ANNUAL REPORT 2012

VCS

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VCS

VCS Pathology

Victorian Cervical Cytology Registry

National HPV Vaccination Program Register

OUR VISION

To be leaders in reducing the impact of cancer and sexually transmissible infections through screening and vaccination.

VCS achieves this by providing high quality evidence based:

- Laboratory and registry services
- Education and information
- Policy relevant research and evaluation

STATEMENT OF STRATEGIC INTENT

VCS in conjunction with the VCS Board of Directors has developed a Strategic Plan for 2012-2015. The objectives of the plan are to achieve our vision which includes growth and expansion, predominantly through policy relevant research and registry support, whilst maintaining high standards of core service. The activities of VCS Inc around these objectives will be summarised in future Annual Reports and are as follows:

1. **Contributing to Change, Adapting to Change:**

- We will undertake a pilot trial, Compass. Women will be drawn from select practices referring to VCS who have agreed to participate in the trial. The pilot study is to inform a much bigger study which we hope to commence in the next several years and which we believe will be a landmark study not only in Australia but also internationally.
- We will continue to educate clinicians through our Liaison Physicians. They will provide updated information designed to support practitioners' understanding of changes to cervical cancer prevention in Australia and to increase awareness about recommendations for testing appropriately for Chlamydia infection.

2. **Meeting our Infrastructure needs:**

- Ongoing improvements in the laboratory will be undertaken in order to meet the needs not only of the Compass trial but also to support the growth in microbiology testing for HPV and Chlamydia.
- We intend to secure new premises that will allow a degree of expansion and co-location of VCS Pathology, VCCR and NHVPR.
- We intend to update our ICT, starting with an update of the system supporting the VCCR in order to increase our capability to pursue strategic opportunities and to grow within the rapidly evolving external Health IT landscape.
- In order to secure the funding required to undertake these activities we will need to continue to meet and exceed the expectations of the Department of Health (Vic).

3. **Broadening our Public Health Perspective**

- We intend to position our organization to operate registries supporting screening for a broader range of cancers, and in a broader range of jurisdictions.
- We will be leaders in the provision of high quality, bulk billed Chlamydia testing.

ORGANISATIONAL OVERVIEW

ABOUT VICTORIAN CYTOLOGY SERVICE INCORPORATED (VCS INC.)

Victorian Cytology Service Incorporated (VCS Inc.) is a Health Promotion Charity whose origins centre on the provision of laboratory testing and registry services for the Cervical Screening Program and the National Human Papillomavirus Vaccination 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 in Victoria. Since its establishment VCS Inc. continues to expand geographically, with new technologies, and with the possibility of providing a screening registry that would cover other cancers whose impact may be minimised by screening.

VCS PATHOLOGY

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

The organisation has expanded its core testing to include– 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.

THE VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR)

VCS Inc. auspices the Victorian Cervical Cytology Registry (VCCR), working closely with VCS Pathology 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 contains a linked record for each woman containing details of her Pap smear and subsequent investigations. This database is used to remind women when their Pap smear 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 and reports on cervical screening.

THE NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)

The National Human Papillomavirus Vaccination Program Register (NHVPR) was established in early 2008 to support the National HPV Vaccination Program, and is fully funded by the Commonwealth Government. The NHVPR plays an essential role in supporting the complete vaccination of young women electing to be vaccinated and in monitoring and evaluating the HPV vaccination program. These outcomes are achieved through the registration of immunisation providers, the creation of individual consumer immunisation records, producing follow ups and reminders, conducting research and producing statistical information on the National HPV Vaccination Program.

RESEARCH, EDUCATION & TRAINING

VCS activities extend 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. Research and education activities include:

- Maintaining a teaching and training centre for diagnostic cytology, with links to major teaching hospitals and universities.
- Education and training of scientific and medical undergraduates, scientists, pathology registrars and pathologists
- Conducting and supporting scientific research including investigations into new technologies and the epidemiology of cervical cancer, leading to publication of findings in international scientific literature
- Providing educational sessions for medical practitioners and health professionals to assist them in refining their skills and improving the way Pap smears are performed

FUNDING

VCS Inc. has a multimillion-dollar budget with the majority of funds coming from the Australian Government and the Victorian Government. It has strong relationships with the Department of Health (Vic.) and the Department of Health and Ageing (Cth). The laboratory, registry and support services employ approximately 150 staff in a variety of roles, including, administration, clerical, scientific, medical, courier, information technology and customer service staff.

PRESIDENT'S REPORT

This Annual Report sees the conclusion of the organisations activities against the 2009–2012 Strategic Plan and I am pleased to report that VCS largely achieved all targets set against the key objectives. This report will include a summary of the outcomes against the set targets.

I am now delighted to release our Vision and Strategic Plan for 2012 to 2015. The plan was developed through an extensive consultative process involving the Senior Management team of VCS and the Board of Directors.

This plan sets a new course for our organisation, while maintaining the strengths of our core laboratory and registry services.

Changes are expected to the National Cervical Screening Program, as a result of the government's Renewal program, and we are ready to respond appropriately. The Renewal program is expected to be completed in mid 2014 and aims to review the science and technologies related to the program to ensure that all Australian women have access to a cervical screening program that is based on the best available evidence and promotes best clinical practice.

VCS will be closely involved in the stakeholder consultation processes throughout the various stages and will be adjusting its services to prepare for the expected changes.

The most significant project for this strategic plan is the Compass trial. VCS and the NSW Cancer Council are working together to develop a randomised controlled trial aimed at comparing 3 yearly cytology based cervical screening with 6 yearly HPV screening in Australian women. This trial will provide valuable information to inform decisions about the future of cervical cancer prevention in an era of HPV vaccination.

On behalf of the Board I would like to thank The Executive Director, Marion Saville, her executive team, and the staff of VCS for the outstanding work they do. VCS plays a vital role, providing a range of activities that reduce the risk of cervical cancer and enhance the health of the community. As times and technologies change VCS will continue to make a difference by creatively adapting to meet the existing and future needs of the community.

I would like to acknowledge the contribution of all the Board Members whose time and expertise are given generously. My particular thanks go to Juliann Byron who continues to provide great support to the Board in her role as Treasurer.

JANE COLLINS
President – VCS Board of Directors

EXECUTIVE DIRECTOR'S REPORT

The objectives of the new Strategic Plan for VCS will position the organisation in readiness of expected changes to cervical screening. Evidence in relation to alternative screening strategies is emerging at a rapid pace. Cervical cancer prevention has been undergoing significant change for some years. This change is now accelerating and is driven by the implementation of a successful HPV vaccination program for girls in 2007 and the recent announcement that this vaccine will be extended to boys in 2013. In addition, our understanding of the molecular basis of cervical cancer continues to grow and the underpinning role of HPV as a causative agent has become clear.

Australian Governments have responded to these changes by undertaking "Renewal" of the National Cervical Screening Programme (NCSP). It has become clear that cervical cytology may no longer be the optimal primary screening test and that better health outcomes, with less intensive testing, could possibly be achieved by testing primarily for the presence of oncogenic HPV.

Whatever the outcome of Renewal, there will be unanswered questions about the implementation of any changes recommended to the NCSP. Accordingly, VCS intends to contribute to the evidence base informing change through provision of policy relevant research.

In order to do this we will need to ensure that our infrastructure needs are met. We intend to modernise our ICT infrastructure and to secure a building large enough to bring together all of our business units and to allow for projected expansion.

In addition VCS will continue to examine the uses to which our considerable skills in public health and service delivery might be utilised in the broader public health perspective.

The achievements against the 2009/2012 Strategic Plan have already provided a solid foundation for the organisation to continue to grow and change. These achievements would not have been possible without the support of Senior Management and staff at VCS to which I am very grateful.

I would like to take the opportunity to welcome back Professor Ruth Salom to the position of Director of Pathology at VCS Inc. Ruth was previously the Executive Director of South Australian Pathology, a position she held for four years after leaving VCS in 2008. Ruth brings a wealth of experience and knowledge with her and will be an invaluable asset to the organisation.

My express thanks go to the VCS Board of Directors led by Dr Jane Collins. Their expertise and contributions to the development of strategy and good governance is very much appreciated, particularly as their time and efforts are voluntary.

This is an exciting time for the organisation and we look forward to the challenges associated with the new technologies and changes to the screening program.

ASSOCIATE PROFESSOR MARION SAVILLE
Executive Director

STAINER XL

2009/2012 STATEMENT OF STRATEGIC INTENT

Following is an overview of outcomes against activities undertaken in the Strategic Plan for 2009/2012. There are five key objectives that form the plan all of which were largely met:

OBTAIN A HIGHER SHARE OF THE CHLAMYDIA MARKET TO POSITION THE ORGANIZATION FOR A POSSIBLE NATIONAL CHLAMYDIA SCREENING PROGRAM

Chlamydia testing volumes have grown from 4,442 per annum in 2008/09 to 12,437 in 2011/12, an increase of 180% over the life of the Strategic Plan.

Educational resources, including waiting room posters have been developed and a marketing plan launched promoting the new PCR Chlamydia method.

VCS Liaison Physician Dr Lara Roeske has developed a Clinical Audit for Chlamydia. Fully accredited by the Royal Australasian College of General Practitioners (RACGP), the audit aims to improve the quality of service Australian general practitioners (GPs) provide for Chlamydia testing. It is designed to promote guideline driven changes in the frequency with which eligible patients are tested for Chlamydia in general practice.

ESTABLISH A UNIT FOR POLICY DRIVEN RESEARCH AND PROGRAM EVALUATION RELEVANT TO THE VISION

A large number of funded projects were delivered over this period, including those associated with the Victorian Government's Cancer Action Plan. The reports produced from this research contributed to the evidence base for a variety of key projects including:

- Underscreened women.
- Participation in the screening program by ATSI and culturally and linguistically diverse women.
- Screening by geographical areas.

3

BROADEN THE FOCUS OF THE CURRENT BRAND TO ALLOW FOR THE SPECIFIED OPPORTUNITIES CONTAINED WITHIN THE PLAN AS WELL AS FUTURE OPPORTUNITIES

After 47 years and with the projected changes of the screening program foreshadowed, it was agreed that the VCS and VCCR brand configuration no longer met the growth requirements of the organisation, interstate expansion and additional services. A new brand has been developed to:

- better reflect current and future activities;
- leverage positive achievements across the organisation;
- improve recognition and loyalty and generate a consistent image;
- support future expansion activities

Three separate brands have been developed with an overarching VCS Inc. brand that provides strong commonality to the sub brands. The master brand provides a similar look and feel to the sub brands with each business unit having a separate business unit name. The new brand was redesigned to ensure that the imagery, design and logo create a clear link between the different business units and the 'parent' organisation. One distinct advantage of this brand redesign is that new business units can be easily added that reflect a very similar look and feel, whilst at the same time meeting the brand representation requirements of its customers and stakeholders.

VCS brand equity will be maintained whilst allowing for expansion into other pathology tests and interstate.

To avoid wastage stationery and resources will only be replaced with the new branding when reprints are required.

Note: Due to the ownership of the NHVPR brand residing with the Commonwealth, it will not be incorporated into this redesign at this time.

4

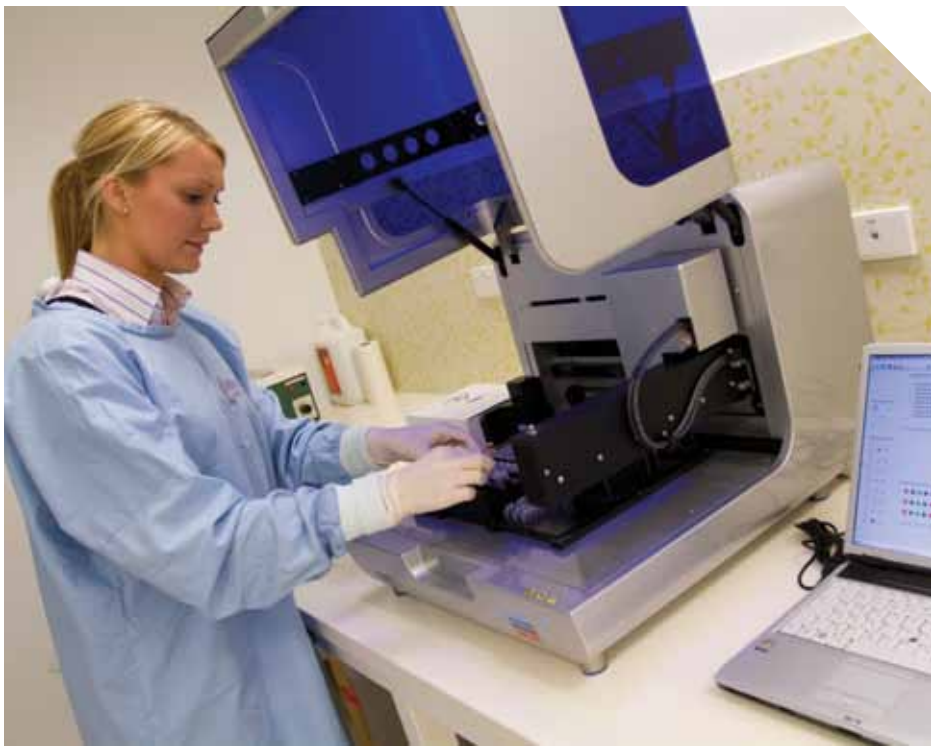
BE READY TO SUCCESSFULLY TENDER FOR A POSSIBLE NATIONAL CERVICAL SCREENING REGISTER

VCS is involved in a number of research and evaluation projects that are informing screening policy at both the state and national level. Through these projects, such as the monitoring of HPV vaccine impact and Colposcopy Quality Improvement Program (CQUIP), we have been maintaining our profile whilst at the same time reviewing our operational processes to ensure they could be adapted to the changes required should a national register eventuate.

5

HAVE THE BUILDING AND IT SYSTEMS IN PLACE TO SUPPORT THE PLANNED ACTIVITIES

The strategic goal of securing the building and IT infrastructure systems to support the planned activities was not achieved. Delivery of this objective was considerably hampered by external factors including the macro economic climate. The Executive and the Board recognise the importance of this infrastructure goal and accordingly it is reflected in the updated Strategic Plan (2012 to 2015).



HIGHLIGHTS FOR THE 2011/12 FINANCIAL YEAR

PCC2011
Conference Preventing Cervical Cancer: Integrating Screening and Vaccination

PREVENTING CERVICAL CANCER 2011: INTEGRATING SCREENING AND VACCINATION (PCC 2011)

Following the success of the Preventing Cervical Cancer 2009: Integrating Screening and Vaccination (PCC2009) Conference, a further conference, PCC2011 was held at the Sofitel Hotel in Melbourne on 9-11th November 2011.

PCC2011 provided an update on developments across all aspects of the screening program, facilitated a free flow of communication between the different divisions and disciplines and provided a forum for leading experts to share their vision and influence policy development in the prevention of cervical cancer. International speakers included Dr Phillip Castle (Sponsored by Cancer Council NSW), Dr. Scott LaMontagne and Dr Lauri Markowitz.

In response to demand from the delegates, video recordings of the speakers have been made available on the PCC2011 website which is also linked to the VCS website. A high satisfaction rating was recorded from the post conference survey and it is anticipated a further conference will be held in 2013.

The conference would not have been possible without the generous support of the sponsors, namely Department of Health Ageing, Roche, Glaxo Smith Kline and CSL Biotherapies.

EDUCATION

The Senior Liaison Physician, Dr Stella Heley and Liaison Physicians, Dr Siobhan Bourke and Dr Larissa Roeske delivered in excess of 111 educational updates and presentations to a combined audience of more than 2,577 GPs, Registrars, Nurses, Midwives and Secondary School students during the year.

The education sessions cover the cervical screening program, the HPV (Human Papillomavirus) vaccine, and testing for Chlamydia trachomatis and are tailored to suit the requirements of individual practitioners, medical practices or conference audiences.

NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)

The contract to operate the NHVPR was due to expire on the 30th June 2010. The Executive Team worked closely with the Department of Health and Ageing to successfully extend the contract for a further four years until 30th June 2015.

The extension of the contract recognises the success of the Register and the ability of VCS to deliver a fully functional national health register.

CYTOLOGY INFORMATION SYSTEM (CIS) DATA BASE UPGRADE

The ICT Department successfully implemented an upgrade to the CIS database delivering a single integrated platform consolidating disaster recovery, support, and backup, and thus mitigating the risk associated with having to operate multiple and varied environments.

This upgrade involved extensive re-development and a migration of data from the Sun/Oracle platform to the Wintel/ Microsoft SQL virtualised environment. The project took 7 months to complete with a capital investment of $230K (23% under budget). In total 279 tables and 170 million rows of data were seamlessly migrated.

ICT SECURITY REVIEW

An organisation wide information security review against the ISO27001 standard was completed, with security threats and vulnerabilities evaluated. An analysis of the outcomes was conducted, with a project report summarising the findings and associated risks developed. VCS now have a greater understanding of its information security maturity, including its strengths and weaknesses, and have developed a strategic roadmap to address gaps and mitigate risks.

VCCR SECOND REMINDER LETTERS

As part of Victoria's Cancer Action Plan, VCCR introduced a second Reminder Letter for women overdue for a Pap smear. This second reminder is sent to women nine months after their first reminder letter. This is a strategy that has been shown to increase participation in international studies. Since its introduction this additional reminder has significantly increased the proportion of women attending for a repeat (after Negative) Pap test at 36-39 months from 7.71% to 15.80%.

VCS LEADERSHIP TRAINING

A leadership program has been developed and implemented for middle managers comprising of eight one day sessions ending January 2013. The objective of the training is to build management and leadership capability to support the VCS Strategic vision and goals. The staff attending will gain skills to understand communication styles and how they impact on team members, understand the key theoretical aspects of team development and to formulate strategies for effective management and development of a team.

VCS PUBLISHED ARTICLES

- The Lancet Vol 377 June 18, 2011 - Early effect of the HPV vaccination programme on cervical abnormalities in Victoria, Australia: an ecological study; Julia M L Brotherton, Masha Fridman, Cathryn L May, Genevieve Chappell, A Marion Saville, Dorota M Gertig.

  These data were presented at the 2010 International Papillomavirus conference, in Montreal. It is an analysis of the Victorian Cervical Cytology Register data on Pap smear abnormality rates. The study was the first to show reduction of high-grade cervical abnormalities (HGAs—the precursors to cervical cancer) in a population of women following introduction of human papillomavirus (HPV) vaccination programmes.

  VCS is now leading a project to link data between the VCCR and the NHVPR to enable monitoring of the incidence of cervical abnormalities by vaccine status.
- Cancer Epidemiology The International Journal of Cancer Epidemiology, Detection, and Prevention Vol 36, Issue 3, June 2012 - Will vaccinated women attend cervical screening? A population based survey of human papillomavirus vaccination and cervical screening among young women in Victoria, Australia Julia M.L. Brotherton, Robyn M. Mullins

PERFORMANCE INDICATORS

THE VICTORIAN CYTOLOGY SERVICE STRIVES TO CONSISTENTLY PROVIDE ACCURATE AND TIMELY LABORATORY AND REGISTRY SERVICES THAT MEET OR EXCEED COMMUNITY EXPECTATIONS AND REGULATORY REQUIREMENTS. THE FOLLOWING GRAPHS OUTLINE VCS' PERFORMANCE IN 2011/2012.

Market Share

Pap smear market share for the financial year was 49.5%. VCS reported a total of 296,686 in 2011 compared to 298, 555 in 2010.

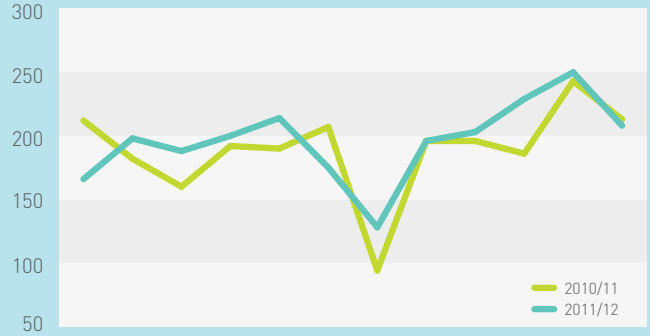
PAP TEST TOTALS

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2009/10	28068	25709	23548	24722	23517	21375	18725	25860	28047	22893	25749	24241
2010/11	24824	25430	27011	27067	27518	23038	18636	25439	26829	21268	26899	24596

Histology

Histology volumes were 2,355 for the year, a slight increase from 2,271 in 2010/11. The volumes for histology remain stable.

HISTOLOGY VOLUMES



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2010/11	212	182	160	192	190	207	94	196	196	186	243	213
2011/12	166	198	188	200	214	175	128	196	203	229	250	208

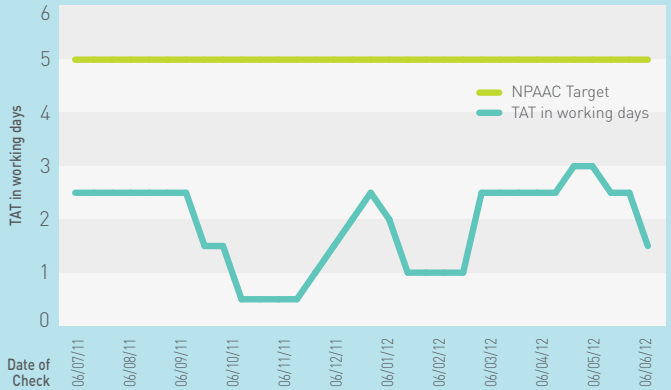
Laboratory Reporting Turn-around Times

As part of the VCS Inc quality monitoring system, internal targets have been set for test turn-around times (TAT). These targets differ depending on the type of test and are detailed as follows along with the volumes received for each test.

Pap Smears

Turn around times for Pap smears consistently remain below the National Pathology Accreditation Advisory Council's (NPAAC) requirement for 90% of cases reported within 5 days of receipt in the laboratory.

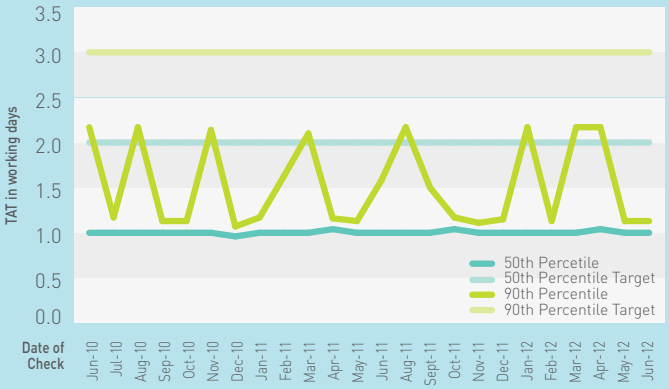
PAP SMEAR TURNAROUND TIME



Histology Turn-around Times (TAT)

An internal target has been set for non complex histology specimens received in the laboratory to be processed and reported within 48 hours of receipt (50th percentile) and the more complex cases reported within 72 hours or receipt (90th percentile). Both targets were met.

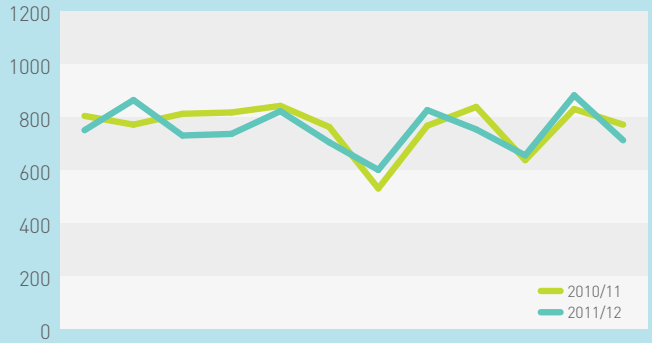
HISTOLOGY TAT RECEIPT TO VALIDATION



HPV

HPV test numbers have stabilised with a total of 9,034 tests reported in 2011/12 compared with 9,181 in the previous year. The historic total numbers reported differ from the previous year's annual report as the data is now being sourced from the Business Intelligence Tool which removes all tests that are deleted due to ineligibility or incomplete paper work (165 tests in total).

HPV TESTING VOLUMES

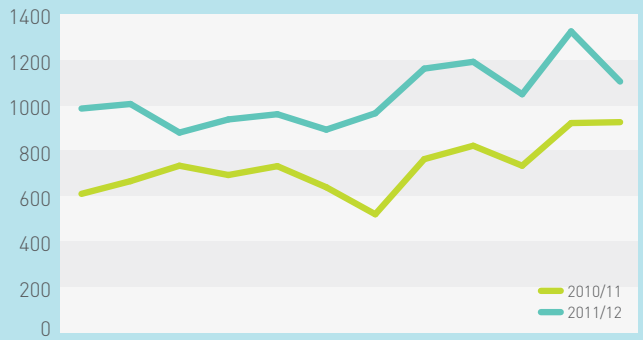


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2010/11	804	771	812	817	842	762	530	767	838	637	830	771
2011/12	750	864	730	736	822	704	600	826	753	655	882	712

Chlamydia

Chlamydia testing has steadily increased with a total of 12,437 tests reported in 2011/12 compared to 8,746 in the previous year. The strong marketing focus on Chlamydia throughout the year has significantly impacted this result and volumes are expected to continue to increase.

CHLAMYDIA TESTING VOLUMES

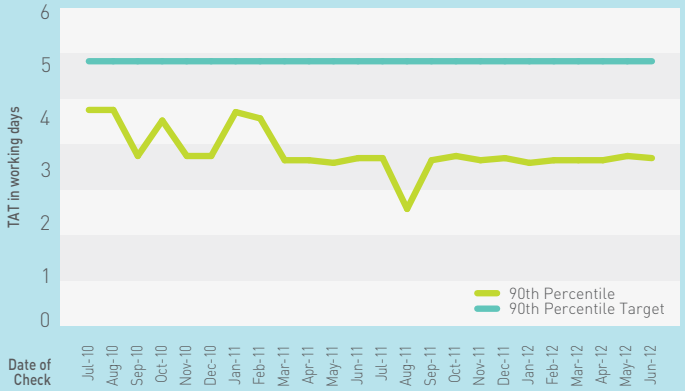


	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2010/11	608	664	732	691	730	637	518	761	820	732	920	924
2011/12	984	1004	878	936	959	891	963	1160	1190	1047	1324	1103

HPV Turn-around Times

The internal target for HPV turn-around time for receipt in the laboratory to validation is that 90% of cases should be reported within 5 days.

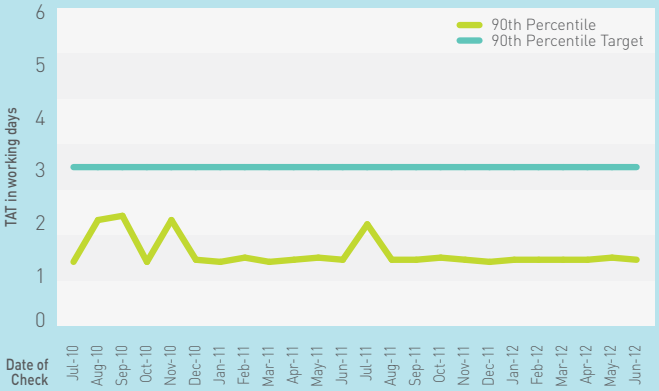
HPV TAT RECEIPT TO VALIDATION



Chlamydia Turn-around Times

The internal target for Chlamydia reporting is a turn-around time of <3 days from receipt in the laboratory to validation. Testing has been occurring on a daily basis since the beginning of 2011 and even with increased volumes the target has been easily met.

CHLAMYDIA TAT RECEIPT TO VALIDATION



Control

EXECUTIVE OFFICERS

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

Medical Director – Victorian Cervical Cytology Registry & Epidemiologist – Victorian Cytology Service Inc
Associate Professor Dorota Gertig
MB BS (Hons), MHS c, ScD, FAFPHM

Medical Director – National HPV Vaccination Register & Epidemiologist – Victorian Cytology Service Inc
Dr Julia Brotherton
GDip App Epi, MB BS (Hons), MPH (Hons), FAFPHM

Director – Corporate Services
Mark Van Zuylekom BSc, MBA , GAICD, AFCHSE

Director – Laboratory Operations
Gillian Phillips
M. App. Science, M. Health Service Management, CT (ASC), CT (IAC)

Director – Information Communication and Technology
Matthew Cunningham BBus (InfoSys), MIS

Director of Pathology
Professor Ruth Salom
MB BS, MD, MBA, FRCPA, FAICD, B Med Sci (Hon), MIAC

MEDICAL STAFF

Managing Pathologist
Siew Chin Lian MB, BS, FRCPA

Pathologists
Henry Yeung MB, BS, FRCPA
Kristy Dundas MB, BS, FRCPA
Shaw-Ping Tong MB, BS, FRCPA
Daryl Johnson MB, BS, FRCPA

Senior Liaison Physician
Stella Heley
BA Hons, MBBS, Dip Ven (Lond), FACSHP

Liaison Physician
Siobhan Bourke
FACSHM, MPH, MBBS Hons, Grad Cert PH (Sexual Health)

Liaison Physician
Larissa Roeske MBBS Hons, FRACGP, DipVen

BOARD MEMBER PROFILES

DR JANE COLLINS - PRESIDENT
Dr Jane Collins was appointed to the Board in February 2008 to fill the role of General Practitioner Representative and was elected President in November 2009. Dr Collins is an experienced General Practitioner, business owner and freelance medical writer. She has a special interest in women's health as well as 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, an inner urban general practice, comprising 15 GPs.

PROFESSOR TERRY NOLAN
Professor Terry Nolan served on the VCS Board for a three year term from 2008 to November 2011. Professor Nolan is Foundation Head of the Melbourne School of Population Health at The University of Melbourne, and Associate Dean of the Faculty of Medicine, Dentistry and Health Sciences. He is Head of the Vaccine and Immunisation Research Group (VIRGo), a joint program of the Melbourne School of Population Health and Murdoch Children's Research Institute.

His research includes clinical trials of new vaccines, and epidemiologic studies of respiratory viruses and other vaccine preventable infections. His research group also conducts mathematical modelling of vaccine preventable disease, focussing especially on pandemic influenza and pertussis (whooping cough) modelling.

He is Chair of ATAGI (Australian Technical Advisory Group on Immunisation), the Commonwealth Government peak advisory body on vaccines.

TESS WHITTAKERS
Ms Whittakers served on the VCS Board as the Consumer Representative for a three year term which expired in June 2011. 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 her Master of Development Studies with a focus on human rights and women's health issues.

MS CHRISTINE HARVEY – VICE PRESIDENT
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 and was elected Vice President of the Board in November 2009. 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 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 Chartered Tax Advisor. Ms Byron has experience with both public and private companies in areas including finance, risk management, governance and strategic planning.

MR DEEPTHA FERNANDO
Mr Deeptha Fernando served on the VCS Board as the representative of Finance, Commerce and Corporate Management from October 2010 to April 2012 resigning to take a position overseas. Mr Fernando holds a Bachelor of Science (Business Administration) from the University of Sri Jayawardenepura, Colombo, Sri Lanka and Master of Business Administration (MBA) in Finance from California State University, Los Angeles, USA. He is a member of the Certified Practising Accountants (CPA) Australia and The Chartered Institute of Management Accountants (CIMA), London, U.K. He also holds a Diploma of The Chartered Institute of Marketing, London, U.K.

MS KATE BROUN
Ms Broun is a representative of the Cancer Council Victoria on the VCS Board. Ms Broun joined the Board in September 2005 and served for a two year period. Following a maternity break, she returned in October 2009. Ms Broun is the Cancer Screening Manager, which includes overseeing PapScreen Victoria. She has extensive experience in health promotion, screening and women's health.

MS SANDY ANDERSON
Ms Anderson was appointed to the Board in 2000 and holds the position of nurse with expertise in preventative health. She 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 ten years in a role working with nurses providing cervical screening and women health services throughout the state and as part of this role coordinates the Victorian Nurse Credentialing Program. Ms Anderson is a Member of the Victorian Civil and Administrative Tribunal sitting on panels in relation to nurse disciplinary matters. Ms Anderson also currently works in women's health holding clinics at Baarlinjan Medical Clinic at Ballarat and District Aboriginal Cooperative. In 2012 Ms Anderson was awarded the National Australian Practice Nurse Association Best Practice Nurse Award for Sexual Health in relation to increasing Koori women's cervical screening.

LUCY HUNTER
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.

DAVID WREDE
Mr David Wrede was appointed to the Board of the Victorian Cytology Service in May 2010 as the representative with gynaecological expertise. David studied medicine at Cambridge University and St. Thomas' Hospital London.

His post-graduate training was in General Surgery and Obstetrics & Gynaecology and included two years research into Cervical Cancer and HPV at the St. Mary's branch of the Ludwig Institute. Previous appointments in the UK's National Health Service include Consultant posts with interests in Gynaecological Cancer, Minimal Access Surgery and Colposcopy in Scotland and England.

Since moving to Australia his main clinical focus has been in gynaecological cancer prevention at The Royal Women's Hospital where he is now the clinical lead for the Dysplasia service. David is a member of the Advisory Panel of the Australian Cervical Cancer Foundation.

TIM HUMPHRIES
Mr Tim Humphries joined the Board in 2012 as the representative of Finance, Commerce and Corporate Management. Currently he is also a member of the Audit & Finance Subcommittee.

Mr Humphries holds a Bachelor of Commerce from the Flinders University of South Australia, and Master of Business Administration (MBA) from Deakin University. He is a member of the Certified Practising Accountants (CPA) Australia. Mr Humphries brings in a wealth of experience with a career spanning more than 20 years having held senior Accounting and Finance roles, and most recently CEO in a wide range of industries including health, aged care, transport and logistics, materials handling, recruitment, and not-for-profit sectors in Australia. His broad finance experience is complimented with HR, IT, corporate governance, sales and Project Management skills.

From left to right: Dr Jane Collins, Professor Terry Nolan, Tess Whittakers, Ms Christine Harvey, Ms Julian Byron, Mr Deeptha Fernando, Ms Kate Broun, Ms Sandy Anderson, Lucy Hunter, David Wrede, Tim Humphries

VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR) REPORT

The Registries had a high national and international profile this year, following the publication of the Lancet paper on the early impact of the HPV vaccine in 2011[1]. Over the course of the year, Julia Brotherton, Dorota Gertig and Marion Saville were invited to speak at several international conferences on the Registry data and the Australian screening program. Continuing this work, VCS is now leading a data linkage study that aims to link the data from the VCCR and the NHVPR to enable monitoring of the incidence of cervical abnormalities by vaccine status, and will provide more definitive evidence on the impact of the vaccine.

At the operational level, a second reminder letter was implemented by VCCR and the evaluation showed that it increased women presenting for a Pap test by 8%. Further funding has been provided by the Department of Health for this project. The review of VCCR processes is almost complete and will ensure that we continue to improve and adapt to technological developments. In keeping with our strategic goal of contributing registry expertise more broadly within cancer prevention programs, VCS responded to a tender from the DoH to provide participant follow up for the Bowel screen program in Victoria.

The VCCR is committed to providing evidence that improves participation in screening and we are completing a number of key projects as part of the Victorian Cancer Action Plan. For the first time in Victoria, we analysed Medicare data on bowel screening participation rates and this report is informing planning activities for the Bowel screening program. Work on a Department of Health funded project on underscreening in regional Victorian communities is almost complete and key informant interviews and focus groups have been conducted in Kyabram and Warrnambool. In collaboration with the University of Melbourne, we submitted a proposal to NHMRC for the "iPAP" trial, which will evaluate offering HPV self-sampling to underscreened women as a means of improving participation in screening.

These achievements would not have been possible without the hard-working teams at VCCR and ICT, led by Genevieve Chappell and Matt Cunningham respectively, and I would like to thank them for their tireless efforts throughout the year. I would also like to thank Marion Saville, Mark Van Zuylekom and the VCS Board of Directors for their support and advice, as well as Julia Brotherton for continuing the fantastic collaboration between the Registries.

A/PROF DOROTA GERTIG
Medical Director – Victorian Cervical Cytology Register

1 Early effect of the HPV vaccination programme on cervical abnormalities in Victoria, Australia: an ecological study – Julia M L Brotherton et al. Lancet 2011; 377: 2085–92

NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER REPORT

It has been a year of consolidation and review for the NHVPR team as the Register reaches steady state supporting the National HPV Vaccination Program through the ongoing provision of registry services.

During the year, just under 350,000 notifications were received and processed by the Register, taking the total notifications held to more than 5 million. More than 140,000 completion statements were sent to girls who had completed their vaccine course and around 10,000 history statements advised girls that according to the Register's records they had not yet had all three doses. The Register performs well in the processing and handling of notifications and related work, continuing to meet our key performance indicators. The Register has continued to work closely with states and territories to improve notification to the Register and to ensure that their information and reporting needs are met. For the first time the Register took the opportunity of a trade display at the National Immunisation Conference in Darwin to promote the Register, network with providers and to showcase our systems, data and research capabilities. The display was a great success and many valuable contacts were made.

Throughout the year, we have focused on improving and refining the Register processes, systems and data quality, which support the delivery of the vaccination program at the local school and community level. In response to user feedback, a number of changes to reports and consumer statements were implemented including new report naming conventions, changes to report terminology and additional parameters for refining the selection of consumers to receive statements. The Register is also participating in a review of NHVPR and ACIR reports by the Data Sub-Committee of the National Immunisation Committee. This will result in report changes to better meet the information needs of stakeholders. To improve system usability and data quality, new rules regarding consumer detail updates, changes to screen defaults and notepads were incorporated into the system. The most significant system change was the modifications to accept Cervarix, the second HPV Vaccine listed on the National Immunisation Program, enabling the upload of around 4000 additional doses to the Register.

The quality of the Register's data continues to be paramount, underpinning all Register activities. Regular routine quality reviews and checks continued, along with new initiatives to monitor and improve data entry accuracy. A comprehensive monitoring and performance feedback system, including target setting and reviews, has been established for staff undertaking data entry. Further work has been completed on consumers with too close doses. A review of 2010 and 2011 data has been completed including verification of dose details. We are now working with jurisdictions on notifying consumers who have been identified as requiring a fourth dose to achieve adequate protection against HPV infection.

Our involvement and participation in research continued to expand with some exciting projects being completed and new ones commencing. Following the success of the Lancet publication on declining rates of high-grade cervical abnormalities in young women in the post vaccine period, we have commenced work on a de-identified linkage project between the VCCR and the NHVPR. This analysis will determine rates of cervical abnormalities stratified by HPV vaccination status and give insights into the screening behaviours of vaccinated consumers. The Register has provided assistance to a number of projects requiring verification of vaccination status and a project looking at barriers to vaccination completion conducted in South Australia. Analysis of indigenous coverage data is ongoing. The national Computer Assisted Telephone Interviewing (CATI) survey looking at rates of vaccination reported by young women in order to assess the extent of under notification to the Register has been completed and the results were presented at the National Immunisation Conference in Darwin. The Register continues to build on this work and continues to seek opportunities to use Register expertise and data to contribute to relevant research and to inform program policy and development.

We are fortunate to be surrounded and supported by a highly skilled and experienced team at VCS. In particular I would like to acknowledge the critical role played by NHVPR Manager Genevieve Chappell and the contributions of Lesley Rowlands and Daniela Petrovski. This year saw the departure of Karen Peasley, who we thank for her role in ensuring the quality of the data on the Register during its establishment. Our talented data managers Michelle Sansonetti, Karen Winch and Jennifer Nguyen are continuing the high standards of this important role. Thanks to Dorota Gertig for her always valued input and collaboration, to Matt Cunningham and the ICT team for their constant support and to Marion Saville, Mark Van Zuylekom and the VCS Board of Directors for their strategic vision and support.

The year ahead will be just as exciting with the expansion of the National HPV Vaccination Program to include boys, as announced in early July by the Health Minister. We welcome both the challenges and the promise of even better control of HPV that this expansion of the program will bring.

DR JULIA BROTHERTON
Director – National Human Papillomavirus Vaccination Program Register

THE ORGANISATION

GOVERNANCE

VCS Inc. is incorporated under the Associations Incorporation Act (Vic) 1981 and governed by a Board of Directors.

PECUNIARY INTEREST

During the 2011/12 financial year, no Board Director declared a conflict of interest in a contract with VCS.

MEETINGS OF THE BOARD AND ITS COMMITTEES

The following meetings were held during 2011/12;

- The Board of Directors met on 8 occasions including one teleconference.
- The Board's Audit & Finance Committee met on 6 occasions.
- The Board's Quality Committee met on 10 occasions.

ACCREDITATION

VCS Pathology 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 reassessment of the laboratory is scheduled for late November 2012.

Quality system activities are coordinated by the Quality Manager, Mr Peter Di Sciascio. These 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.

Medicare Certificate of Approval as an Accredited Pathology Laboratory:

- Cytology
- Microbiology
- Tissue Pathology

Quality Programs:

- RCPA Quality Assurance Programs
  - Anatomical Pathology
  - Cytopathology
  - Microbiology – Chlamydia/HPV

POLICIES AND PROCEDURES

The document module of the Q-Pulse quality system software currently holds 709 documents including policies, procedures, work instructions, forms and publications. During the reporting year 59 new documents were created, 223 were revised and 145 were reviewed without the need for revision.

RISK MANAGEMENT

The VCS Inc Risk Management Policy and Procedure is based on the risk management process outlined in the Australian and New Zealand Standard for Risk Management – AS/NZS 4360:2004. VCS Inc has developed and maintains a Risk Management Plan that assists in it managing its risks by providing it with a systematic process to identify, mitigate and control the risks that may affect its operations.

PRIVACY

VCS appreciates that it holds sensitive personal health information and has strict confidentiality practices in place to protect privacy. Personal and health information held about an individual is used for the following purposes:

i Reporting the pathology test that has been ordered;
ii Charging for services (where appropriate);
iii The Victorian Cervical Cytology Registry (VCCR) to remind women or practitioners of overdue Pap smears.
iv Research to improve our knowledge, particularly of how to better prevent cancer of the cervix in women. No research publication identifies an individual person.

Our full privacy policy can be viewed on our website: www.vcs.org.au

EQUAL EMPLOYMENT OPPORTUNITY

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

FINANCIAL REPORT 2012

TREASURER'S REPORT

Victorian Cytology Service Inc., encompassing Victorian Cytology Service, Victorian Cervical Cytology Registry and the National HPV Vaccination Program Registry produced a consolidated surplus of $180,725 for the financial year ended 30 June 12. This was better than expected across the divisions and overall a pleasing result.

Victorian Cytology Service (VCS) experienced growth in revenue (excluding capital funding) of 6.9% totalling $13,130,175 for the year. Revenue, as in past years, was generated in the main from cervical cancer screening, cancer recruitment, education and training grants. Trading activities, training courses and interest received provided additional income. The overall increase was due to additional funding received from the Department of Health, an increase in interest received, and growth in all areas of testing with the exception of HPV testing which decreased by 4% as anticipated. Chlamydia testing experienced impressive growth of 34%. In addition, capital funding was received to assist in the purchase of laboratory equipment.

The operating funding was utilised to finance an increase in operating expenses of 6.8%, mainly attributable to an increase in staff costs of 3.4% and medical supplies of 6.2%.

The number of women screened for cervical cancer for the financial year was 294,120 (2011: 298,546).

Victorian Cervical Cytology Registry (VCCR) generated a revenue increase of 3.14% from cancer surveillance grants during the year, and received additional research funding for special projects including data linkage, literature review projects, 2nd reminder letters and under screened qualitative research. Some of the projects will continue into the next financial year and accordingly, funding relating to the projects has been carried forward to the following year.

Expenditure increased by 32.1% largely as a result of additional costs relating to the research projects undertaken, mainly an increase in staff levels and the hiring of consultants.

National HPV Vaccination Program Registry (NHVPR) received funding of $3,083,174 in line with the renegotiated 4 year contract to maintain the register. The funding was utilised to cover operating expenses and the mail out of completion and history statements. Software modifications which were anticipated to take place during the year will be carried forward to the following financial year.

The support provided by the Victorian and Commonwealth Governments has been invaluable in assisting the organisation perform the core activities. The Department of Health provided funding during the year, which enabled VCS and VCCR to continue their efforts to provide crucial and effective services in the area of women's health, including screening, education, the provision of well regarded cytology training to the profession and a confidential database of women's Pap test results in Victoria, along with funding for research projects. The Department of Health and Ageing provided funding to maintain the HPV registry, as part of the national HPV vaccination program to monitor females receiving the HPV vaccine.

JULIANN BYRON
Treasurer
Victorian Cytology Service Inc.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2011/12 $	2010/11 $
Revenue from operating activities	2	17,499,954	16,213,814
Revenue from non operating activities	2	757,964	662,954
Wages and salaries	4	(12,152,205)	(11,927,890)
Operating and administration costs	4	(3,596,754)	(2,969,730)
Medical supplies	4	(937,477)	(882,440)
NET RESULT BEFORE CAPITAL ITEMS AND SPECIFIC ITEMS		**1,571,482**	**1,096,708**
Capital purpose income	2	147,023	133,005
Depreciation and amortisation	4	(1,537,780)	(2,002,830)
Loss on sale of non current assets	4	–	(5,848)
TOTAL CAPITAL ITEMS AND SPECIFIC ITEMS		**(1,390,757)**	**(1,875,673)**
COMPREHENSIVE RESULT FOR THE YEAR		**180,725**	**(778,965)**

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Notes	2011/12 $	2010/11 $
CURRENT ASSETS			
Cash and cash equivalents	6	3,971,929	2,933,117
Financial assets	7	9,487,829	8,899,912
Trade and other receivables	8	413,099	685,568
Inventories	9	78,163	80,691
Other current assets	10	243,829	246,194
Total current assets		14,194,849	12,845,482
NON-CURRENT ASSETS			
Plant, equipment & vehicles	11	2,205,194	2,068,016
Intangible assets	12	519,595	1,271,559
Total non current assets		2,724,789	3,339,575
TOTAL ASSETS		**16,919,638**	**16,185,057**
CURRENT LIABILITIES			
Unexpended grants	13	1,576,437	1,669,223
Payables	14	1,515,469	1,136,683
Provisions	15	3,229,069	3,045,654
Total current liabilities		6,320,975	5,851,560
NON-CURRENT LIABILITIES			
Provisions	15	658,905	574,464
Total non current liabilities		658,905	574,464
Total liabilities		6,979,880	6,426,024
NET ASSETS		**9,939,758**	**9,759,033**
EQUITY			
Retained surplus	16	9,939,758	9,759,033
TOTAL EQUITY		**9,939,758**	**9,759,033**

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Retained surplus $	Designated Funds Reserve $	Total Equity $
BALANCE AT 30 JUNE 2010	9,780,992	757,006	10,537,998
Comprehensive result for the year	(778,965)	-	(778,965)
Transfer	757,006	(757,006)	–
BALANCE AT 30 JUNE 2011	9,759,033	–	9,759,033
Comprehensive result for the year	180,725	–	180,725
BALANCE AT 30 JUNE 2012	**9,939,758**	**–**	**9,939,758**

This statement should be read in conjunction with the accompanying notes.

VICTORIAN CYTOLOGY SERVICE INCORPORATED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	2011/12 $	2010/11 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Receipts from trading activities	1,711,407	954,438
Interest received	726,706	548,864
Receipts from grants	17,668,108	16,999,865
Payments		
Wages and salaries	(11,667,225)	(11,423,377)
Suppliers	(5,945,779)	(5,879,345)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**2,493,217**	**1,200,445**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for held to maturity investments	(587,917)	(419,744)
Purchase of plant and equipment	(1,032,945)	(1,085,868)
Proceeds from sale of plant and equipment	166,457	40,693
NET CASH FLOW FROM INVESTING ACTIVITIES	**(1,454,405)**	**(1,464,919)**
NET INCREASE(DECREASE) IN CASH HELD	**1,038,812**	**(264,476)**
Cash and cash equivalents at the beginning of the financial year	2,933,117	3,197,591
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**3,971,929**	**2,933,117**
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT		
Comprehensive result for the year	180,725	(778,965)
Depreciation and amortisation	1,537,780	2,002,830
Loss (profit) on sale of fixed assets	(56,506)	5,848
Change in operating assets/liabilities:		
(Increase) decrease in accounts receivable and other assets	274,832	(338,613)
(Increase) decrease in inventories	2,528	2,424
(Decrease) increase in payables and unexpended grants	286,002	(124,795)
(Decrease) increase in provision for employee entitlements	267,856	431,716
	2,493,217	**1,200,445**

This statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Act (Vic) 1981. Victorian Cytology Service Inc comprises the Victorian Cytology Service, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register.

(a) Statement of Compliance

Victorian Cytology Service Inc. has elected to early adopt the pronouncements AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Act (Vic) 1981.

The organisation is a not-for-profit entity and therefore applies the additional paragraphs applicable to "not-for-profit" organisations under the AASs.

(b) Basis of Preparation

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2012 and the comparative information presented in these financial statements for the year ended 30 June 2011.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The going concern basis was used to prepare the financial statements.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Historical cost convention

The financial statements are prepared in accordance with the historical costs convention, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

(c) Taxation

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

(d) 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.

(e) 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 (2011: $1000).

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.

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 comprehensive income statement.

(f) 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.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the organisation becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the organisation commits itself to either purchase or sell the asset. (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit and loss" in which case transaction costs are expensed to profit and loss immediately.

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.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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.

(h) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that future economic benefits will flow to the organisation.

Amortisation is allocated to intangible assets with finite lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds the recoverable amount.

Intangible assets with finite useful lives are amortised over a 3 year period (2011:3 years).

(i) Impairment of Assets

At the end of 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 comprehensive 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.

(j) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the organisation prior to the end of the financial year that are unpaid, and arise when the organisation becomes obliged to make future payments in respect of purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

(k) Employee Benefits

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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 plus related oncosts. These cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected future cash outflows. In calculating the leave liability, the remuneration rates used are those expected to apply at the time of settlement.

Superannuation

Payments made to defined contribution plans are expenses when incurred. VCS has minimal exposure to liability arising from defined benefit plan liability as highlighted in note 20. In view of this, the amount is not recognised on the basis that it is immaterial.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(m) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

(n) 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).

(o) Government grants

Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

(p) 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 Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Critical Accounting Estimates and Judgments

The management evaluate estimates and judgments incorporated into the financial statements 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 the end of each reporting date by evaluation of conditions and events specific to the organisation that may be indicative of impairment triggers. The recoverable amount of the relevant assets is reassessed using value-in-use calculations which incorporate various key assumptions.

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 2011 and 2012.

(r) Early adoption of standards

The following new and amended Accounting Standards and Interpretations have been adopted and applied for the first time in 2011/12 and their effects have been outlined below.

AASB 13 – This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value heirarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs. The impact was minimal in view of the limited number of the assets and liabilities recorded at fair value.

Amendments to AASB 101 – presentation of financial statements – the amendments clarify that an entity may choose to present the required analysis of items of Other Comprehensive Income either on the face of the statement or in the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2: REVENUE	Notes	VCS 2011/12 $	VCCR 2011/12 $	NHVPR 2011/12 $	Total 2011/12 $	VCS 2010/11 $	VCCR 2010/11 $	NHVPR 2010/11 $	Total 2010/11 $
REVENUE FROM OPERATING ACTIVITIES									
Government grants									
Department of Health		10,915,451	1,598,921	–	12,514,372	10,504,020	1,260,696	–	11,764,716
Department of Health & Ageing		–	–	3,079,257	3,079,257	–	–	3,066,994	3,066,994
Indirect contributions by Department of Health	3	30,453	–	–	30,453	4,844	–	–	4,844
Patient fees		1,305,999	–	–	1,305,999	1,172,284	–	–	1,172,284
Other revenue from operating activities		135,111	20,713	3,917	159,741	55,580	114	–	55,694
		12,387,014	1,619,634	3,083,174	17,089,822	11,736,728	1,260,810	3,066,994	16,064,532
Transfer unexpended grants									
Operating funding transferred from prior year		110,092	225,644	317,427	653,163	–	149,282	–	149,282
Operating funding transferred to following year		–	(243,031)	–	(243,031)	–	–	–	–
		12,497,106	**1,602,247**	**3,400,601**	**17,499,954**	**11,736,728**	**1,410,092**	**3,066,994**	**16,213,814**
REVENUE FROM NON OPERATING ACTIVITIES									
Bank interest		576,563	120,512	4,383	701,458	547,470	111,689	3,795	662,954
Profit on sale of non current assets		56,506	–	–	56,506	–	–	–	–
		633,069	**120,512**	**4,383**	**757,964**	**547,470**	**111,689**	**3,795**	**662,954**
REVENUE FROM CAPITAL PURPOSE INCOME									
Department of Health		464,367	–	–	464,367	388,921	–	–	388,921
		464,367	–	–	464,367	388,921	–	–	388,921
Transfer unexpended grants									
Capital funding transferred from prior year		147,023	–	–	147,023	133,005	–	–	133,005
Capital funding transferred to following year		(464,367)	–	–	(464,367)	(388,921)	–	–	(388,921)
		147,023	–	–	147,023	133,005	–	–	133,005
Total Revenue		**13,277,198**	**1,722,759**	**3,404,984**	**18,404,941**	**12,417,203**	**1,521,781**	**3,070,789**	**17,009,773**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 3: INDIRECT CONTRIBUTIONS BY DEPT OF HEALTH

The Department of Health 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: EXPENSES	VCS 2011/12 $	VCCR 2011/12 $	NHVPR 2011/12 $	Total 2011/12 $	VCS 2010/11 $	VCCR 2010/11 $	NHVPR 2010/11 $	Total 2010/11 $
Wages and salaries	10,255,997	926,318	969,890	12,152,205	9,915,237	806,784	1,205,869	11,927,890
Operating and administration costs	1,809,563	638,786	1,148,405	3,596,754	1,440,065	334,342	1,195,323	2,969,730
Medical supplies	937,477	–	–	937,477	882,440	–	–	882,440
Depreciation and amortisation	744,957	14,082	778,741	1,537,780	623,729	53,889	1,325,212	2,002,830
Loss on sale of non current assets	–	–	–	–	5,848	–	–	5,848
	13,747,994	**1,579,186**	**2,897,036**	**18,224,216**	**12,867,319**	**1,195,015**	**3,726,404**	**17,788,738**

NOTE 5: AUDITOR'S REMUNERATION	2011/12 $	2010/11 $
Auditors remuneration - auditing the accounts	14,500	12,600

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	387,929	94,402
Deposits at call	3,584,000	2,838,715
	3,971,929	2,933,117

NOTE 7: FINANCIAL ASSETS

Term Deposits	9,487,829	8,899,912

NOTE 8: TRADE AND OTHER RECEIVABLES

Current		
Trade debtors and accrued revenue	169,508	422,262
Provision for impairment of receivables	(1,651)	(7,185)
	167,857	415,077
Interest receivable	245,242	270,491
	413,099	685,568

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8.1: *Trade Receivables*	2011/12 $	2010/11 $
Settlement terms and the basis for determining the allowance for doubtful debts are outlined in Note 1 (m).		
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	7,185	9,309
Impairment losses recognised on receivables	19,000	17,000
Amounts written off during the year as uncollectible	(24,534)	(19,124)
Balance at the end of the year	1,651	7,185

NOTE 9: INVENTORIES

Medical and surgical supplies	78,163	80,691
	78,163	80,691

The cost of medical supplies is listed in Note 4.

NOTE 10: OTHER CURRENT ASSETS

Prepayments	243,829	246,194
	243,829	246,194

NOTE 11: PLANT, EQUIPMENT & VEHICLES

Plant and equipment at cost	4,363,059	3,873,749
Accumulated depreciation	(3,201,996)	(2,804,444)
Written down value	1,161,063	1,069,305
Leasehold improvements at cost	954,711	931,900
Accumulated amortisation	(237,902)	(198,782)
Written down value	716,809	733,118
Vehicles at cost	455,358	446,906
Accumulated depreciation	(128,036)	(181,313)
Written down value	327,322	265,593
Carrying amount at the end of the year	2,205,194	2,068,016

Movement in carrying amounts	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Total
Balance at the beginning of the year	1,069,305	265,593	733,118	2,068,016
Additions	536,141	287,043	22,810	845,994
Disposals	–	(109,951)	–	(109,951)
Depreciation	(444,383)	(115,363)	(39,119)	(598,865)
Carrying amount at the end of the year	1,161,063	327,322	716,809	2,205,194

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12: INTANGIBLES

	2011/12 $	2010/11 $
Software and licences at cost	5,101,325	4,914,351
Accumulated amortisation	(4,581,730)	(3,642,792)
Carrying amount at the end of the year	519,595	1,271,559

Movement in carrying amounts	Software	Licences	Total
Balance at the beginning of the year	1,245,627	25,932	1,271,559
Additions	184,161	2,790	186,951
Amortisation	(913,448)	(25,467)	(938,915)
Carrying amount at the end of the year	516,340	3,255	519,595

NOTE 13: UNEXPENDED GRANTS

	$	$
Capital funding transferred to following year	1,018,234	700,890
Operating funding transferred to following year	558,203	968,333
	1,576,437	1,669,223

NOTE 14: PAYABLES

Current Unsecured:		
Trade creditors	606,332	250,735
Other creditors	909,137	885,948
	1,515,469	1,136,683

The average trading terms are 30 days

NOTE 15: PROVISIONS

EMPLOYEE BENEFITS		
Current		
Provision for annual leave - short term	868,390	881,375
Provision for annual leave - long term	439,767	388,176
Provision for long service leave	1,795,069	1,650,260
Provision for sabbatical leave	125,843	125,843
	3,229,069	3,045,654
Non-Current		
Provision for long service leave	658,905	574,464
	658,905	574,464
Employee numbers		
Average number of employees during the financial year	145	144

NOTE 16: EQUITY

Details of equity

Retained surplus

The retained surplus represents the funds of the association that are not designated for particular purposes.

NOTE 17: FINANCIAL INSTRUMENTS

The organisation's financial instruments consist mainly of deposits with banks, receivable and payable.
The organisation did not have any derivative instruments at 30 June 2012 and 2011.

The totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to the financial statements, are as follows:

	Notes	2011/12 $	2010/11 $
FINANCIAL ASSETS			
Cash and cash equivalents	6	3,971,929	2,933,117
Trade receivables	8	167,857	415,077
Other receivables	8	245,242	270,491
Term deposits	7	9,487,829	8,899,912
Total financial assets		**13,872,857**	**12,518,597**
FINANCIAL LIABILITIES			
Payables	14	606,332	250,735
Other	14	909,137	885,948
Total financial liabilities		**1,515,469**	**1,136,683**

None of the organisation's financial insruments are recorded at fair value.

NOTE 18. ASSOCIATION DETAILS

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 2012 and 2011.

The Directors did not receive any remuneration during the financial year ended 30 June 2012 and 2011.

Key management personnel compensation	2011/12 $	2010/11 $
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	1,111,782	1,102,173
Post-employment benefits	88,341	83,687
	1,200,123	1,185,860

There were no transactions between the organisation and the directors during the year.

NOTE 20: DEFINED BENEFITS SCHEME

The organisation contributes to a Defined Benefit Scheme maintained by Health Super Fund in respect of a limited number of employees 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 shortfall of net assets attributable to the staff who are members of the scheme for the year ended 30 June 2012 total $14,512. The Fund's actuary has advised that despite the shortfall the contributions will remain unchanged for the current year.

NOTE 21: COMMITMENTS

	2011/12 $	2010/11 $
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	121,478	115,572
Later than one year but not later than five years	–	–
	121,478	115,572

NOTE 22: CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2012 and 2011.

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors dated 26.10.2012.

No other significant events have occurred since reporting date to the date of this report that have or may significantly affect the activities of the organisation, the results of those activities or the state of affairs of the organisation in the ensuing or any subsequent financial years.

DIRECTORS' DECLARATION

VCS

DIRECTORS' DECLARATION

In the opinion of the Board of Directors, the financial report as set out on pages 22 to 34:

1) Presents a true and fair view of the financial position of Victorian Cytology Services Inc. as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2) At the date of this statement, there are reasonable grounds to believe that Victorian Cytology Services Inc. will be able to pay its debts as and when they fall due.

In addition:

We certify that Victorian Cytology Service Inc has complied with the terms and conditions of their service agreement with the department(s).

We certify that Victorian Cytology Service Inc has used funding received from the department(s) for the year ended 30 June 2012 on the services specified in the service agreement.

We certify that Victorian Cytology Service Inc is financially viable and can continue to provide services on behalf of the department(s).

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

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board of Directors by:

Dr Jane Collins
Chairperson

Date: 23.11.12

Ms Juliann Byron
Treasurer

Date: 23/11/12

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www.vcs.org.au
Incorporated ABN 35 430 554 780

INDEPENDENT AUDIT REPORT

HLB Mann Judd

Accountants | Business and Financial Advisers

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. ("the Organisation"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration for the Organisation.

Directors' Responsibility for the Financial Report

The directors of the Organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1981* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 judgement, 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 Organisation'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 Organisation'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management

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 Accounting Bodies.

Auditor's Opinion

In our opinion, the financial report of Victorian Cytology Service Inc. is in accordance with the *Associations Incorporation Act 1981*, including:

(i) giving a true and fair view of the Organisation's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosures Requirements.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Victorian Cytology Service Inc. for the financial year ended 30 June 2012 published in the annual report and included on the Organisation's website. The Organisation's directors are responsible for the integrity of the Organisation's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

HLB Mann Judd
Chartered Accountants

Jude Lau
Partner

Melbourne
23 November 2012