confirm that the organisation is complying with Financial Risk Management Policies.

The committee's overall risk management strategy seeks to assist the organisation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit Committee operates under policies approved by the Board. Risk management policies are approved and reviewed by the committee on a regular basis.

These include the use of fraud prevention policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

The main risks the organisation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk

Interest rate risk

All investments of the organisation are with Westpac Banking Corporation

Liquidity risk

The organisation manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2008.

Credit risk is managed and reviewed regularly by the Audit Committee. It arises from exposure to customers and deposits with financial institutions.

The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "AA" rating are utilised;
- all potential members are rated for credit worthiness taking into account their particular circumstances and financial standing; and

At year end the organisation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the organisation.

Price risk

The organisation is not exposed to any material commodity price risk. The trade receivables as 30 June 2008 do not include any counterparties with external credit ratings.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL RISK MANAGEMENT

b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management’s expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile with the Balance Sheet.

| | WEIGHTED AVERAGE EFFECTIVE INTEREST RATE | | FLOATING INTEREST RATE | | WITHIN 1 YEAR | | NON-INTEREST BEARING | | TOTAL | |
|---|--|------|---------------------------|-----------|---------------|-----------|-------------------------|-----------|-----------|-----------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | | | | | | | | | | |
| Cash & cash equivalents | 6.6 | 5.7 | 4,563,608 | 3,259,061 | – | – | 870 | 890 | 4,564,478 | 3,259,951 |
| Prepayments | – | – | – | – | 175,852 | 176,266 | – | – | 175,852 | 176,266 |
| Trade & other receivables | – | – | – | – | – | – | 626,478 | 246,735 | 626,478 | 246,735 |
| Investments | 6.7 | 6.3 | – | – | 4,390,142 | 2,887,663 | – | – | 4,390,142 | 2,887,663 |
| Total Financial Assets | | | 4,563,608 | 3,259,061 | 4,565,994 | 3,063,929 | 627,348 | 247,625 | 9,756,950 | 6,570,615 |
| Financial Liabilities | | | | | | | | | | |
| Bank Overdraft | – | – | – | – | – | – | – | – | – | – |
| Trade creditors and accruals | – | – | – | – | – | – | 1,941,503 | 946,893 | 1,941,503 | 946,893 |
| Total Financial Liabilities | | | – | – | – | – | 1,941,503 | 946,893 | 1,941,503 | 946,893 |
| Net Financial Assets/(Liabilities) | | | 4,563,608 | 3,259,061 | 4,565,994 | 3,063,929 | (1,314,155) | (699,268) | 7,815,447 | 5,623,722 |
| | | | | | | | | | 2008 | 2007 |
| | | | | | | | | | \$ | \$ |
| Trade and sundry payables are expected to be paid as follows: | | | | | | | | | | |
| Less than 6 months | | | | | | | | | 1,941,503 | 946,893 |
| | | | | | | | | | 1,941,503 | 946,893 |

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: FINANCIAL RISK MANAGEMENT

c) Net Fair Values

The organisation has no listed investments at 30 June 2008.

The net fair value for other assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

The organisation holds no financial assets where the carrying amount exceeds net fair values.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

| | 2008 | | 2007 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Held to maturity financial assets at fair value | 4,390,142 | 4,390,142 | 2,887,663 | 2,887,663 |
| | 4,390,142 | 4,390,142 | 2,887,663 | 2,887,663 |

Fair values are materially in line with carrying values.

Sensitivity analysis

Interest rate risk

The organisation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | 2008 | 2008 |
|-----------------------------------|-----------|-----------|
| | \$ | \$ |
| Change in profit | | |
| - Increase in interest rate by 1% | 89,546 | 61,476 |
| - Decrease in interest rate by 2% | (179,092) | (122,952) |
| Change in equity | | |
| - Increase in interest rate by 1% | 89,546 | 61,476 |
| - Decrease in interest rate by 2% | (179,092) | (122,952) |

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the organisation is not exposed to foreign currency functions.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 17: SEGMENT REPORTING

The Organisation operates in the health sector providing cytology and registry services to the public within Victoria.

NOTE 18: ASSOCIATION DETAILS

The principal address of the business of the Association is:
Victorian Cytology Service Inc.
752 Swanston Street
Carlton South, Vic. 3053

NOTE 19: RELATED PARTIES

The names of persons who were Board members at any time during the year are set out in the Annual Report.
There were no transactions that require disclosure for the year ended 30 June 2008.
The Directors did not receive any remuneration during the financial year ended 30 June 2008.

| | 2007/8 | 2006/7 |
|---|---------|---------|
| Key management personnel compensation | \$ | \$ |
| Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of Victorian Cytology Service Inc. | | |
| Short term employee benefits | 842,640 | 767,068 |
| Post-employment benefits | 48,712 | 49,079 |
| | 891,352 | 816,147 |

NOTE 20: DEFINED BENEFIT SCHEME

The Organisation contributes to a Defined Benefit Scheme maintained by Health Super Fund and has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund’s actuary in estimating the Fund’s accrued benefits liability.

The trustee of the Scheme has determined that the **notional** excess net assets attributable to the staff who are members of the scheme for the year ended 30 June 2008 total \$32,401. The actuary has advised that the contributions will remain unchanged for the current year.

VICTORIAN CYTOLOGY SERVICE INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

| | 2007/8 | 2006/7 |
|--|--------|--------|
| | \$ | \$ |

NOTE 21: COMMITMENTS

During February 2008 the organisation signed a contract to establish and maintain a National HPV Immunisation Program Register on behalf of the Department of Health and Ageing for a period of three years. Expenditure was incurred and commitments were made during the current and prior year in relation to the establishment of the Register.

(a) Capital commitments

Capital expenditure contracted for at reporting date but not recognised as liabilities is as follows:

| | | |
|---------------------|-----------|--------|
| Plant and equipment | | |
| Payable: | | |
| Within one year | – | 32,000 |
| | – | 32,000 |
| Intangible assets | | |
| Payable: | | |
| Within one year | 1,634,300 | 85,000 |
| | 1,634,300 | 85,000 |

(b) Lease commitments

The Organisation has leased office premises under a non-cancellable operating lease expiring within five years with renewal rights. On renewal, the terms of the lease will be renegotiated.

Commitment in relation to the lease contracted for at the reporting date but not recognised as a liability, payable:

| | | |
|---|---------|---------|
| Within one year | 103,227 | 99,257 |
| Later than one year but not later than five years | 199,782 | 303,009 |
| | 303,009 | 402,266 |

NOTE 22: CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2008.

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred since reporting date.

AGENCY CERTIFICATION



Victorian Cytology Service
Incorporated ABN 35 430 554 780
PO Box 178, Carlton South,
Victoria 3053 Australia
Telephone: +61 3 9250 0300
Facsimile: +61 3 9349 1949
Director: Marion Saville MBEHL
An Bd (Anat Path & Cytopath), RAC,
Grad Dip Med (Cyt Epil).
www.vcs.org.au

AGENCY CERTIFICATION

Manager's Annual Certificate

We certify that Victorian Cytology Service Inc. has complied with the terms and conditions of the Service Agreement dated 26 June 2006 and has expended funding received from the Department of Human Services on the services as specified in schedule 3 of that Agreement.

We certify that Victorian Cytology Service Inc. is a financially viable Agency able to continue to provide services on behalf of the Department of Human Services.

We certify that Victorian Cytology Service Inc. is required to produce audited financial statements and has adhered to the relevant incorporation governing legislation in respect of financial account preparation and lodgment and any other requirements as specified by the relevant governing legislation.

We certify that the attached Financial Accountability Requirements Statement for Victorian Cytology Service Inc. (the Agency) for the year ended 30 June 2008

- ❖ fairly presents the financial position for the year then ended and performance as at 30 June 2008 as required by the Department of Human Services
- ❖ the statements have been extracted from the accounting records of the Organisation which have been prepared on the basis of accounting policies consistent with applicable Australian Accounting Standards (AAS) and/or Australian Accounting Standards Board (AASB) and
- ❖ are GST exclusive for the Income Statement

Dr Peter Grant
Chairperson

Date: 6 Nov 2008

Mr. Mark Van Zuylekom
Business Manager

Date: 6 Nov. 2008.

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIAN CYTOLOGY SERVICE INC.

Report on the Financial Report

We have audited the accompanying financial report of Victorian Cytology Service Inc. which comprises the balance sheet as at 30 June 2008 and the income statement, statement of recognised income and expenditure and cash flow statement for the year ended on that date, a summary of significant accounting policies and notes to the accounts.

Directors' Responsibility for the Financial Report

The directors of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981. The board's responsibilities also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion:

The financial report of Victorian Cytology Service Inc. is in accordance with the Associations Incorporation Act (Vic) 1981 including:

- a. giving a true and fair view of the Association's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act (Vic) 1981.

Signed in Melbourne the day of 14 November 2008

WHK Horwath

Margaret Crossley
Principal

Total Financial Solutions



WHK Day Neilson Audit Partnership ABN 61 917 986 081



