

VCS
ANNUAL
REPORT
2017



OUR VISION IS TO PREVENT
CANCER AND INFECTIOUS
DISEASES THROUGH EXCELLENCE
IN THE PROVISION OF PUBLIC
HEALTH SERVICES SUPPORTING
SCREENING AND VACCINATION

A/PROF MARION SAVILLE
EXECUTIVE DIRECTOR



THE EXECUTIVE TEAM ARE PASSIONATE AND COMMITTED. TOGETHER WE BRING OUR DIVERSE SKILLS AND EXPERIENCE, ALONG WITH A COLLABORATIVE APPROACH, IN ORDER TO DELIVER HIGH QUALITY PUBLIC HEALTH SERVICES SUPPORTING SCREENING AND VACCINATION PROGRAMS.







SAVING LIVES

VCS WAS ESTABLISHED IN ORDER TO
MAKE A POSITIVE DIFFERENCE IN THE
LIVES OF VICTORIAN WOMEN BY REDUCING
THE IMPACT OF CERVICAL CANCER

WELCOME TO THE VICTORIAN CYTOLOGY SERVICE LIMITED ANNUAL REPORT 2016–2017

The VCS Ltd. Annual Report 2016–2017 provides disclosure of our quality, operational and financial performance, and documents our key achievements and challenges. VCS's operating environment is currently undergoing major changes with the introduction of the Australian Government's renewed National Cervical Screening Program and the National Cancer Screening Register scheduled to come into operation on 1st December 2017. The current Pap test will be replaced by a test for the human papillomavirus (HPV). The superior effectiveness of this new test will mean that women will be invited to screen every 5 years instead of 2, and the age range will change from 18 to 69, to 25 to 74 years. This will have a major impact on the future operations of the VCS Pathology Laboratory and the Victorian Cervical Cytology Registry.

OUR VISION

TO PREVENT CANCER AND INFECTIOUS DISEASES THROUGH
EXCELLENCE IN THE PROVISION OF PUBLIC HEALTH SERVICES
SUPPORTING SCREENING AND VACCINATION

OUR VALUES

FAIRNESS
INTEGRITY
RESPECT
EXCELLENCE



VCS



VCS Pathology



Victorian Cervical
Cytology Registry



National HPV Vaccination
Program Register

VCS Ltd. operates three separate services – VCS Pathology, the Victorian Cervical Cytology Registry (VCCR) (incorporating South Australian Cervix Screening Program Register and the Participant Follow Up Function (PFUF) for the Victorian Participants in the National Bowel Cancer Screening Program) and the National Human Papillomavirus Vaccination Program Register (NHVPR).

Victorian Cytology Service is a Company Limited by Guarantee and operates under:

- Corporations Act 2001(Cth),
- Australian Charities and Not-for-profits Commission Act 2012
- Improving Cancer Outcomes Act 2014 (Vic)
- National Health Amendment (National HPV Vaccination Program Register) Act 2007 1953 (NHVPR) (Cth)

The support provided by the Victorian, South Australian and Commonwealth Governments has been invaluable in enabling VCS to deliver outstanding service to participants in public health programs through its registries and screening services.

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WELL-EDUCATED HEALTH CARE PROVIDERS ARE THE KEY TO A SUCCESSFUL SCREENING PROGRAM. MY TEAM AND I FEEL TRULY PRIVILEGED TO HAVE THE OPPORTUNITY TO ENGAGE WITH AND SUPPORT SO MANY DOCTORS AND NURSES ON A REGULAR BASIS. IN THIS WAY WE REALLY BELIEVE WE CAN MAKE AN IMPACT ON CANCER AND INFECTIOUS DISEASES.

DR STELLA HELEY
DIRECTOR VCS LIAISON

ORGANISATIONAL OVERVIEW

VCS LIMITED (VCS LTD.)

The Victorian Cytology Service was established in 1964 and was registered as an incorporated association on the 3rd September 1991. Much has changed for VCS and its activities in over 50 years of operation and on the 3rd December 2015 the organisation evolved from being an incorporated association to being registered by ASIC as a company limited by guarantee under the Corporations Act 2001(Cth).

VCS Ltd. is a large not for profit Health Promotion Charity focused on reducing the impact of cancer and sexually transmissible infections through screening and vaccination. We achieve this by providing high quality evidence based laboratory and registry services, education and support, and policy relevant research and evaluation.



VCS Ltd was established as a joint initiative between the Victorian State Government, the Anti-Cancer Council of Victoria and Prince Henry's Hospital. The organisation has a proud history of helping to reduce the incidence of cervical cancer in Victoria. Since its establishment, VCS Ltd. has expanded its reach with the introduction of new technologies, and through broadening its mandate into the prevention of other diseases of public health importance. VCS Ltd.'s experience and commitment to excellence in the provision of registry and laboratory services places the organisation in a prime position to successfully expand its public health registry and laboratory services to other cancers and sexually transmissible infections preventable by screening.

VCS Ltd. operates three separate services – VCS Pathology, the Victorian Cervical Cytology Registry (VCCR) (incorporating South Australian Cervix Screening Program Register and the Victorian participants in the National Bowel Screening Program, Participation Follow Up Function for Victoria) and the National Human Papillomavirus Vaccination Program Register (NHVPR).

VCS PATHOLOGY

VCS Pathology is a laboratory service that specialises in gynaecologic cytology, histopathology and related molecular microbiology. 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. Australian and Victorian State government funding ensures that the laboratory reporting of Pap smears is provided free of charge to women.

VCS Pathology is a fully accredited (NATA and RCPA) laboratory for the testing and reporting of the following Pathology tests:

- Cervical cytology, conventional and liquid based
- Gynaecological histopathology
- HPV and chlamydia tests.

VCS Pathology also provides free educational health updates and telephone advice to medical practitioners and health professionals. Updates cover a range of topics from the National Cervical Screening Program to Pap test techniques, HPV, and Chlamydia testing and results.

VCS Pathology employs Pathologists, Scientists, Laboratory technicians, Clerical and Administrative staff, Liaison Physicians and Managers. VCS Pathology operates a fully accredited laboratory and operates a Courier Fleet for specimen collection and report delivery. Service delivery is underpinned by a sophisticated Laboratory Information System that provides diagnostic decision support and supports the maintenance of quality.



ORGANISATIONAL OVERVIEW

VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR)

VCCR is a key component of the cervical screening program in Victoria. It records and maintains a secure record of almost all cervical screening tests performed in Victoria and administers a comprehensive reminder and follow-up program for each Victorian woman who has her cervical screening test result recorded on the register. VCCR works closely with, and supports, all pathology laboratories in Victoria (both public and private) including VCS Pathology, healthcare providers and PapScreen Victoria.

The VCCR holds a linked record for each woman containing details of each cervical screening test and any subsequent investigations. This database is used to remind women when cervical screening tests are overdue and to remind women and doctors of the need to follow-up abnormal results.

To assist laboratories reporting cervical screening tests, VCCR provides test result summaries and quantitative data for quality purposes. The register is also responsible for producing statistical information and reports on cervical screening.

VCCR operations and service delivery are underpinned by a sophisticated registry and population health information system “canSCREEN™”. canSCREEN™ is a purpose-built registry software system specifically designed for population-based cancer screening programs. It delivers complete screening records in line with program policies and guidelines, and can support multiple programs.

VCCR is funded for its Victorian operations by the Victorian Government’s Department of Health and Human Services.

Participant Follow Up Function (PFUF) for the National Bowel Cancer Screening Program (NBCSP)

VCS Ltd. has been delivering the Participant Follow Up Function (PFUF) in Victoria for the National Bowel Cancer Screening Program (NBCSP) on behalf of the Victorian Government since March 2013. VCCR is responsible for the delivery of the PFUF service. The primary objective of the service is to follow up Victorian men and women participating in the Bowel Screening Program, who have received a positive Faecal Occult Blood Test (FOBT) result, to ensure that they progress along the screening pathway and receive appropriate care.

South Australia Cervix Screening Program (SACSP) Register

VCS Ltd. has been operating the cervical screening register for the South Australia Cervix Screening Program (SACSP) on behalf of the South Australian Department of Health since June 2014. VCCR is responsible for the operation and management of the SACSP Register which performs the same functions as VCCR; administering a comprehensive reminder and follow-up program for each South Australian woman who has her cervical screening test results recorded with the register. The SACSP Register utilises VCCR processes and protocols and CanSCREEN™, the same sophisticated Registry IT system utilised by VCCR.

VCCR’s established Registry Information System and experienced data management team has enabled SA screening data to be forwarded to the Australian Institute of Health and Welfare for safety monitoring purposes forming a complete national picture on the safety of the program by assessing if there have been adverse outcomes since the implementation of new guidelines in 2006.

THE NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)

NHVPR was established by VCS Ltd. in 2008 on behalf of the Australian Government's Department of Health to support the National HPV Vaccination Program. The Register supports the effective delivery and completion of HPV vaccination courses and the monitoring and evaluation of the National HPV Vaccination Program. The NHVPR is a national register which records HPV vaccine dose information for doses administered in Australia.

The primary functions of the register are to:-

- create individual consumer immunisation records (following notification by immunisation providers of the HPV vaccinations administered);
- provide information about immunisation status to the individuals vaccinated and immunisation providers on request;
- generate individual reminders and history statements as a follow up and reminder service; and
- provide research, statistical information and reports on the National HPV Vaccination Program.

NHVPR service delivery is underpinned by a sophisticated registry and population health information system "canVAX™". canVAX™ is another of VCS's population management solutions. canVAX™ is a purpose-built registry software system specifically designed to support national vaccination programs. It delivers complete vaccination records in line with program policies and guidelines, and can be configured to support multiple programs. The system supports the identification of individuals participating in the program, the capture and maintenance of complete and up to date immunisation records, provides a comprehensive follow-up and reminder service, supports program delivery by facilitating provider access to information, providing data and reports and enabling monitoring, evaluation and research activities.

RESEARCH, EDUCATION & TRAINING

VCS Ltd. activities extend beyond the provision of laboratory and registry services. The organisation 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, education and training 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. The Royal College of Pathologists of Australasia has accredited VCS Pathology for the training of candidates in Anatomical Pathology.
- Conducting and supporting scientific research including investigations into new technologies, evaluation of the effect of HPV vaccination in the population, HPV vaccination coverage, and the epidemiology of cervical cancer, leading to presentations at national and international meetings and 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 cervical screening tests are performed.

YEAR IN REVIEW

CHAIRMAN & EXECUTIVE DIRECTOR'S REPORT

Pathology and Pap test Registry sectors across Australia have worked hard to prepare for the "Renewal" of the National Cervical Screening Program (NCSP). In February 2017 a communique was received from the Commonwealth Department of Health advising the sectors that the target date of the 1st May 2017 for the release of the NCSP and the supporting National Cancer Screening Register (NCSR) had been postponed to the 1st December 2017. This delay had significant implications and challenges in the industry requiring major changes to implementation timelines.

VCS Pathology is the largest cytology screening laboratory in the country. We also operate the Victorian Cervical Cytology Register (VCCR) providing a safety net to Victorian women for over 25 years and to South Australian women since 2014. As a major contributor in both sectors the delay in timelines significantly impacted VCS Ltd. VCS Ltd. is committed to the safe and secure transition of the NCSP to Renewal and shares Government's vision of providing a high quality and world-leading screening register on a single platform to improve cancer outcomes.

We are delighted that the Department of Health and Human Services (DHHS) in Victoria have agreed to provide funding for the VCCR to June 2018, so that we can continue to ensure that Victorian women receive uninterrupted high quality registry services during the transition to the NCSP.

The changes triggered by Renewal will, in the first instance, result in a large number of staff redundancies across the organisation while still requiring us to make capital investments in the equipment required to undertake high volume HPV testing and in the IT changes needed to support laboratory functionality required for the renewed NCSP.

This report outlines the challenges and undertakings experienced by the organisation during the year to prepare for the impending changes.

WHAT WE SAID WE WOULD DO IN 2016/17

Implementation of the 2020 Strategic Plan

The Board of Directors together with the Executive Team reviewed the 2020 Strategic Plan following the unsuccessful bid for the National Cancer Screening Register. The plan was adjusted to reflect emerging realities associated with an increasingly competitive operating environment and new initiatives to build collaborative partnering opportunities. The revised plan was launched in October 2016 with the overarching theme of "Beyond Renewal..."

Respond to the outcome of the Australian School Vaccination Register tender bid

VCS responded to the Commonwealth Department of Health tender to operate an Australian Schools Vaccination Register. Notification was received from the Department of Health in October 2016 advising that the tender process

was terminated, without being awarded to any tenderer. The National Human Papillomavirus Vaccination Program Register (NHVPR) primarily registers HPV vaccinations from school based programs and as such was invited to tender to continue to operate in the 2017 calendar year with an option for a second year in 2018. We were delighted that this tender was successful and a contract was executed on the 23rd December 2016.

Accelerate recruitment for the Compass Trial

More than 66,000 Victorian women have signed up to Compass, the biggest clinical trial conducted in Australia. The trial is being undertaken at VCS in conjunction with Cancer Council NSW and has been designed as a sentinel experience of the renewed National Cervical Screening Program (NCSP). The aim of the trial is to confirm that the new HPV test is not only more effective than the traditional Pap test in unvaccinated women, but also that it is more effective in younger vaccinated women. The trial aims to recruit 121,000 women and in order to accelerate recruitment to capture the additional 54,000 women needed to complete the trial, ethics approval was sought and received in June 2017 to extend the trial into South Australia. VCS began signing on clinics in South Australia in August 2017.

**SANDY ANDERSON, CHAIRMAN (L) AND
MARION SAVILLE, EXECUTIVE DIRECTOR (R)**



Preparing the laboratory equipment and processes for the changes in the screening program

Refurbishment of laboratory areas and the introduction of new equipment to increase our capacity to meet the anticipated higher volumes of liquid based cytology samples (LBC) has been a priority. Funds received from the DHHS have contributed towards the laboratory's preparedness for Renewal and at the time of preparing this report the equipment, operational processes and supporting ICT infrastructure were "Renewal Ready".

Preparing staff for the introduction of Renewal

In consultation with the Board of Directors, a plan has been developed to manage changes to the structure and operations that will affect staffing at VCS Ltd. The plan will ensure that we remain operationally compliant and relevant in these uncertain times. Our planned approach to handling change for our employees is based on Human Resources best practice and will be transparent, robust, consultative, procedurally fair and supportive to employees at all times. We would like to acknowledge the support and understanding of all staff as VCS makes the necessary transition to Beyond Renewal.

LOOKING TO THE FUTURE

It cannot be denied that 2016/2017 has been the most challenging year in the history of the organisation as we transition to change. Business development underpinned by the objectives in our Strategic Plan will now be the major focus for the organisation. VCS Ltd offers a unique combination of clinical, public health, health information management and IT expertise, and our registries are the engine used to drive effective, safe and high quality operations of, and continual improvements in the delivery of population health programs. VCS Ltd is investigating opportunities to broaden its scope to provide services to national and international public health programs, with a particular interest in our contemporary, world leading, products and services.

BOARD APPOINTMENTS

In January 2017 we said goodbye to our long standing Board member and Treasurer, Ms Juliann Byron. Ms Byron joined the Board in March 2003 and made a highly valued contribution, particularly in her role as Treasurer. Positions on the VCS board do not attract remuneration which further highlights the commitment and dedication Ms Byron provided the Board over her 14 years of service.

Mr Timothy Humphries, Director and Audit and Finance Committee Member generously agreed to accept the role of Chairman of the Audit and Finance Committee. Mr Humphries has been

a Board Member since 2012 and has an excellent depth of understanding regarding VCS' current financial position and what we are looking to achieve in the future. We are very grateful to Mr Humphries for this extra level of commitment to VCS.

We are excited to welcome Ms Fiona Kelly who was appointed to the Board in March 2017 as a Director with expertise in Finance, Commerce and Corporate Management. Ms Kelly has also accepted a role on the VCS Audit and Finance Committee. She has more than 20 years of experience in consulting, finance and operations management within a professional services setting and the not-for-profit sector. Her skills will be greatly appreciated.

All VCS Board Directors give their time to us voluntarily, they are committed and passionate people who share their expertise for the benefit of the wider community. We are very grateful for their ongoing service.

We also acknowledge and thank our funding providers and other stakeholders, Executive Team and the staff at VCS, all of whom continue to work to further enhance our reputation as a proven, trusted and committed organisation.

Sandy Anderson
Chairman

Marion Saville
Executive Director

FINANCIAL SUMMARY

AUDIT AND FINANCE COMMITTEE CHAIRMAN AND DIRECTOR CORPORATE SERVICES REPORT

VCS Ltd.'s sound financial result for 2016/17 primarily reflects the delays in commencement of Renewal, and the continuation of all programs for the full year which was not anticipated.

The consolidated net result is a surplus of \$637,512 after taking into account capital purpose income, depreciation and amortisation expenses. Capital purpose income for the year of \$525,000 consisted of Department of Health and Human Services funding for both the Pathology Renewal Project (\$350,000) to prepare the Laboratory systems for Renewal and new Laboratory equipment funding (\$175,000). The rise in depreciation and amortisation expenses to \$2.3 million for the year was anticipated, and largely represents the significant investments into canSCREEN™ (formerly called CSR.net which is VCS' new Cancer Screening Register platform) to ensure the organisation's registries systems continue to offer a secure, contemporary IT platform to meet requirements beyond Renewal. The grant funds received from the Victorian Department of Health and Human Resources for investment in canSCREEN™ have been recognised as Capital Purpose income in previous years.

The 2016/17 surplus result was \$2.455 million higher than the planned budget deficit of \$1.817 million, with the main contributing factor being the federal government announcement to delay the start of Renewal from 1 May 2017 to 1 December 2017, aligned with the expected delayed commencement date of the National Cancer Screening Register. As a direct result, VCS postponed restructuring of its Pathology function

and the associated restructuring costs. In addition, as part compensation for delays in Renewal to the national Pathology industry, VCS participated in a \$3 million federal compensation payment scheme based on market share. VCS' share was \$433,000 of which \$124,000 applies to the 2016/17 year and the remainder applies to 2017/18. Both of these amounts were not budgeted for in their respective years.

An open competitive tender bid for the new Australian Schools Vaccination Register, being a merger of the current Adolescent Immunisation Register and the National HPV Register (the latter operated by VCS) was responded to during the year, however the tender was ultimately cancelled. Subsequent to this cancellation, VCS was awarded a contract to continue operation of the National HPV Register for calendar 2017, with a further 12 month option available. This extension contributed an additional \$395,000 in operating revenue for the year. A further \$235,000 in operating revenue was earned in mail out of letters from the National HPV Register for the full year.

The impact of competition in the form of private sector commercial organisations bidding for previously grant funded services, or ongoing internal competition in the health sector for scarce grant funding resources, is changing the business operating environment for VCS. With the introduction of Renewal now planned for 1 December 2017, grant block funding is likely to continue for VCS Pathology services with a potential market disrupting event, being the fee for service for the new HPV test, not being announced by Medicare. VCS is in

negotiations with grant fund providers on the continuation of grant block funding for services provided beyond Renewal up until June 2021.

Generally, other operating income for the year remains stable, with non-operating income declining to \$353,000 primarily as a direct impact of lower interest income on term deposits given the current low interest rate environment. Operating expenditure reduced in all areas, excluding depreciation, as VCS commences a new efficiency initiative aiming to create \$1 million in annual cost savings. Monitoring staff costs is critical, given they represent approximately 65% of total costs. Staff costs decreased by \$1.3 million from the prior year which was consistent with the avoided level of restructuring costs deferred to 2017/18.

Operating expenditure reduced in all areas, excluding depreciation, as VCS commences a new efficiency initiative aiming to create \$1 million in annual cost savings.

The number of primary screening tests undertaken decreased to 287,100 (2015/16: 312,387), a reduction of 8%. This decrease is largely represented by a contraction in market size, as VCS' share of the Victorian market remains around 50%. The lower market size is due to Victorian women delaying cervical screening tests in the lead up to Renewal. The new HPV test is required to be undertaken every 5 years, instead of

**TIM HUMPHRIES, AUDIT & FINANCE
COMMITTEE CHAIRMAN (Top)
AND LES McLEAN, DIRECTOR
CORPORATE SERVICES**



every 2 years, and is a far more effective screening test, hence the delays by women who are due for follow up tests near the Renewal commencement date.

Operating and Administration costs decreased by \$850,000 primarily due to delays in engagement of external consultants, advisors and support costs given the delays in Renewal and cancellation of the Australian Schools Vaccination Register tender.

Whilst Capital Expenditure decreased by just over 50% down to \$1.659 million compared to the previous year, this is still a significant investment for VCS and is in response to VCS preparing its business and systems for beyond Renewal. Medical equipment, IT Hardware and Software development costs are driving capital expenditure. The key software development project canSCREEN™ has been designed to support population cancer screening registers. By leveraging its clinical and technical expertise, the canSCREEN™ platform has been designed in house to process and support clinical care for a participant from enrolment into a screening program, through to completion of a screening round or until a person is no longer eligible for the program. The new canSCREEN™ is operating well, and as expected.

The support provided by the Victorian, South Australian and Commonwealth Governments is acknowledged and has been invaluable in enabling VCS to deliver outstanding service to public health participants in its registries and screening functions, consisting of VCS Pathology, Victorian Cervical Cytology Registry (including South Australia) and

the National HPV Vaccination Program register. In addition to enabling operation of these functions, the funding provided during the year directly enabled VCS to provide critical strategic advisory, analysis, reporting, research and education services to the funding providers, General Practitioners, Nurses, Clinical Staff, Researchers, Patients and the Public about cancer prevention and the importance and effectiveness of vaccination. VCS looks forward to continuing to support these life saving public health initiatives beyond Renewal.

We would like to acknowledge the support of the Board's Audit and Finance Committee members, in particular the services of Juliann Byron who served as Treasurer for 14 years, along with the Executive and Finance team staff in completion of these financial statements in a timely manner.

Mr Tim Humphries
Chairman – Audit & Finance Committee

Les McLean
Director Corporate Services



2016/2017 AT A GLANCE

CORE BUSINESS PERFORMANCE

287,545 PAP TESTS REPORTED
▼ FROM 312,829 PREVIOUS YEAR

19,611 HPV TESTS REPORTED
▼ FROM 37,259 PREVIOUS YEAR

40,401 LIQUID BASED CYTOLOGY TESTS
RECEIVED ▲ FROM 30,249 PREVIOUS YEAR

CAPABILITY OF SCREENING SCIENTISTS ▲ TO
100 LIQUID BASED CYTOLOGY TESTS PER DAY
COMPARED TO 50 PAP SMEARS PER DAY

432,408 VICTORIAN WOMEN SENT PAP SMEAR
REMINDER LETTERS ▼ FROM 478,812
PREVIOUS YEAR

118,138 SOUTH AUSTRALIAN
SENT PAP SMEAR REMINDER
LETTERS ▼ FROM 123,330
PREVIOUS YEAR.



8,410 NATIONAL BOWEL CANCER
SCREENING PROGRAM PARTICIPANTS
CONTACTED FOR FOLLOW UP ▲ FROM
6,751 PREVIOUS YEAR

994,099 HPV VACCINATION
NOTIFICATIONS RECEIVED
▲ FROM 808,716 PREVIOUS YEAR



274,295 HPV VACCINATION
COMPLETION STATEMENTS SENT
▼ FROM 316,855 PREVIOUS YEAR



26,689 HPV VACCINATION HISTORY
STATEMENTS AND REMINDER
LETTERS SENT TO INCOMPLETELY
VACCINATED PARTICIPANTS ▼ FROM
40,624 PREVIOUS YEAR

FINANCIAL POSITION

OPERATING RESULT
\$637,512 Surplus

TOTAL REVENUE
\$25,349,828

TOTAL EXPENSES
\$24,712,306



OUR PEOPLE

PERCENTAGE OF
MEN AND WOMEN
IN THE WORKFORCE



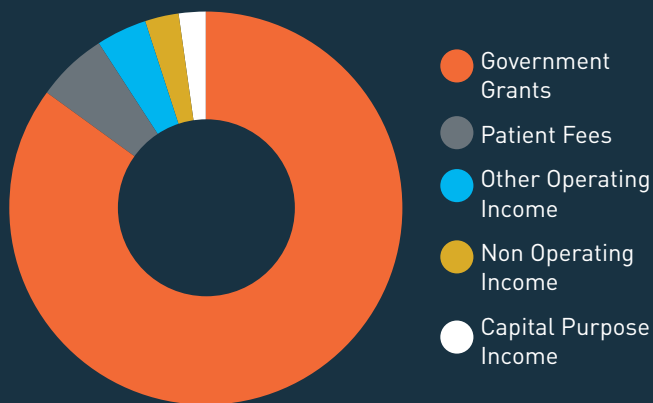
78%
WOMEN



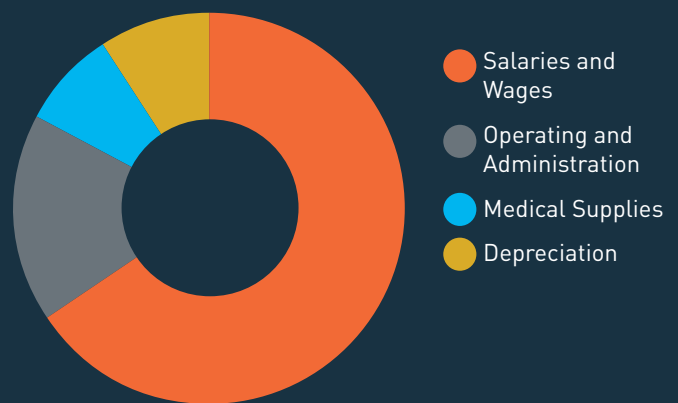
22%
MEN

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR VCS LIMITED

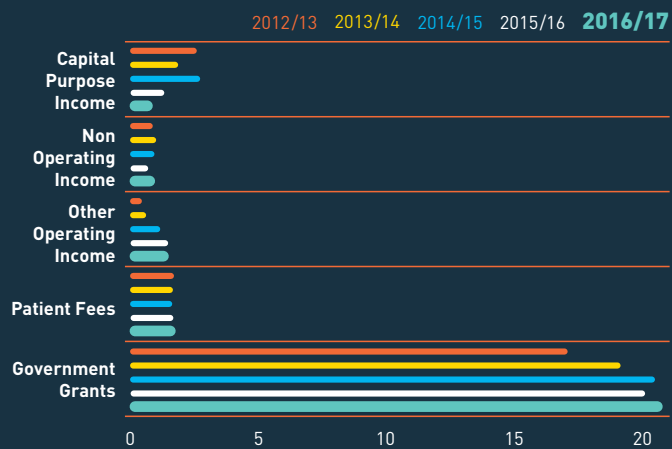
SOURCES OF REVENUE 2016/2017



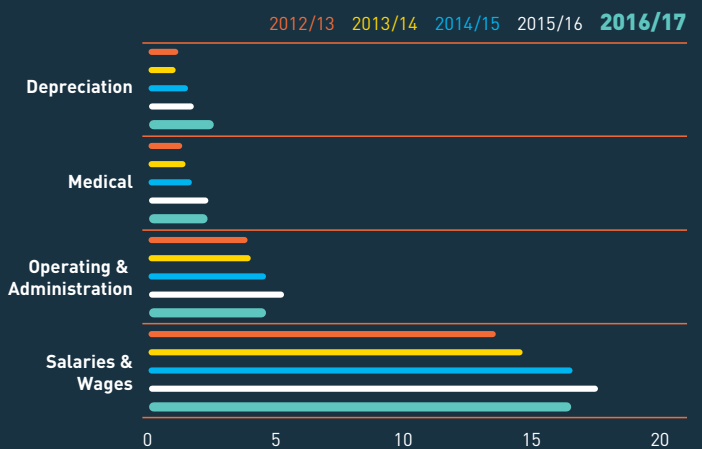
OPERATING EXPENSES 2016/17



ANNUAL INCOME BY SOURCE \$M



ANNUAL OPERATING EXPENDITURE \$M



	2016/17 \$	2015/16 \$	2014/15 \$	2013/14 \$	2012/13 \$
Total Revenue	25,349,828	24,120,709	25,740,473	22,872,403	21,451,130
Total Expenses	24,712,306	26,255,281	23,354,898	20,440,084	18,840,819
NET RESULT Surplus/(Deficit)	637,512	(2,134,573)	2,385,575	2,432,319	2,610,311
Total Assets	23,495,604	23,211,845	25,061,975	24,746,925	21,449,146
Total Liabilities	7,624,702	7,978,455	7,694,012	9,764,537	8,899,077
NET ASSETS Total Equity	18,870,902	15,870,902	17,367,963	14,982,388	12,550,069

VCS BOARD OF DIRECTORS

EXECUTIVE DIRECTOR



Executive Director
A/Prof Marion Saville

Denise Walsh
Executive Assistant

EXECUTIVE TEAM



Medical Director Registries
and Research
A/Prof Julia Brotherton

Research Team



Director Registry Operations
Ms Genevieve Chappell

Manager Screening Operations
Ms Tanya O'Farrell

Manager Vaccination Operations
Ms Lisette Bicknell



Director ICT
Mr Matthew Cunningham

Solutions Delivery Manager
Mr Leigh Trevaskis

ICT Infrastructure and
Service Delivery Manager
Mr Andrew Trinh



Director Molecular Biology
and Biochemistry
Dr David Hawkes

Scientific Supervisors
Ms Ellen Ip
Ms Jessica Morrison
Ms Joanne Romano

Clerical and Courier Supervisor
Ms Sheree Holt

ORGANISATIONAL STRUCTURE

Victorian Cytology Service Ltd. is a registered company limited by guarantee under the Corporations Act (Vic) 2001 and is governed by a Board of up to 10 Non Executive Directors in accordance with the Constitution. The Executive Director of the Service is not a member of the Board but acts as Secretary. The Board establishes the organisation's vision, strategic intent, goals and objectives, employs the Executive Director, identifies and monitors the management of corporate risks and monitors and assesses the Executive Director and the performance of the organisation. The Executive team structure is as shown.



Director VCS Liaison
Dr Stella Heley



Director Corporate Services
Mr Leslie McLean



Director Cytology and Histology
Ms Grace Tan

Liaison Physician Team:
Dr Siobhan Bourke
Dr Alexis Butler
Dr Joanne Mountford
Dr Wendy Pakes
Dr Lara Roeske

Human Resources Manager
Ms Sally Wilson

Finance Manager
Ms Pauline Lomas

Scientific Supervisors:
Ms Diana Stockman
Ms Linda Brewer
Ms Kathryn Taranto
Ms Domenica Giacomantonio

Specimen Triage
Ms Despina Pyrros

STRATEGIC PLAN



SANDY ANDERSON,
CHAIRMAN

The organisation is currently operating in year 3 of the 5 year plan established in 2015. This plan is underpinned by our Vision “To prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination”.

VCS Ltd’s core service as a Pap smear provider and Registry operator is continuing to transition to meet the needs of the National Cervical Screening Program “Renewal” due to be launched on the revised date of 1st December 2017 (previously 1st May 2017), and the changes required to support the Commonwealth Government’s National Cancer Screening Register. The rapid sector change and recent events affecting the future of VCS Ltd. necessitated a review of the 2015 – 2020 Strategic Plan by the Board of Directors in collaboration with the Executive Management Team to decide on short and mid term goals for the organisation following the unsuccessful bid for the National Cancer Screening Register in 2016, a major strategic objective at that time.

A number of initiatives were identified with four considered as priorities in the short and medium term.

1. Pursue opportunities arising from the Compass Trial
2. Grow HPV and related testing interstate and in Victoria
3. Seek to become a Centre for Research Excellence in cancer screening and surveillance
4. Expand Registry opportunities in other jurisdictions.

The overarching theme of the Plan is “Beyond Renewal...”

The Compass trial provides early insight into the performance of the new cervical screening program

1 PURSUE OPPORTUNITIES ARISING FROM THE COMPASS TRIAL

VCS Ltd. and Cancer Council NSW have presented results from the first phase of Australia's biggest clinical trial. The Compass trial looks at how effectively HPV screening detects high-grade cervical abnormalities in comparison to the Pap test. For the first time ever, the trial compares HPV screening with Pap tests in a population with substantial uptake of the HPV vaccine.

The findings come as Australia prepares to transition to a renewed National Cervical Screening Program, which, among other changes, will introduce primary HPV screening. The new program is due to come into place in December 2017, so the study is a timely confirmation of just how effective the new program is expected to be – not just in unvaccinated women, but also in those who were offered the HPV vaccine.

The pilot study of over 5,000 participants found that HPV screening provides significantly increased detection of high-grade cervical abnormalities compared to the Pap test.

Increased detection of high-grade abnormalities (i.e. CIN2 or higher), which is then treated, leads to longer term protection against the development of CIN3 and invasive cancer. These findings add to existing evidence about how much more accurate and effective HPV screening is.

The new screening program has previously been estimated to lower cervical cancer incidence and mortality by at least 20 per cent – thanks to the more accurate, effective and safe HPV test.

The second phase of the Compass trial (the main trial) was launched in January 2015 and is currently recruiting. Its target is 121,000 participating women presenting for either routine screening or follow-up management, making it the largest

clinical trial ever undertaken in Australia. The trial has been divided into two cohorts based on women's age eligibility for publicly funded vaccination. Pre-cancerous abnormalities are anticipated to be less common in the younger vaccinated cohort than in their older (currently over 36 years) unvaccinated counterparts. Accordingly our target sample size is 36,300 women aged 36 to 69 years and 84,700 women aged 25 to 36 years.

As at the end of June 2017 we had recruited 100% of the older unvaccinated cohort, and 35% of the vaccinated cohort aged 25-36 with the assistance of the 515 recruiting practitioners. In order to reach our recruitment target in the young, vaccinated cohort (currently 36 years or younger) we believe that we need to recruit on a National basis and accordingly, have sought ethics approval to do so. Recruitment will extend to South Australia from August 2017.

COMPASS TRIAL RECRUITMENT



515 Practitioners actively recruiting Total Main Trial Recruitment as at 30/06/2017 = 66,443

STRATEGIC PLAN

2 GROW HPV AND RELATED TESTING INTERSTATE AND VICTORIA

With the anticipated shift from cytology to HPV testing VCS Pathology has undergone a significant refurbishment with new laboratory areas developed in readiness for the renewed National Cervical Screening Program (NCSP).

In 2016/2017 VCS has expanded its portfolio of HPV assays suitable for use in the renewed NCSP. In addition to the cobas 4800 instruments that have been the mainstay of HPV testing at VCS since 2013, the cobas 6800 instrument, the Cepheid GeneXpert Infinity-80 and the BD Viper LT have also been installed at VCS. Each of the assays is different whether it be through the number of samples it can process, the speed of an individual HPV test, which part of the HPV genome is targeted, or even how many individual HPV genotypes can be identified. VCS is also utilising its research-focused HPV assay, the Linear Array, to complement these screening assays in investigating unusual clinical cases.

The installation and verification of the Roche cobas 6800 instrument for HPV testing will increase the laboratory's capacity by up to 1000 tests in a 24 hour period ready for the high volumes of HPV tests expected as part of the renewed NCSP.

The laboratory also introduced Chlamydia testing on liquid based samples using the Cepheid Infinity-80 and the Xpert CT/NG test in preparation for the increase in this sample type which may be anticipated in conjunction with the renewed NCSP.

The delay in the launch of the NCSP impacted pathology laboratories nationally. To minimise delays in the reporting of Pap smears the Chief Medical Officer notified all pathology laboratories that LBC testing would be added as a Medicare Benefit Schedule item from 1 May to 30 November 2017, finishing at commencement date of Renewal. This announcement saw a significant shift from conventional Pap smears to LBC testing and at the end of June 2017 the laboratory was receiving 60% LBC cases, compared to 7% prior to the announcement with

levels expected to continue to increase. VCS Pathology was prepared for the increased LBC volumes with the installation of two T5000 Autoloader Systems that can process up to 480 LBC slides each in a 24 hour period increasing manpower efficiencies. New LBC review scopes were also installed and screening staff trained in the new equipment. These scopes have increased productivity by 50% with screeners capable of reporting an average of 100 image assisted LBC cases each day compared to an average of 50 conventional Pap smears per day.

By June 2017, 60% of tests received in the laboratory were Liquid based Cytology compared to <10% in the previous year.



3 SEEK TO BECOME A CENTRE FOR RESEARCH EXCELLENCE IN CANCER SCREENING AND SURVEILLANCE

In November 2016, VCS, Cancer Council NSW, the University of Melbourne and the Kirby Institute submitted a grant application to the National Health and Medical Research Council (NHMRC) to become a Centre of Research Excellence (CRE) in Cervical Cancer control. The CRE scheme provides support for teams of researchers to pursue collaborative research and develop capacity in clinical, population health and health services research. The research outputs will be used to assess the long term outcomes in terms of cervical cancer prevention and can be used to drive new policy development and to inform new research questions across each of the four streams into the future.

These grants are highly competitive, with a success rate for applications in the last round of 17.2% (15 of 87 applications). We were very excited when we made it through the initial round and were invited to attend an interview at the NHMRC office in Canberra in May 2016. At the time of printing this report, news of our success had been received.



L/R: Julia Brotherton, Karen Canfell (Cancer Council NSW), Marion Saville, John Kaldor (The Kirby Institute), Margaret Kelaher (University of Melbourne).

4 EXPAND REGISTRY OPPORTUNITIES IN OTHER JURISDICTIONS

Successfully tender for a Department of Health National Cancer Screening Register

As reported in 2015/2016, VCS was unsuccessful in its tender for the implementation and operation of a National Cancer Screening Register.

The renewal of the National Cervical Screening Program is dependent on a high quality register that supports the new cervical screening test, the screening and clinical management pathways and program policy. Despite being unsuccessful in the bid for the national register, VCS was called upon by the Victorian and South Australian Health Departments to provide a contingent registry solution to support Renewal if the need arose. Our Renewal ready system canSCREEN™ was delivered on time for the scheduled commencement of Renewal on 1st May, 2017 and demonstrates our ability to provide solutions that can support national program change.

Deliver key functions for canVAX™

canVAX™ has been proven in the Australian market and was initially developed as a register for the National HPV Vaccination Program to manage the human papillomavirus (HPV) vaccination which holds the records of over 3 million individuals. canVAX™ has been expanded to provide a high-performing, integrated, flexible and automated registry platform supporting vaccination programs at local, state and national levels. It delivers complete vaccination records in line with program policies and guidelines, and can be configured to support multiple programs and local vaccination schedules.

Successfully tender for Australian Schools Vaccination Register (ASVR)

In October 2016 the Department of Health announced that the tender to operate the Australian School Vaccination Register (ASVR) had been cancelled. Instead the National HPV Vaccination Program Register will continue its current operations, as operated by VCS, until such a time as the functions of the register are able to be performed by the new Australian Immunisation Register (AIR), which is currently being implemented in a phased approach (due to be completed late 2018). The AIR is an extension of the existing Australian Childhood Immunisation Register but will cover all vaccines across a person's lifespan.

VCS was obviously disappointed that the ASVR was not proceeding however we were pleased to provide NHVPR services for calendar 2017 and 2018 at the Department of Health's discretion.

STRATEGIC PLANNING FRAMEWORK



STAKEHOLDERS AND CUSTOMERS

Government health and professional relationships

Strategic Partnerships

Marketing, communications and education



SERVICE DELIVERY AND INFRASTRUCTURE

Expand service offerings

Co-location options with health

Deliver diversified portfolio of services



FINANCE

Diversify funding services

Competitiveness and operational efficiencies



PEOPLE AND CULTURE

Improve workplace culture

Performance, development and succession focus

HR systems for the future

EXTERNAL FOCUS

Broadening our public health contribution

External focus on building relationships and services needed to optimise capabilities reach and impact

INTERNAL FOCUS

Anticipating and adapting to change

Internal focus on aligning our structure, systems, processes and people around the key strategic imperatives needed for the success in a dynamic operating environment

SUMMARY OF OUTCOMES TO KEY STRATEGIC OBJECTIVES 2016/17

Core Business Imperatives	Key Strategic Objective	2016/17 Outcomes
Stakeholders and Customers	Renew, expand and leverage our relationships with Commonwealth and State government departments, health practitioners and their professional organisations	<ul style="list-style-type: none"> ✓ Participated in key policy relevant stakeholder committees. ✓ Regular meetings held with the Department of Health and Human Services Victoria
	Establish strategic partnership opportunities	<ul style="list-style-type: none"> ✓ Compass Main Trial recruitment continues ✓ Centre of Research Excellence funding awarded ✓ International relationships being developed to promote VCS ICT platforms canSCREEN™ and canVAX™
	Increase our capacity and capability for marketing/branding, community/stakeholder communication, and practitioner education	<ul style="list-style-type: none"> ✓ GP education ongoing in preparing for Renewal ✓ Brand and Communications advisor appointed. ✓ Active learning module (ALM) to support Renewal developed for RACGP ✓ VCS Liaison physicians delivered 250 talks to an audience of approximately 2,700 health professionals
Service Delivery and Infrastructure	Expand our services in line with emerging market needs without compromising our commitment to quality	<ul style="list-style-type: none"> ✗ NCSR Tender unsuccessful ✗ ASVR tender cancelled ✗ FOBT tender – VCS withdrew ✓ Expansion of HPV testing in South Australia - Expansion of Registry operations continue to be explored
	Explore co-location options within a suitable health services precinct	<ul style="list-style-type: none"> ✗ Withdrew from the co-location opportunity at VCCC
	Increase our capacity and capability to secure and deliver a diversified portfolio of services including disease surveillance, education and research	<ul style="list-style-type: none"> ✓ Significant research outcomes reported including HPV Vaccination, Screening coverage, Self Collection and iPap Study etc ✓ 27 peer reviewed journal articles published
	Maintain quality while developing new systems and processes needed to support service growth	<ul style="list-style-type: none"> ✓ Quality Accreditation maintained ✓ Renewal ready laboratory and systems
Financial	Diversify and secure ongoing funding sources	<ul style="list-style-type: none"> ✓ PFUF contract renewed ✗ No new funding sources secured
	Ensure financial viability by increasing competitiveness and achieving real operating efficiencies	<ul style="list-style-type: none"> ✓ VCS Pathology reporting 49.75% of Victorian cervical screening market - Efficiency opportunities still being investigated
People and Culture	Further develop a workplace culture in which people are valued, service driven, collaborative, engaged, innovative, and accountable	<ul style="list-style-type: none"> ✓ New VCS intranet communications channel launched
	Develop and implement a workforce plan with clear focus on staff performance, development and succession	<ul style="list-style-type: none"> ✓ New staff Performance Management system launched
	Align HR systems and processes to future needs	<ul style="list-style-type: none"> ✓ Successful launch of new Employee Self-Serve system

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

STAKEHOLDERS AND CUSTOMERS

GOVERNMENT, HEALTH AND PROFESSIONAL RELATIONSHIPS

Renew, expand and leverage our relationships with Commonwealth and State government departments, health practitioners and their professional organisations.

VCS Ltd strongly values its working relationships with Government Departments both State and Federal, Cancer Council Victoria, PapScreen Victoria, medical colleges, universities, major teaching hospitals, Sexual and Reproductive Health Services, and Primary Care and community organisations.

VCS Ltd plays a key role as a centre for health practitioner education and support, policy-relevant research and evaluation, and is extremely well positioned to prepare health professionals and practices for the Renewed National Cervical Screening Program (NCSP).

A number of VCS staff serve on advisory committees to the Federal and Victorian governments in relation to cancer screening and immunisation policy including committees driving Renewal. These committees are currently very active as the delivery date for the new NCSP approaches.

Renewal Committees:

Working Party to draft "Clinical Management Guidelines for the Prevention of Cervical Cancer". The Australian Government's Department of Health.	Marion Saville (Deputy Chair) Joanne Mountford Lara Roeske
Drafting committee for National Pathology Accreditation Advisory Council (NPAAC) Requirements for Laboratories Reporting Tests for the National Cervical Screening Program (First Edition 2017)	Marion Saville Julia Brotherton David Hawkes
National Quality Safety Monitoring Committee	David Hawkes
Working group to develop "National Cervical Screening Program Protocol of Actions for Invitations, Rescreen, Reminders and Follow-up for the National Cancer Screening Register."	Marion Saville Genevieve Chappell
"Victorian Renewal Advisory Committee, Victorian Department of Health and Human Services."	Marion Saville Julia Brotherton Stella Heley Genevieve Chappell
Steering Committee for the Renewal Implementation Project – Australian Government's Department of Health	Marion Saville

Having anticipated the substantial changes Renewal will bring and informed by the Compass Trial, VCS Ltd. has developed educational resources and materials to support practices and practitioners transition to and implement the new program.

Our Committee participation is not limited to Renewal, our staff are also involved in other committees that provide advice to the Federal and Victorian governments and to key stakeholders in relation to cancer screening policy and immunisation.

Other Committees:

Australian Technical Advisory Group on Immunisation HPV Working Party	Julia Brotherton
Vaccine Register Advisory Group, National Centre for Immunisation Research and Surveillance	Julia Brotherton
Victorian "Under-screened Program Steering Committee"	Marion Saville Julia Brotherton Genevieve Chappell
Member of the Scientific Advisory Committee for cervical stream of 'Pathways to a Cancer-free future', Cancer Council NSW. 2017	Marion Saville Julia Brotherton
Member of the Aboriginal adolescent HPV immunisation advisory group, chaired by Cancer Council Victoria	Julia Brotherton
Member of the Conference Advisory Committee for the 16th National Immunisation Conference, 2018	Julia Brotherton
Members of the Local Organising Committee, IPV2018, Sydney October 2018	Marion Saville Julia Brotherton David Hawkes
Member of the International Papillomavirus Society Policy Committee	Julia Brotherton
Member, Examination Committee, 2017 Australasian Faculty of Public Health Medicine, Royal Australasian College of Physicians	Julia Brotherton

Successfully tender for the supply and pathology analysis of immunochemical faecal occult blood test (FOBT)

The FOBT Tender for the supply and pathology analysis of immunochemical faecal occult blood test (FOBT) supplies and services was released by the Department of Health in January 2017. VCS attended two industry briefings in Canberra where it was understood that the Department of Health's preference was for a single service provider with

a national laboratory presence. As a consequence VCS, withdrew from the tender with the approval of the Directors. This was one of the key four short and medium term initiatives identified by the Directors. Following our withdrawal the initiatives in the Strategic Plan were revised accordingly.

STRATEGIC PARTNERSHIPS

Establish and leverage strategic partnership opportunities

Partner	Project
Cancer Council New South Wales	Compass Trial
Roche	Compass Trial
PapScreen Victoria	Supporting the National Cervical Screening Program
Clinicians and Nurse Pap Smear Providers	Supporting the National Cervical Screening Program in Victoria
Royal Women's Hospital	VCS Tenancy (Carlton) Research
Public Pathology Australia	National collaborative laboratory relationships
University of Melbourne	Research
University of New South Wales	Research
Kirby Institute – New South Wales	Research
National Centre for Immunisation Research & Surveillance (NCIRS)	Research

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

STAKEHOLDERS AND CUSTOMERS

Prepare for Renewal

In April 2017 the Australian Department of Health advised that the launch date for the Renewal of the National Cervical Screening Program (NCSP) had been delayed from 1 May 2017 to the 1st December 2017 due to the delay in the availability of the National Cancer Screening Register (NCSR). Until the NCSR is operational there will be an absence of a safety net for the follow up of women with positive test results and accordingly VCS shares the Government's commitment that the NCSR should be ready prior to the implementation of the renewed NCSP.

As a major provider of cervical pathology and registry services in Australia the changes to the launch date of the NSCP have impacted our laboratory with the expected shift in workload from cytology based testing to HPV testing not going ahead. This change resulted in temporary delays in the reporting of Pap smears due to lack of laboratory resources.

The Victorian Cervical Cytology Registers' IT Platform, the (CSR.Net) was rebranded to canSCREEN™ to support the strategic initiative to expand our Registry services geographically. canSCREEN™ is an integrated contemporary registry platform that underpins the service provision for Victorian and South Australian cervical registries for the change in screening intervals as a result of the renewed NSCP.

The "Renewal ready" release was successfully delivered on 16th February 2017 and contained the core functionality required to support the renewed cervical program. Engagement with Victorian laboratories continued to facilitate the external laboratory interface integration ready for 1st May 2017. Following the announcement of the delay, the system functionality to support the Renewed program has been 'switched off' and is able to be activated later in the year if required.

VCS continues to contribute to the successful outcome of the renewed NCSP by providing expertise in the various government committees, particularly the drafting committee responsible for the National Pathology Accreditation Advisory Council (NPAAC) document "The Requirements for Laboratories Reporting Tests for the National Cervical Screening Program" (First Edition 2017).

Our Liaison Physicians have provided 25 lectures in 2017 at major health conferences including HealthEd lectures in Brisbane, Adelaide, Melbourne and Perth, and Primary Health Networks to prepare clinicians for the expected changes.

VCS is committed to seeing the safe and secure transition of the National Cervical Screening Program (NCSP) and shares Government's vision of providing a high quality and world-leading screening register on a single platform to improve cancer outcomes.

Build corporate and other donations/ philanthropic arm via creation of VCS Foundation

In June 2017 VCS appointed its first ever Brand and Communications Advisor. This new position is anticipated to assist VCS in the establishment and promotion of a new Corporate/Philanthropic Arm, tentatively called the VCS Foundation. Whilst not yet established, the aims of the VCS Foundation are expected to be similar to the Purposes of VCS, however the VCS Foundation is expected to support similar activities in low and middle income countries where the prevalence of preventable cancers and infectious diseases is much higher than in Australia.

VCS is committed to seeing the safe and secure transition of the National Cervical Screening Program (NCSP) to Renewal

MARKETING, COMMUNICATIONS AND EDUCATION

Increase our capacity, capability and channels for VCS marketing/branding, community/stakeholder communication and customer education.

The VCS Liaison Physicians have current and significant experience in health practitioner education and in clinical practice. Education and training is carefully tailored to meet health practitioner professional and clinical requirements, including accreditation for Continuing Professional Development Points in Women's Health. Health Practitioner education is delivered by Liaison Physicians at no expense to the practitioner and is offered to rural, regional and metropolitan Victorian practices via site visits, telephone or webinar. One to one professional support and training is available to health practitioners who have not met benchmark standards in the current National Cervical Screening Program and to ensure that national competency standards for taking a quality sample for cervical screening are maintained.

VCS Ltd acknowledges a health practitioner's prior learning and experience. As such, education is designed to incorporate feedback from practitioners and is monitored for quality improvement. A telephone advisory service operates daily during the week to respond to clinical queries from health practitioners and to support women seeking information or advice. VCS Ltd has provided accredited training to members of the following professional bodies:

Royal Australian College of General Practitioners, Australian College of Rural and Remote Medicine, Australian Primary Health Care Nurses Association, The Australasian Chapter of Sexual Health Medicine, The Royal Australian and New Zealand College of Obstetricians and Gynaecologists and The Royal College of Pathologists of Australasia.

Additionally VCS Ltd contributes to conferences, nationally and internationally, peer-reviewed journals and the development of curricula for the aforementioned professional bodies.

For the year the Liaison Physicians delivered approximately 250 talks to an audience of approximately 2,700 health professionals including GPs, nurses and gynaecologists. An audience of 940 practitioners were reached via face to face education.

Develop Communications Strategy and Stakeholder Management Plan

A Brand and Communications Advisor was employed in late June 2017 to provide expertise and advice in the delivery of organizational, communication and media engagement strategies. A key responsibility of this role will be the sourcing, reviewing and final production of content across all VCS communication platforms. After significant recruitment delays, VCS is looking forward to improved outcomes in 2017/2018.

Establish social media capability to further promote services

A Facebook and Twitter account have been developed for promoting Compass, with posts engaging on average over 1000 people. A review of our online presence and engagement strategy is currently underway by the newly appointed Brand and Communications Advisor.



The VCS Liaison Team offer free phone support to clinicians and welcome calls from up to 20 health practitioners each day.

Dr Lara Roeske
Liaison Physician

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

SERVICE DELIVERY AND INFRASTRUCTURE

EXPAND SERVICE OFFERINGS

Expand our service offerings to leverage our collective capability in line with emerging market needs without compromising commitment to quality.

VCS Ltd and its advisors are engaged in a range of activities designed to support the commercialisation of canSCREEN™ and canVAX™ registry products.

canSCREEN™ and canVAX™, combined with VCS Limited's extensive knowledge and track record in laboratory and registry operations, presents a low risk solution to governments, healthcare agencies, immunisation providers and other stakeholders seeking to implement or expand population-based cancer screening and/or immunisation programs.

A number of new and exciting opportunities have been identified to be progressed in 2017/2018.

Roll-out and promote iPap/HPV self-collection research

Self Collection Pilot Project

In collaboration with the Indigenous Health Equity Unit at the University of Melbourne a Self-collection Pilot Project was developed to improve access to cervical screening for underscreened women. This 12 month project was conducted in three health services that support women experiencing disadvantage from a range of backgrounds. The pilot was designed to assess a service model and self-collection screening pathway for cervical screening and to inform development of strategies to support

self-collection of HPV testing as part of the renewed National Cervical Screening Program.

The pilot evaluation has led to a range of recommendations for governments and health services to support implementation of self-collection under the renewed NCSP. They include considerations for implementation of the screening pathway and suggestions for health services to assist them to incorporate self-collection into their usual practice. A final evaluation report was released in February 2017.

iPap Trial Evaluation

VCS Ltd, the Melbourne School of Population and Global Health (University of Melbourne); Cancer Council Victoria; The Department of Oncology and Dysplasia (The Royal Women's Hospital Vic), and the Department of Obstetrics and Gynaecology (University of Melbourne) conducted a randomized controlled trial funded by the National Health and Medical Research Council (NHMRC), to determine whether HPV self-sampling increases participation in cervical screening by never- and under-screened (not screened in past 5 years) women when compared with a reminder letter for a Pap test. Within each stratum (never-screened and under-screened), 7,140 women were randomly allocated to self-sampling and 1,020 to Pap test reminders. The study commenced in March 2014 with recruitment completed in June 2016. Final data from the study was published in the *International Journal of Cancer* in July 2016. The findings demonstrated that self-sampling can be acceptable in the Australian setting to never and underscreened women and that most women who test positive will attend

for further investigation. Self sampling will be accessible to these groups of women in the renewed NCSP commencing in 2017. A further paper on second level follow up will be prepared in late 2017.

VCS is involved in a number of collaborative research projects. Details can be found on page 38.

CO-LOCATION OPTIONS WITH HEALTH SERVICES

Explore co-location options within suitable health services precinct.

Secure additional floor at East Melbourne building

During the financial year VCS Ltd sought to co-locate its services and staff from the East Melbourne and Carlton Site in order to unite the business for strength of purpose, strengthening of systems, improved strategic focus, improved communication and also to create substantial efficiency. An opportunity to occupy the 13th Floor of the Victorian Comprehensive Cancer Centre (VCCC) was explored and a Heads of Agreement was entered into.

Regular Level 13 Stakeholder meetings were held throughout the year in which VCS actively participated. However, as a result of lack of funding, combined with substantially higher than expected fit-out costs, VCS was unable to enter into a lease arrangement with the VCCC in line with the Heads of Agreement. VCS subsequently withdrew from relocating to the VCCC.

DELIVER DIVERSIFIED PORTFOLIO OF SERVICES

Maintain quality while developing the new systems and processes needed to support service growth

Implement a standardised project methodology, process, template, tools etc., enhancing VCS project management capability.

This initiative has not been fully scoped and has been delayed due to competing priorities.

Work with Royal Australian College Of General Practitioners and other key bodies to develop on-line accredited education program, specifically for the renewed NCSP.

The Compass Clinical Trial was established to provide important insights into the forthcoming transition of the National Cervical Screening Program (NCSP) to primary HPV testing in December 2017. VCS Ltd, having anticipated the substantial changes renewal will bring and informed by the Compass Clinical Trial, has expanded its activities to include new technologies relevant to the renewed cervical screening program, and has developed educational resources and materials to support practices and practitioners.

VCS Ltd is in an ideal position to provide services to educate, train and support practitioners and practices to transition to and implement the NCSP.

VCS Ltd. has entered into an agreement with The Royal Australian College Of General Practitioners to provide an Active Learning Module (ALM), entitled "Ready, Set and Go: A new era in cervical cancer prevention for Australian GPs and their practice teams.

This evidence-based, highly-interactive ALM has been prepared to provide the necessary information and resources ensuring clinicians and practices deliver the new National Cervical Screening Program maintaining patient safety and a high quality cervical screening service. An interactive online activity has been developed for participants incorporating 10 case studies set in general practice, highlighting GP clinical decision-making with relevance to key management recommendations found in the new guidelines. This ALM attracts 40 Quality Improvement and Continuing Professional Development Points. A webinar and video have also been developed to complement this ALM.



Recruit and establish research capability that is sustainably funding. (eg. Epidemiologist, research fellow, statistician).

Dr Farhana Sultana has been employed as an epidemiologist by VCS to analyse follow up data and support various VCS research activities

VCS Ltd. were delighted to be advised that our grant submission as a Centre of Research Excellence in partnership with the Cancer Council NSW, the University of Melbourne, the Kirby Institute and the Royal Women's Hospital, Melbourne was successful. We will be reporting on this work in 2017/18.

VCS Ltd is in an ideal position to provide services to educate, train and support practitioners and practices to transition to and implement the renewed NCSP.

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

SERVICE DELIVERY AND INFRASTRUCTURE

ENHANCE SYSTEMS AND PROCESSES

Build the capacity and capability needed to secure and deliver a diversified portfolio of services, including surveillance, education and research.

Cyber Security Awareness

All employees have a vital role to play in helping VCS management and ICT personnel protect the organisation and the confidential information it stores, especially from criminals and malicious users who attempt to break through our defences. It is also important that ICT resources provided to staff are used in a responsible and legal manner for work-related purposes.

To increase staff awareness VCS conducted Information and Cyber Security Compliance and Awareness training to help ensure that we can better meet:

- the expectations of the public in terms of how we handle their personal information;
- our legal and ethical obligations to securely manage data and personal information; and
- our own security needs in terms of protecting confidential business information and being able to use our business systems without external interference.

Following the training a number of phishing simulations were conducted and the staff were found to have significantly improved in the handling of typical general phishing type emails. This is a positive trend and staff were congratulated on the improvement shown.

**"Always remember to:
Think before you click"**

Mr Andrew Trinh – ICT Infrastructure and Service Delivery Manager





'VCS DIGITAL*', REFLECTING OUR TECHNICAL EXPERIENCE, INTEGRATED HEALTH CAPABILITY, SERVICES, AND PRODUCTS, PROVIDES US WITH A FANTASTIC OPPORTUNITY TO DELIVER OUR STRATEGY, AND DRIVE NEW OPPORTUNITIES TO ENHANCE POPULATION HEALTH WITHIN COMMUNITIES.

MR MATTHEW CUNNINGHAM
DIRECTOR ICT

[*WWW.VCSDIGITAL.COM.AU](http://WWW.VCSDIGITAL.COM.AU)

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

The ICT canSCREEN™ Registry platform won the Microsoft Australia Partner Award (MAPA) under the category of 'Technology for Social Impact' from almost 200 nominations across 20 different categories.

Assess ICT service delivery and implement changes to better deliver services (e.g. cost effective, value, timeliness, efficiency etc.)

Development of National Screening Platform

VCS has successfully completed the development of canSCREEN™, a contemporary population health management ICT platform that not only supports VCS Registry services, but has been architected to support multiple population health programs. It is a high-performing, integrated, flexible and automated registry platform supporting population health screening and prevention at local, regional and national levels. It delivers complete screening records in line with program policies and guidelines, and supports screening across multiple programs (e.g. bowel, cervical, etc).

Renewal Ready

The Renewal ready ICT platform canSCREEN™ was successfully delivered in February 2017 and contained the core functionality required to support the renewed National Cervical Screening Program (NCSP). The platform is able to ensure patient safety whilst transitioning from the old cervical screening program to the new.

The ICT development team successfully built a national screening platform able to support the renewed program ensuring VCS Ltd. was 'Renewal' ready by 1st May 2017. The project was delivered within budget and on schedule.

This project was formerly known as CSR.NET and has been rebranded to canSCREEN™ a digital asset with a contemporary population health platform that can be leveraged to support the VCS strategy.

VCS wins Microsoft Award for ICT Registry platform canSCREEN™

The canSCREEN™ platform won the Microsoft Australia Partner Award (MAPA) under the category of 'Technology for Social Impact' from almost 200 nominations across 20 different categories. This is a fantastic achievement and is due recognition for the expertise and commitment of all of the staff involved in delivering this contemporary information system using 'cutting edge' Microsoft technologies.

Microsoft stated that the brief for this award 'recognises a Partner creating and deploying a cutting-edge technology solution for a non-profit or community project. Microsoft has a longstanding commitment to making technology accessible to non-profits around the world to empower them to do more good in the communities they serve. ...this Award is helping to empower non-profit organisations with Microsoft technology in ways that help them to be more efficient and/or more effective at driving their missions'. The project was submitted through Readify, a software development consultancy engaged to provide development resources to supplement the VCS ICT team.

New Integrated Billing System

A new integrated billing system (MediBILL) and enhancements was implemented into the laboratory computer information system in April 2017 to support the renewed NCSP resulting in billing automation and efficiencies.

Contributing to the Australian eHealth agenda

On 30th June, VCS responded to an Expression of Interest (EOI) released by the Australian Digital Health Agency for funding to develop software to upload pathology tests into the My Health Record.

Develop and enhance the VCS Pathology ICT platform – CIS (Cytology Information System) to accommodate Compass and Renewal functionality within Laboratory services.

The VCS Renewal Project Team comprising both the ICT and the Laboratory Teams have updated the VCS Pathology laboratory computer system (CIS) to smoothly transition to the renewed NCSP. Significant changes were required to the CIS to accommodate the change from 2 yearly cytology testing to 5 yearly HPV testing and to ensure that reporting recommendations to clinicians are in line with the National Pathology Accreditation Advisory Council requirements for cervical screening. The system was operational in early 2017 but was "switched off" following the announcement of the delay to the NCSP and is ready for the new release date of the 1st December 2017.

FINANCE

A new efficiencies target has been set at \$1 million of savings per annum.

FUNDING SOURCES

Establish Business Plan (3-5 Years) for VCS Ltd.

VCS continues to progress development of a medium term business plan model that is essentially underpinned by a 4 year Partnership Agreement between the federal and Victorian governments. Government negotiations are ongoing and include block grant funding for HPV tests to be provided to VCS until June 2021. (2016/17 Target not met).

Secure Compass funding research and development and leverage on findings

Although the Compass trial has no formal links to the renewal of the National Cervical Screening Program to date it has enabled the development and refinement of processes and resources to support:

- The education of women
- The education of practitioners
- Laboratory testing and reporting, including the development of combined screening reports
- Registry follow up
- Safety monitoring for the new cervical screening program.

600 practitioners participated in an RACGP educational activity developed by VCS to gain continuing development points by participating in the Compass trial. The feedback from these participants highlighted the vital role Compass has played in preparing health professionals for the renewed NCSP.

"I believe that this sort of partnership will enhance screening as women will understand the science underlying the screening process, rather than be put off by the unpleasant examination" Dr S. Jan 2016

Consumables used in the trial are being provided by the manufacturer Roche Molecular Systems.

Costs will continue to be incurred by VCS Ltd. for other consumables, and for social media and other initiatives undertaken by the Liaison Physicians designed to increase recruitment rates of younger women in order to meet the total 121,000 participant target.

We are now seeking financial support to fund laboratory testing to complete the trial as there is no current mechanism for a grant application for the activity.

Explore areas for alternative funding arrangements including expanding the cytology, histology and screening services

VCS continues to explore alternate funding opportunities. This initiative will continue through 2017/18.

COMPETITIVENESS AND OPERATIONAL EFFICIENCIES

Improve efficiencies/productivity, eg. Increase targets, streamline processes

A new efficiencies target has been set at \$1 million of savings per annum. The target has been factored into the 2017/18 budget and applies across all functional areas of VCS. Net new revenue also contributes to the target, as well as cost savings. Areas of anticipated savings include excess leave balances, overtime reduction, savings from use of a new in-house recruitment tool and new funding opportunities. The target applies to the 2017/18 year.

FEEDBACK FROM PRACTITIONERS PARTICIPATING IN THE COMPASS TRIAL

99%

of recruiting health professionals have implemented safe and appropriate practice systems for cervical screening recalls, reminders and follow up of women enrolled in the Compass Trial

97%

feel confident to educate and support eligible patients about the new screening test and 6 yearly screening interval

96%

feel comfortable explaining the natural history of HPV and its role in cervical cancer

90%

feel confident about transitioning into the new Cervical Screening Program

96%

are confident in interpreting new screening results and implementing appropriate management

ACTIVITIES ALIGNED WITH KEY STRATEGIC OBJECTIVES

PEOPLE AND CULTURE

IMPROVE WORK PLACE CULTURE

Ideas management system in place to socialise innovation and leverage on ideas.

As part of the on-line performance appraisal system VESSPA, the Executive Management Team agreed on 4 corporate KPIs for all staff, one of which was that each employee submit one completed "Bright Idea" to improve VCS as part of their annual appraisal. The idea can be about anything, including cost savings, process efficiencies, new revenue and/or improving collaborative relationships with customers or other stakeholders. Delays in the implementation of VESSPA mean that the new ideas management system will be in place in 2017/18.

Team building with pathologists, scientists and aiding in the transition over the next 18 months.

VCS have been working with the Royal College of Pathologists Australia (RCPA) through the outplacement service Audrey Page, who are providing complementary additional services to the VCS scientific staff in preparation of the implementation of the renewed National Cervical Screening Program. In-house workshops have been made available to all affected staff including:

- Value and Direction - Past to future
- Resume Preparation
- Interview Skills

These workshops have been very well received by the staff at VCS.

PERFORMANCE, DEVELOPMENT AND SUCCESSION FOCUS

Develop a formalised performance appraisal system plan that clearly communicates roles and accountability for individuals.

As part of our strategy to ensure the growth and development of our employees, we have now successfully replaced the manual performance appraisal process and implemented the new online employee appraisal system, VESSPA, in its place.

VESSPA is an innovative and high performing system that will enhance consistency and drive excellence by facilitating the alignment of individual's performance, behaviours and efforts to the VCS Strategic Plan. The VESSPA on-line appraisal performance system provides easy access and retrieval of performance appraisals for both managers and employees, encouraging collaboration in the development of individual learning and development action plans.

As part of the VESSPA roll-out, the Human Resources Department conducted training sessions for all levels of management and general employees which provided an overview of the new on-line system. The system was not available during the year and will be launched in 2017/18.

Improve workforce planning to manage/reduce excess staff leave.

The Executive Team are committed to a range of actions designed to decrease excess annual leave (defined as more than 2 years accrued Annual Leave and/or more than 5 accrued ADOs). These actions include individual KPIs in employees Performance Plans that stipulate these limits. The recently introduced VCS Employee Self Service System (VESS) allows for improved transparency in reporting of leave balances. As at 30 June, 2017, 30 employees had excess ADO and annual leave balances totalling \$265,000. The 2017/18 corporate KPI's include a commitment by individuals to address this issue by June 2018.

Develop executive team as leaders/executive team leadership development to build recognition, understanding and respect for roles.

A leadership develop program was introduced and followed a Leadership Circle 360^o assessment undertaken by each member of the Executive Team. The development program was conducted by an external facilitator and focussed on the consolidation of understanding of the VCS leaders roles in the context of delivering strategic priorities and driving organisation change.

Establish formal links to University for graduate pathways.

VCS is committed to the professional training of Graduate and Masters students in the industry through its formal links with RMIT University professional practice program. In the last financial year, 3 graduate students have completed the 40-week placement program and 6 Masters students, the 16-week program. In addition to this, this program has been extended to include short term placements (80-120 hours) for students from both Melbourne and RMIT Universities.

HR SYSTEMS FOR THE FUTURE

Implement and automate employee self service human resources system.

Replacing a paper dominated payroll system, a self-serve employee system accessed through an internet portal VESS (VCS Employee Self Service), has been implemented. This system provides significant automation in the payroll and performance management functions for VCS. Staff are now able to access their employee records including leave entitlements and leave requests, payslips and personal details using this new tool. Streamlining reporting capabilities with the system will assist management with auditing, planning and business decision making, leading to timely, accurate information enabling more informed operational and strategic decision making. This system has been further enhanced and rebadged ready for the release of the VESSPA system. The functions are well utilised by staff.



THE YEAR AHEAD

THERE ARE MANY INITIATIVES AND OPPORTUNITIES
THAT VCS WILL BE PURSUING IN 2017/18.

FOR EXAMPLE:

1

Continued
implementation
of the revised
**2020 Strategic
Plan**

2

Acceleration of
recruitment for
the **Compass
Trial** including
national
recruitment

3

Preparing the
laboratory
equipment and
processes for
the changes in
the **screening
program**

4

Preparing staff for
the introduction of
renewed National
Cervical Screening
Register and the
**National Cancer
Screening
Register** on 1
December 2017



5

VCS Digital will be progressed in 2017/18 by releasing our IT products – canSCREEN™, canVAX™, canLAB and related support services in the commercial environment. Through the VCS Digital website and related marketing materials, we will showcase these products and gauge possible new funding streams for VCS Ltd in 2017/18 financial year.

6

Introduction of gonorrhoea testing in the laboratory

7

National Health and Medical Research Council partnership grant
'Identifying and addressing gaps in Australia's adolescent HPV vaccination program'

8

Continue our involvement in the **National Health and Medical Research Council partnership grant** 'Cervical screening participation and outcomes for Indigenous Australian women'

9

Progress VCS Ltd. as a Centre of Research Excellence in Cervical Cancer Control

SUPPORT IN RESOURCE POOR, REMOTE COMMUNITIES

CERVICAL CANCER SELF SCREENING IN REMOTE INDIGENOUS COMMUNITIES

VCS is working collaboratively with Marathon Health on the Aboriginal Women's HPV Self Sampling Trial within rural communities which is focusing on the mechanisms to implement the renewed National Cervical Screening Program, anticipated to begin on December 1st 2017 and will include a self-collection pathway for under-screened women. This program is being delivered in conjunction with Local Aboriginal Land Councils in 8 remote Western NSW communities, for which VCS provides kits and pathology.

VCS is committed to supplying testing kits and HPV testing for the remaining 6 months of the project. To date in just under 2 years 110 samples have been collected and reported. Early indications are a high level of acceptance (98%) of the self sampling screening test.

PAPUA NEW GUINEA

Free Pap smear kits and reporting services

VCS Pathology is a proud supporter of the Wantok Health Foundation in Papua New Guinea.

Research has shown that cervical cancer is the number one cancer killer among women of PNG and that they have the highest mortality rate in the South Pacific, according to data collected early in 2016 from the gynaecological ward in Kimbe which showed more than 90 % of deaths were from cervical cancer in 2015.

VCS recognises that cervical cancer is a pressing issue in PNG, and are happy to assist the Wantok Health Foundation in raising awareness through this important clinic and assist in early diagnosis of cervical cancer by providing free Pap smear kits and reporting services.

Women attending the clinic travel as far as 500km to participate and are happy to wait in long queues to have their Pap smears.

VCS Pathology is donating the analysis and reporting for Pap smears from the Wantok Health Foundation with the collection kits (slides, specula, brushes) being donated by MacFarlane Medical Equipment Pty Ltd.

Point-of-care (POC) test for high-risk human papillomavirus (hrHPV) infection

VCS Executives Marion Saville and Julia Brotherton are co-investigators on a National Health and Medical Research Council (NHMRC) funded study led by chief investigator A/Prof Andrew Vally, Faculty of Medicine, UNSW of the Kirby Institute.

This study is the first field evaluation of a novel, newly-available, easy to use, and highly accurate point-of-care (POC) test for high-risk HPV infection that will allow trained health staff to identify women at increased risk of cervical cancer and to provide same-day cervical cryotherapy for pre-cancer lesions identified on clinical examinations. VCS Pathology have processed and screened 1000 LBC slides for this study.

This research is being conducted in Papua New Guinea (PNG) and will have a potentially major impact on cervical screening in all developing countries.

Pilot work was completed in 2016, with VCS Pathology providing cytology services. The pilot results were presented at the International Papilloma Virus Conference 2017.

NEPAL

As part of our mission to support cervical screening program in low and middle income countries, VCS donated a ThinPrep (TP) 2000 Processor and start up consumables, to the Tulasimaya Memorial Cancer Relief Foundation, a not for profit and non-governmental organization registered in Kathmandu, Nepal. Their mission is to help to reduce the incidence of cancer in the Himalayas and Nepal while contributing to the well-being of the people living with cancer.

Whilst now surplus to VCS requirements, the replacement value of the TP2000 is \$35,000.

VCS donated a ThinPrep (TP) 2000 Processor and start up consumables, to the Tulasimaya Memorial Cancer Relief Foundation.



COLLABORATIVE RESEARCH

Australia is a leader in providing evidence for screening programs due to its long established cervical screening program, decision to implement primary HPV screening, and its first-in-world experience of HPV vaccination. Our existing projects and resources, and our unique capacity as an investigative team to draw from laboratory and registry data, mean that we are in a position to provide highly relevant findings for the international community. Published articles from VCS' collaborative work can be found on page 98.

The Compass trial

Compass is a large scale randomised controlled trial of 5 yearly HPV testing vs. 2½ yearly cytology based screening in Victoria being conducted by VCS Ltd in conjunction with the Cancer Council NSW. For full details of this significant study see page 17.



Victorian Under-screening Data Linkage Project

The aim of this study is to determine whether women from culturally and linguistically diverse (CALD) backgrounds and Indigenous* women are participating in cervical screening in Victoria at rates comparable to the wider population.

As the Victorian Cervical Cytology Registry (VCCR) does not currently contain complete data on Indigenous status, country of birth and preferred language, the linking of VCCR data to datasets that carried this information was required. BreastScreen Victoria (BSV) and Victorian Hospitals routinely collect this information. Thus, after various

approval processes were met, VCCR data was securely sent to the Victorian Data Linkage Unit (VDL) to be linked with BSV and Hospital data, or more specifically the Victorian Admitted Episodes and Victorian Emergency Minimum datasets.

The datasets have been linked together, de-identified and securely returned by VDL to the researchers for analysis. Results for indigenous women were presented to the Department of Health and Human Services in July 2016 and results for CALD women presented in February 2017. VCS are now supervising a PhD student who is analysing screening behaviour and participation amongst women born in countries with predominantly Muslim populations.

* 'Indigenous' respectfully refers to women who identify as Aboriginal and/or Torres Strait Islander

Julia Brotherton is an investigator on this study led by the Kirby Institute to measure the impact of the HPV vaccine program on HPV in young Indigenous women. Preliminary results were presented at the National Immunisation Conference and Inaugural World Indigenous Cancer Conference in 2016. A manuscript is currently under review.

CORE SERVICES

VCS PATHOLOGY

The Pap test has contributed to the success of the National Cervical Screening Program (NCSP) for over 25 years and has been VCS Pathology's core service throughout its 50 years of operation. Approaches to cervical cancer screening are transitioning including the use of liquid-based cytology, HPV testing, and lengthened screening intervals. From the 1st December 2017, the preeminent role of cytology will be as a secondary triage test for those who are high-risk HPV positive, in order to improve the specificity of the highly sensitive HPV test. As HPV vaccination uptake increases and new technologies are developed the core service of VCS Pathology will continue to evolve.

PAP SMEAR REPORTING AND MARKET SHARE

Pap smear market share for the financial year was 49.75%, down from 51.35% in the previous year but well above the 47%

minimum target. VCS Pathology reported a total of 287,545 cervical screening tests in 2016/2017 including 9,421 Compass tests. This was a decrease from 312,829 tests (including 27,446 Compass tests) in 2015/16. The decline in Compass tests impacted on the overall result and was due to a slow down in recruitment that occurred following the completion of the recruitment for older unvaccinated women. Work is now underway to encourage clinicians to recruit the younger vaccinated cohort and the trial will be expanded into other states.

Over the life of the organisation more than 12 million smears have been reported.

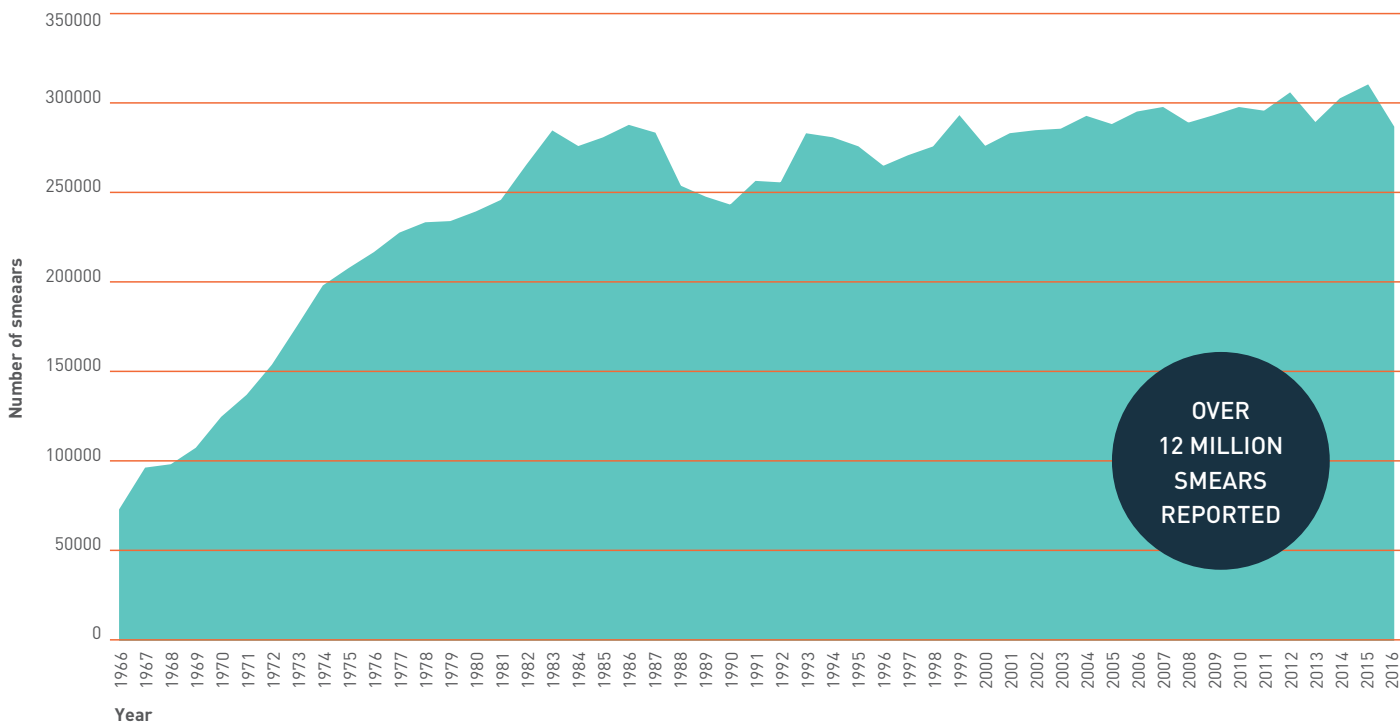
LABORATORY TEST VOLUMES AND TURN-AROUND TIMES (TAT)

VCS Pathology strives to consistently provide accurate and timely laboratory services that meet or exceed community expectations and regulatory requirements.

Our cervical screening tests form the core of our laboratory services. We also offer diagnostic services in molecular microbiology and histopathology. VCS Pathology's performance in all our laboratory testing fields during 2016/2017 was maintained at a consistently high standard, monitored against our stringent Quality Assurance measures.

The following performance indicators outline VCS Pathology's achievements in our core laboratory services for 2016/2017. As part of the VCS Ltd's quality monitoring system, internal targets have been set for test turn-around times (TAT). These targets differ depending on the type of test and performance against the targets are detailed below along with the volumes received for each test. Quality measures will be reassessed in line with the renewed NCSP and as a consequence this will be the last year of reporting turn-around times and test volumes in this format.

VCS PATHOLOGY PAP SMEAR VOLUMES BASED ON VCS ANNUAL REPORT PUBLICATIONS





OUR STAFF ARE
PASSIONATE AND
COMMITTED TO
WOMEN'S HEALTH
AND KNOW THAT WITH
EVERYTHING THEY DO
'THERE IS A WOMAN AT
THE OTHER END'

MS GRACE TAN
DIRECTOR CYTOLOGY AND HISTOLOGY



VCS PATHOLOGY

Pap Smears

During the year turnaround times for Pap smears have only just met the National Pathology Accreditation Advisory Council's (NPAAC) requirement for 90% of cases reported within 10 days of receipt in the laboratory. This turn-around time is longer than historical turnaround times have been. However, it is in line with the current turnaround times in the pathology industry generally in Victoria and around Australia, following the delays in the commencement of the renewed NCSP.

Impact of delay to Renewal

The delay to the renewed NCSP from May to December 2017 has meant that all laboratories around Australia have encountered difficulty in retaining cytology scientists and our capacity to report smears has been challenged.

In the last financial year 13 of our cytology scientists left the service. These positions were not replaced in anticipation of the May launch of the new screening program and have since been difficult to replace.

National Pathology Accreditation Advisory Council increases turn around time to 20 days

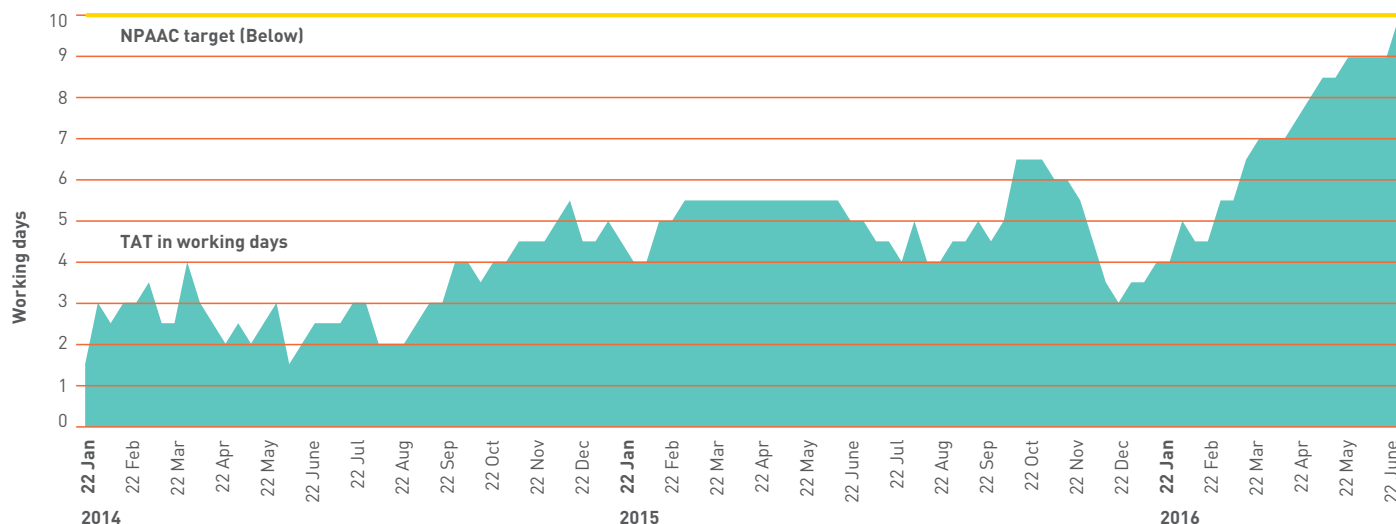
In June 2017 the National Pathology Accreditation Advisory Council released the "Requirements For Gynaecological (Cervical) Cytology" which stated that – "Ninety (90) per cent of cervical cytology specimens should be reported within twenty (20) working days of their receipt by the laboratory." VCS will continue to use the previous maximum of 10 working days as our internal target for all tests to meet the expectations of clinicians.

Liquid based cytology offered instead of Pap smears

From 1st May 2017 to the 30th November 2017, liquid based cytology (LBC) testing was added to the Medicare schedule so it could be offered as an alternative to Pap smears. LBC tests can be processed with less staff and at higher volumes, assisting the turn around time of reporting to clinicians. As at the end of June the proportion of incoming LBC samples was 60% to 40% conventional Pap smears.

VCS Pathology continues to commit resources to reporting gynaecological cytology tests to the highest possible quality and within this context will aim to minimise delays to turnaround time.

PAP SMEAR TURNAROUND TIME AGAINST NPACC TARGET



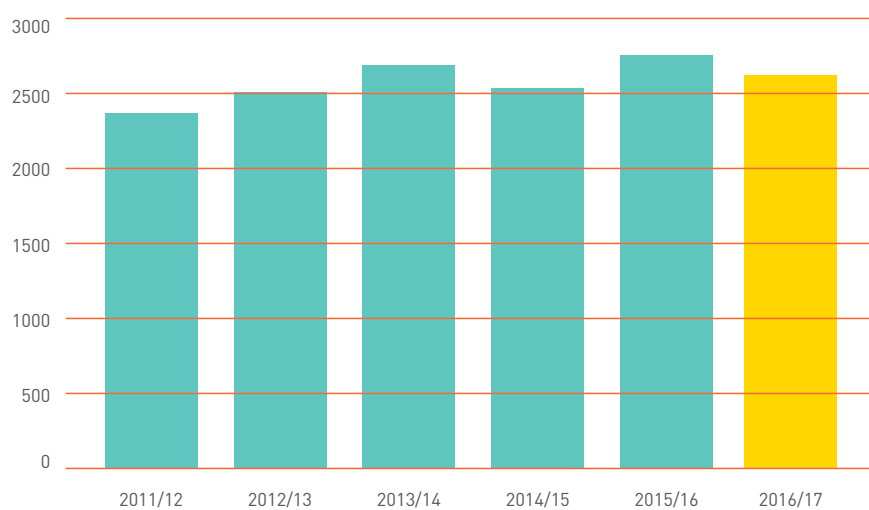
Histology

Histology volumes of 2,628 cases reported for the year showed a slight decrease from 2,741 cases in 2015/2016. The increased volumes in 2015/2016 included the introduction and processing of bowel biopsies, this has now ceased and the focus has returned to gynaecological biopsies.

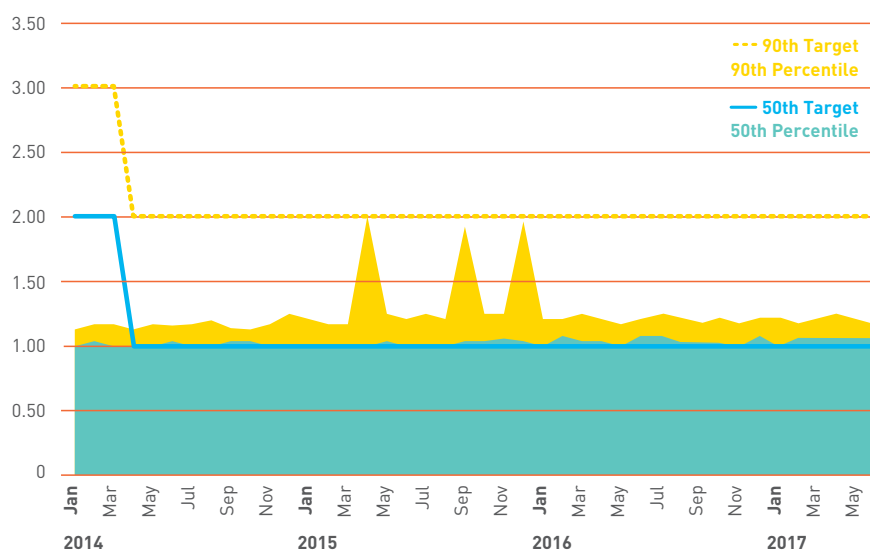
Histology Turn-around Times (TAT) against Targets

An internal target has been set for histology specimens received in the laboratory to be processed and reported within 24 hours of receipt (50th percentile of cases) and the more complex cases reported within 48 hours of receipt (90th percentile of cases). These targets were reduced in April 2014, as they were being consistently met, particularly following the introduction of in-house immunohistochemistry staining.

HISTOLOGY VOLUMES



HISTOLOGY INTERNAL TURNAROUND TIME





AUSTRALIA'S ADOPTION OF HPV-BASED
CERVICAL SCREENING HAS PROVIDED
VCS WITH AN OPPORTUNITY TO BE A
WORLD LEADER IN BOTH RESEARCH
AND REAL-WORLD APPLICATIONS OF
THESE TECHNOLOGIES

DR DAVID HAWKES
DIRECTOR MOLECULAR BIOLOGY AND BIOCHEMISTRY

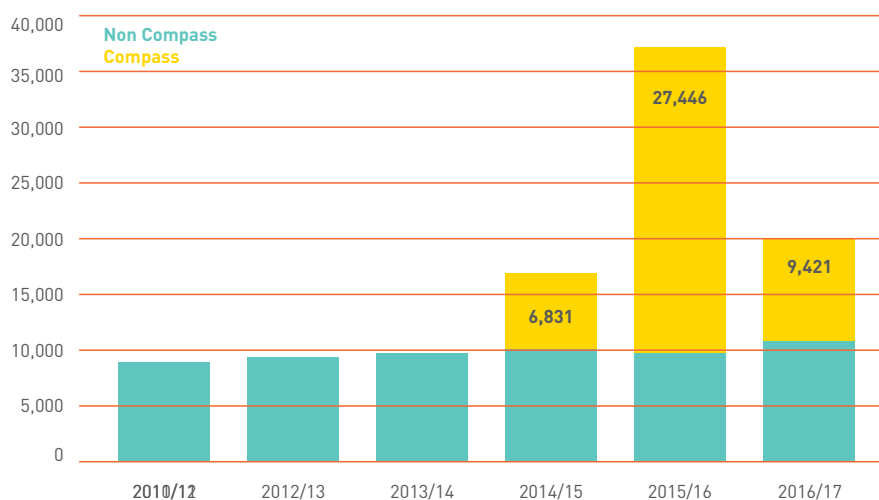


VCS PATHOLOGY

HPV Volumes

Core HPV test numbers have increased by over 10%, however, the HPV tests attributable to the Compass trial have decreased since the completion of recruitment in the older unvaccinated cohort in March 2016, and the trial now only targeting younger vaccinated women. The total number of tests reported for 2016/2017 was 19,611 compared to 37,259 the previous year. Expansion of the Compass trial into states other than Victoria and the commencement of the renewed National Cervical Screening Program will see a significant increase in these numbers in 2017/18.

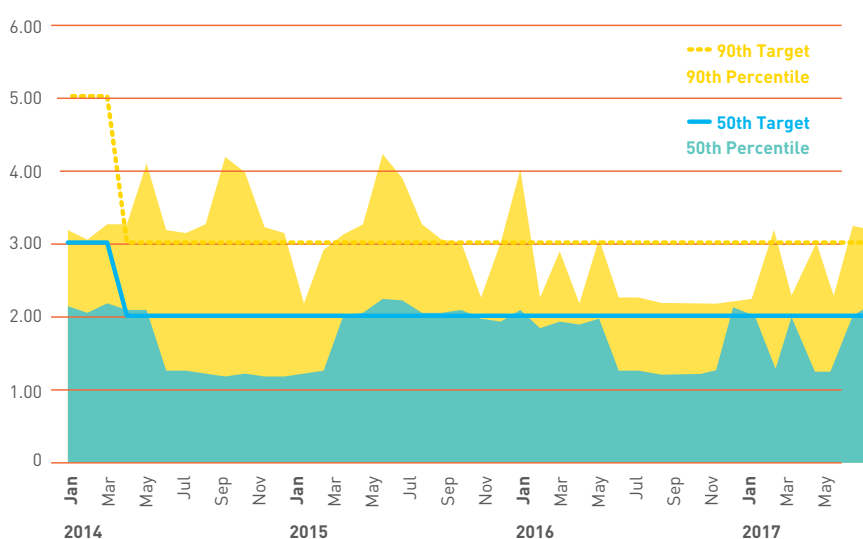
HPV TESTING VOLUMES



HPV Turn-around Times against Targets

The previous internal target for HPV turn-around time from receipt in the laboratory to validation was that 90% of cases should be reported within 5 days. As the target was consistently being met the targets for both the 50th and 90th Percentile were reduced commencing in April 2014. This graph does not include the 9,421 HPV tests from the Compass trial. The turn around time for the 10,850 HPV cases reported in accordance with the National Cervical Screening Program were largely in line with targets for the year.

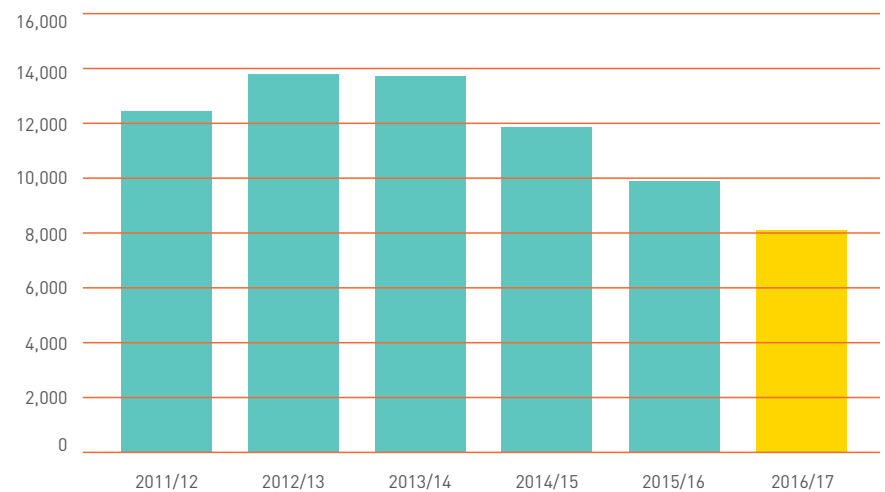
HPV INTERNAL TURNAROUND TIME



Chlamydia Volumes

Chlamydia testing has declined slightly, with a total of 8,055 tests reported in 2016/17 compared to 9,861 in the previous year. Chlamydia testing across Victoria has increased however the reliance of VCS on our Liaison Physicians to promote this test to our referrers has seen test numbers for the laboratory decline due to competing priorities. The liaison physicians' current focus has been on educating Health providers about the Compass Trial and the renewal of the National Cervical Screening Program. This will be addressed in our marketing strategy going forward which will also include the introduction of gonorrhoea testing.

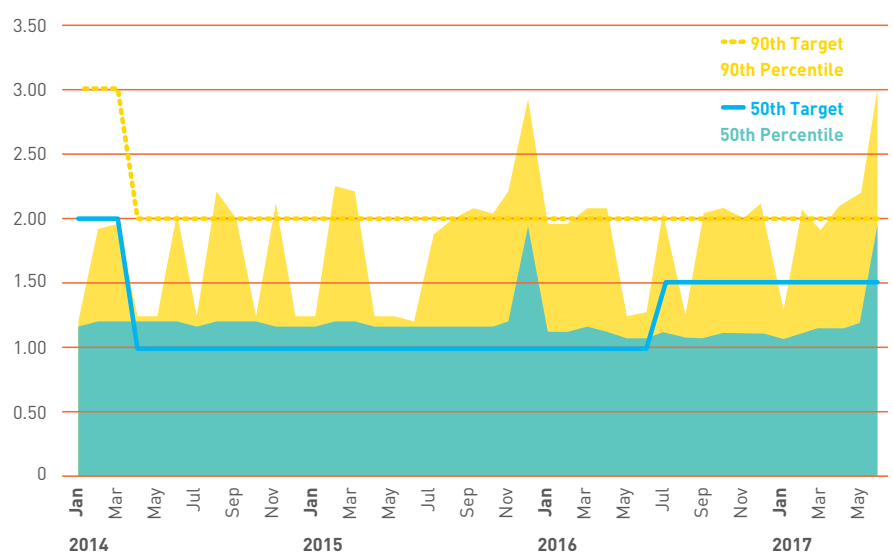
CHLAMYDIA TEST VOLUMES



Chlamydia Turn-around Times against targets

In 2014, the internal turn-around time target for chlamydia reporting was reduced from <3 days to <2 days from receipt in the laboratory to validation for the 90th percentile, as the target was being consistently met. The spikes seen relate to only a small number of samples and the variation is minimal (less than one day). This measure has shown improvement in 2016 due to the increased capacity to run Chlamydia tests since the Compass recruitment of the unvaccinated cohort was fulfilled, reducing the number of HPV tests (Chlamydia is run on the same instrument). The spike seen in June 2017 was a result of an internal billing error that did not affect the reports being delivered on time. The issue has since been rectified and the targets are being met.

CHLAMYDIA INTERNAL TURNAROUND TIME





THE REGISTRY SERVICES WE PROVIDE, AND THE INFORMATION WE HOLD, HAVE BEEN KEY TO IMPROVING HEALTH OUTCOMES IN OUR COMMUNITIES FOR MANY YEARS. OUR DATA, KNOWLEDGE AND EXPERTISE, HAVE BEEN INVALUABLE IN MONITORING AND IMPROVING THE PUBLIC HEALTH PROGRAMS WE SUPPORT. AS WE ENTER A NEW ERA, I LOOK FORWARD TO DIVERSIFYING OUR REGISTRY SERVICES AND IN SO DOING CONTINUING OUR CONTRIBUTIONS TO PUBLIC HEALTH

MS GENEVIEVE CHAPPELL
DIRECTOR - REGISTRY OPERATIONS

VCCR AND ITS IMPACT ON CERVICAL SCREENING

Over the last two decades VCCR has sent more than six million reminder letters to women.

REMINDER SYSTEM

In the 2016 calendar year, VCCR sent a total of 432,408 reminder letters to women overdue for a cervical screening test, including 300,893 first reminders and 131,515 second reminder letters. Figure 1 below shows the numbers of first and second reminder letters sent to women overdue for a cervical screening test over time, with more than a quarter of a million letters being sent to Victorian women each year and close to 100,000 letters each year to South Australian women since VCCR commenced the operations of the SA Cervix Registry in 2014. Over the last two decades VCCR has sent more than six million reminder letters to women.

Between June and December of 2011, the VCCR conducted a trial of the effectiveness of a second reminder letter to overdue women. An evaluation with the Victorian Department of Health and Human Services showed that a second reminder letter was effective in encouraging overdue women to have a cervical screening test, and this is now an ongoing strategy as part of follow-up conducted by the VCCR.

VCCR SUPPORTING THE CERVICAL SCREENING PROGRAM IN REDUCING THE INCIDENCE AND MORTALITY OF CERVICAL CANCER IN VICTORIAN WOMEN.

The aim of the cervical screening program is to reduce the incidence of and mortality from cervical cancer. Data on cancer incidence and mortality are collected by the Victorian Cancer Registry and notifications are compulsory from laboratories, hospitals and the Victorian Cervical Cytology Registry (VCCR).

The VCCR was established in 1989 and the Cervical Screening Program was implemented in 1991. Figure 2 shows the incidence and mortality age-standardised rates of cervical cancer in Victoria for the last two decades up to 2015 (latest data available).¹ The figure shows that, from the mid-1990s, there has been a considerable decline in the rate of cervical cancer incidence. This demonstrates the success of cervical screening in Victoria and the VCCR in conducting its primary functions of protecting women from cervical cancer. Since the year 2000, the incidence rate of cervical cancer for Victorian women has been around 4-5 per 100,000 women screened.

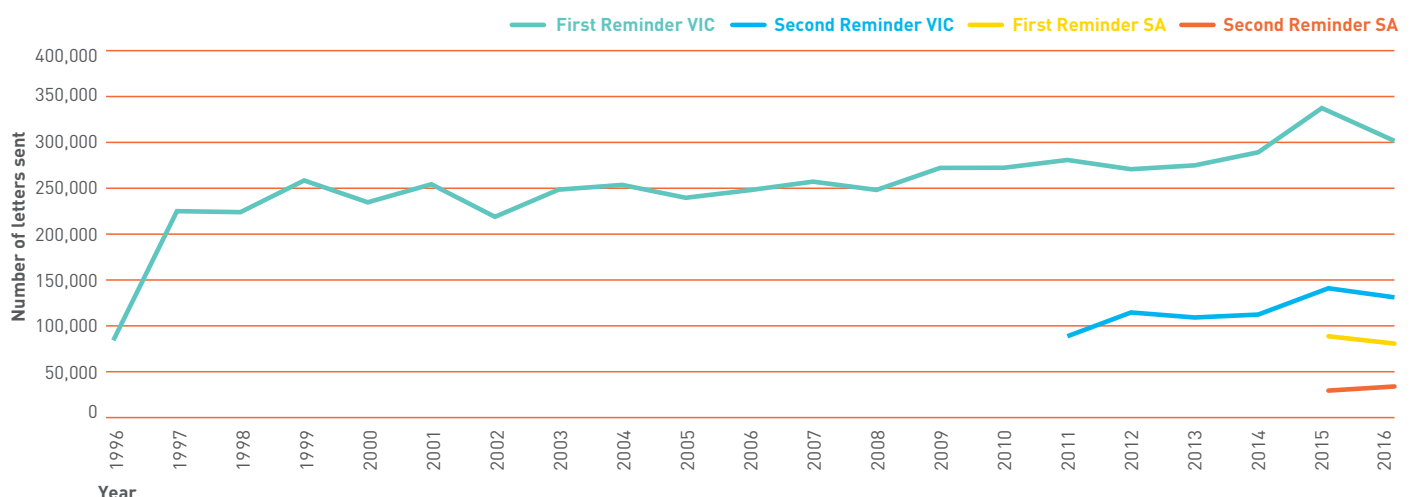
The mortality from cervical cancer in Victoria has declined gradually over time and, since 2002, has been around one per 100,000 women, which is among the lowest in the world.² Again this demonstrates positive outcomes for the cervical screening program within Victoria and for the VCCR. The dramatic falls in incidence and associated mortality in the 1990s followed the introduction of the National Cervical Screening Program.

There is great optimism that the National HPV Vaccination Program and the renewed National Cervical Screening Program will build on these longstanding successes to produce further reductions in the incidence of and mortality from cervical cancer.

1 Thursfield V, Farrugia H. *Cancer in Victoria: Statistics & Trends 2015*. Cancer Council Victoria, Melbourne 2016. Figures presented here vary slightly from those in the previous published report due to availability of updated information.

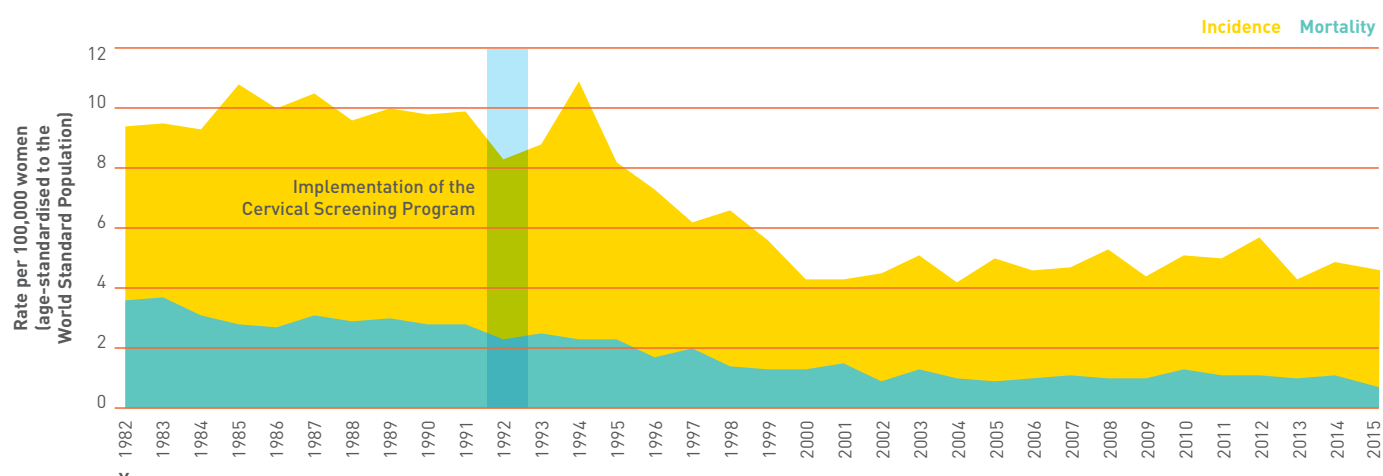
2 GLOBOCAN 2012: *Estimated Cancer Incidence, Mortality and Prevalence Worldwide in 2012*, online analysis. <http://globocan.iarc.fr/Pages/online.aspx>, viewed 28 October 2014.

FIGURE 1
NUMBER OF REMINDER LETTERS SENT BY THE VICTORIAN CERVICAL CYTOLOGY REGISTER, 1996–2016



VCCR AND ITS IMPACT ON CERVICAL SCREENING

FIGURE 2
INCIDENCE AND MORTALITY – ALL INVASIVE CARCINOMA OF CERVIX, VICTORIA 1982-2015



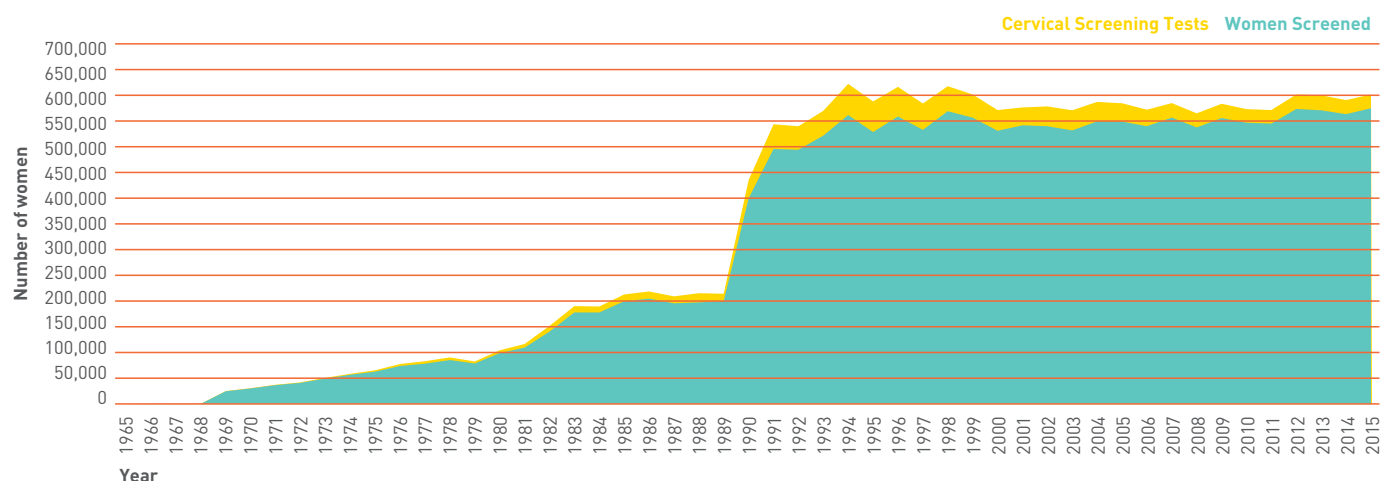
NUMBER OF CERVICAL SCREENING TESTS AND WOMEN SCREENED OVER TIME

The VCCR supports the cervical screening program by providing systems and services to support and manage large volumes of women and their cervical

screening test information and data in a way that is beneficial for associated clinics and laboratories, and which facilitates the requirements of the screening program. In the 2015 calendar year, VCCR registered 602,505 cervical screening tests, representing over 575,574 women.

Since the introduction of an organised Cervical Screening Program in 1991, the numbers of cervical screening test records and women screened has increased significantly. Figure 3 shows the number of tests and women screened in Victoria by year as recorded on the VCCR.

FIGURE 3
NUMBER OF CERVICAL SCREENING TEST EPISODE RECORDS AND NUMBER OF WOMEN SCREENED AS RECORDED ON THE VCCR, 1965-2015



These data produced by the VCCR are important to assess the impact on high-grade abnormalities in women in the screened population, and have resulted in world-first international publications in the scientific literature.

THE CERVICAL SCREENING RATE IN VICTORIA COMPARED TO THE NATIONAL AVERAGE

Data prepared by the Australian Institute of Health and Welfare³ on the estimated two-year participation rate of women in the cervical screening program over time are shown. The estimated two-year participation rate for Victoria (Figure 4) can be compared to the Australian average. These data show that the screening rate for Victorian women is consistently higher than the national average over time, and that a decline in overall participation by women in the program over time is observed in both national and Victorian data. The renewal of the program provides an important opportunity to optimise participation in the program through re-engaging women. Access by under and never screened women to the option of self-sampling may be critical to reach some women, as demonstrated by our findings in the iPap study and pilot study of self sampling in Victoria.

REDUCED HIGH-GRADE CERVICAL DISEASE IN YOUNG WOMEN OVER TIME

One of the indicators used for monitoring the effectiveness of the Cervical Screening Program is the measure of the high-grade detection rate in screened women. In addition to Pap test records, the VCCR also records all histopathology records related to the cervix, including those where a high-grade abnormality is detected. The high-grade rate per 1,000 screened women in Victoria is shown, by single year and age group. Figure 5 illustrates that the high-grade detection rate for younger women (<20 years, 20-24 years and 25-29 years) has declined noticeably since the implementation of the HPV vaccine in young women in 2007. This reflects lower rates of infection in the population with the cancer-causing HPV types covered by the vaccine and less associated high-grade disease.

FIGURE 4

ESTIMATED TWO-YEAR PARTICIPATION RATE % OF WOMEN IN THE CERVICAL SCREENING PROGRAM, VICTORIA COMPARED TO AUSTRALIAN AVERAGE 1996-1997 TO 2013-2015

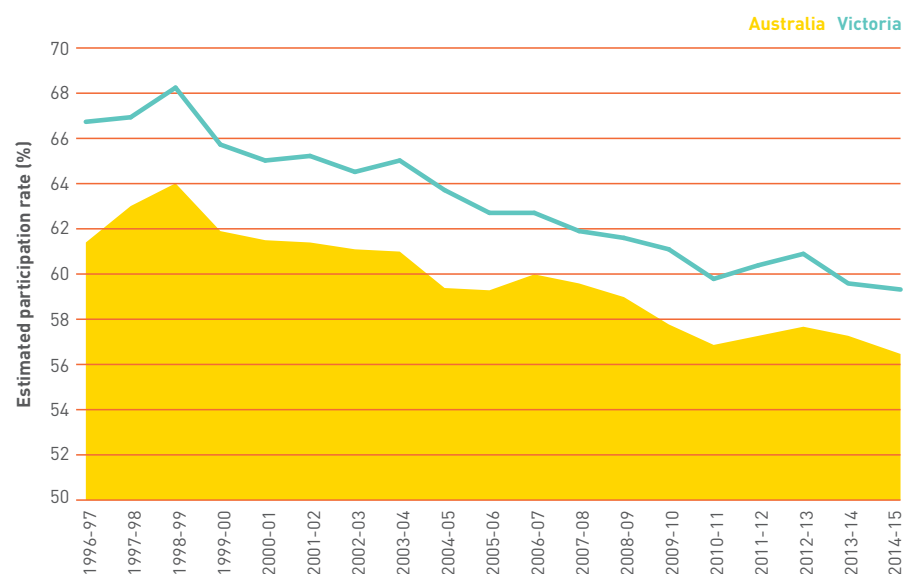
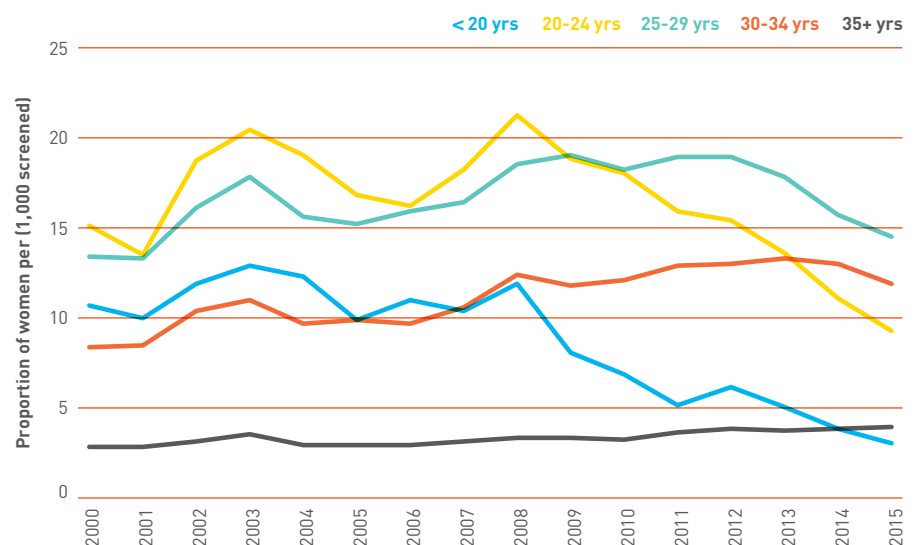


FIGURE 5

THE HIGH-GRADE DETECTION RATE PER 1,000 WOMEN SCREENED BY AGE, 2000-2015



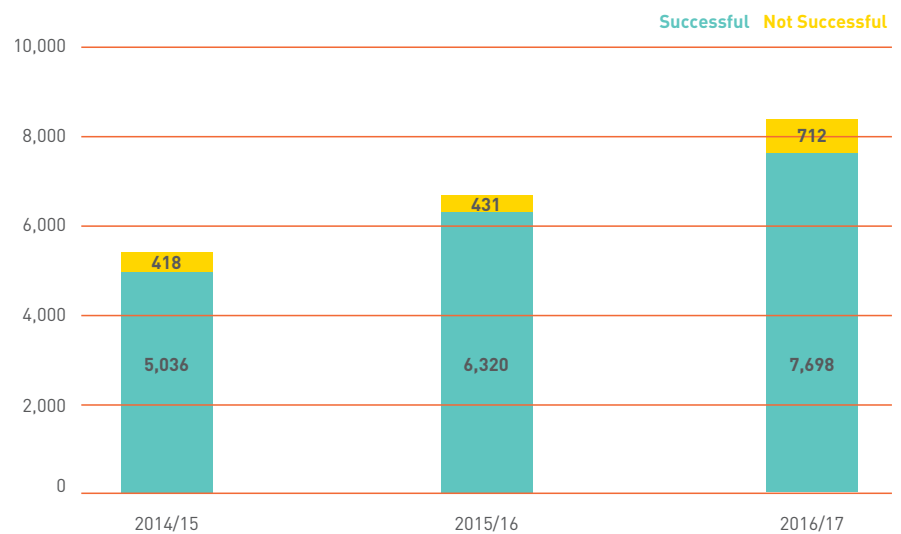
3 Cervical screening in Australia 2014-2015, supplementary tables, Indicator 1 Participation. Available at: <http://www.aihw.gov.au/publication-detail/?id=60129559631>

NATIONAL BOWEL CANCER SCREENING PROGRAM FOLLOW UP PROGRAM

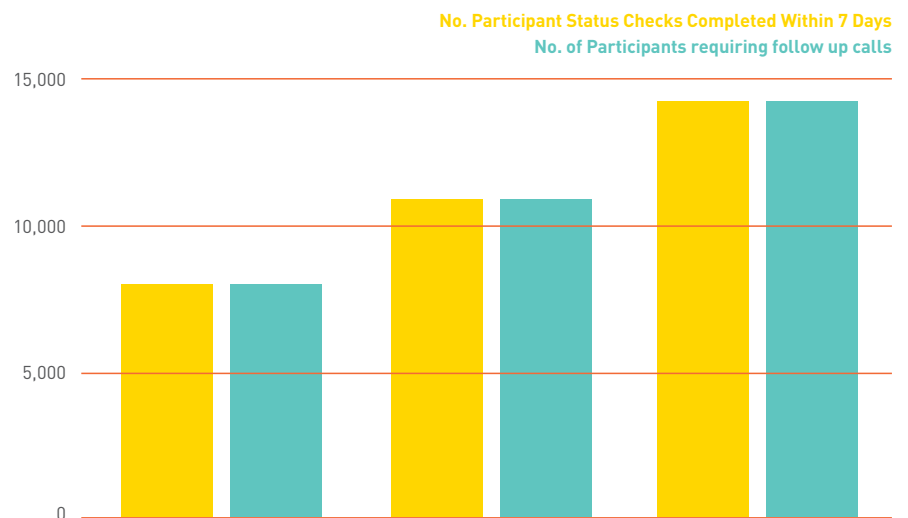
An important component of the National Bowel Cancer Screening Program (NBCSP) is the follow-up of participants with a positive FOBT result. PFUF occurs in conjunction with the NBCSP register's safety net reminder letters to ensure that participants with a positive FOBT who have apparently not yet visited a healthcare professional or undertaken an assessment colonoscopy, progress along the screening pathway and receive the appropriate recommended care.

Since 2013 VCCR has provided a vital support for the progression of Victorian participants through the NBCSP pathway. In 2016/17, of the 15,395 participants listed, 8,410 had not taken action on letters that they had received from the NBCSP recommending further investigation/treatment and as consequence required follow up. Of these 7,698 were contacted by the PFUF team and 712 were unable to be contacted after 3 attempts.

PARTICIPANTS CONTACTED - NATIONAL BOWEL CANCER SCREENING PROGRAM



PARTICIPANT FOLLOW UP - NATIONAL BOWEL CANCER SCREENING PROGRAM



NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION REGISTER

To 30 June 2017, NHVPR received notification of over 994,099 HPV vaccination doses for the 2016-2017 financial year, bringing the number of notifications received by the register over its ten years of operation to over 9 million.

In the 2016 calendar year, 274,295 completion statements were sent to those vaccine recipients who had completed the course (all 3 doses) and 26,689 history statements and reminder letters were sent to males and females who remain recorded as incompletely vaccinated. Our national register for HPV vaccines remains the envy of many countries as we demonstrate its utility in supporting the program, documenting vaccine coverage and playing a pivotal role in evaluations of vaccine effectiveness.

NATIONAL HPV 3 DOSE VACCINATION COVERAGE

Figures 1 and 2 show increased national vaccination coverage with three doses of human papillomavirus vaccine for adolescents turning 15 years of age by year for each state and territory, as at 30th June 2017. Vaccination will have been provided in the preceding years (varying slightly by state and territory due to varying age of high school commencement) and this measure provides the cumulative coverage achieved by age 15 for each cohort. Coverage data for males is only available from 2013 when they were first included in the NHVPR program routinely at age 12-13, with a catch up program for males aged 14-15 years delivered in 2013 and 2014.

“If Australia continued its high vaccine take-up rate and screening cervical cancers could one day be almost eliminated”



Provision of HPV vaccination coverage data is a major function of the register in order to inform and evaluate the vaccination program



FOR OVER 25 YEARS, VCS REGISTRIES HAS EARNED A REPUTATION FOR EXCELLENCE. I SEE THIS IN THE ATTITUDE AND ATTENTION TO DETAIL OF OUR STAFF EVERY DAY. I AM PROUD OF OUR ABILITY TO ADAPT TO CHANGE AND WE LOOK FORWARD TO SUPPORTING EVEN MORE EFFECTIVE CANCER PREVENTION STRATEGIES IN FUTURE, AS WE MOVE TO HPV BASED SCREENING AND, FROM 2018, THE NINE-VALENT HPV VACCINE.

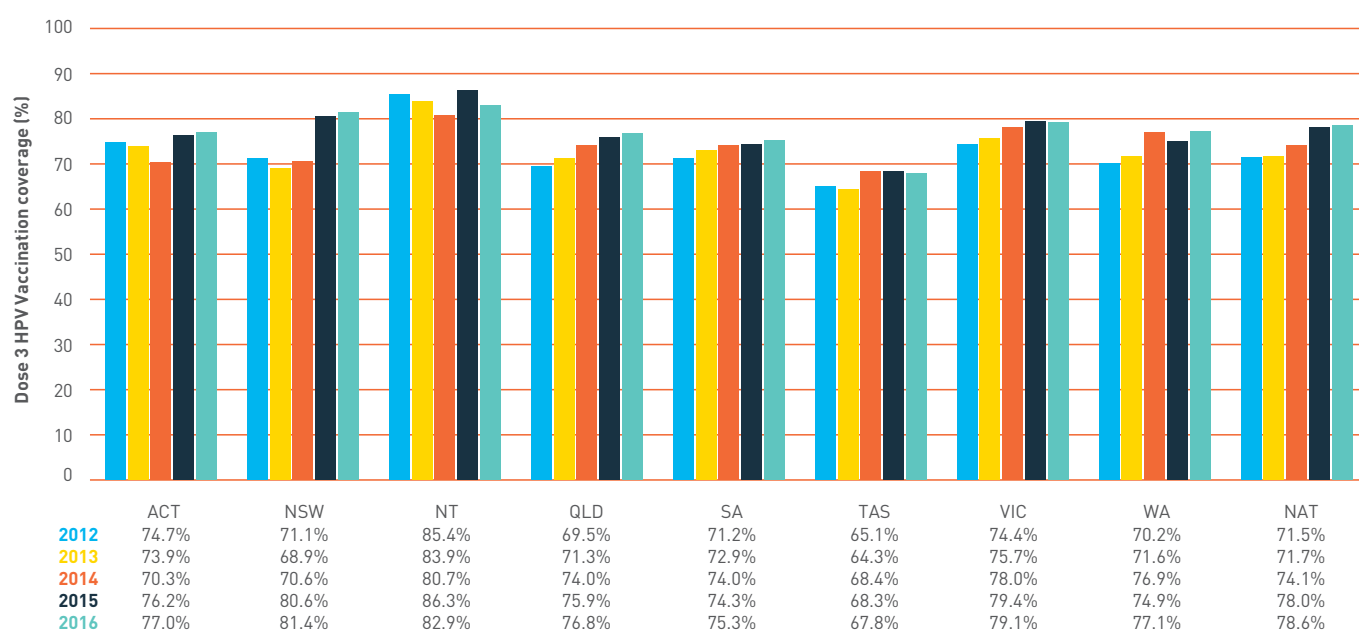
A/PROF JULIA BROTHERTON
MEDICAL DIRECTOR



NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION REGISTER

FIGURE 1

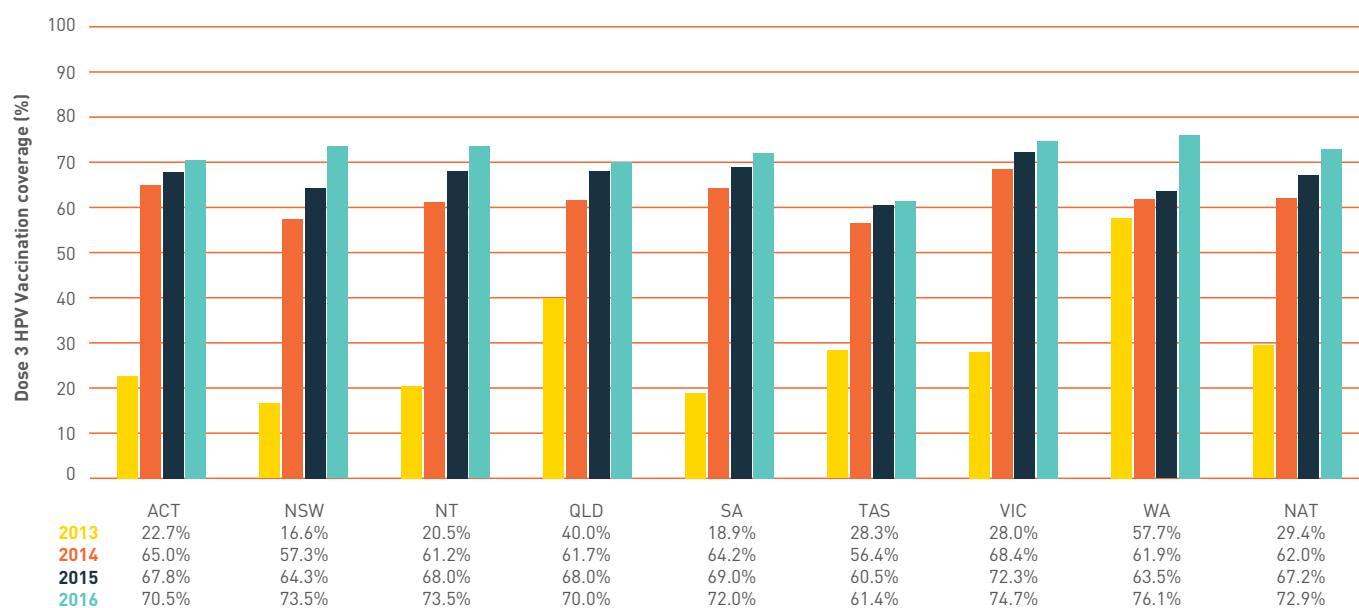
NATIONAL (AUSTRALIA) HPV 3 DOSE VACCINATION COVERAGE AS AT 30 JUNE 2017, FOR ALL FEMALES TURNING 15 YEARS, 2012-2016



* In some States those aged 12-13 in 2014 are not eligible for vaccination until 2015. Notification of 2015 doses to the Register is in progress.

FIGURE 2

NATIONAL (AUSTRALIA) HPV 3 DOSE VACCINATION COVERAGE AS AT 30 JUNE 2017, FOR ALL MALES TURNING 15 YEARS, 2013-2016



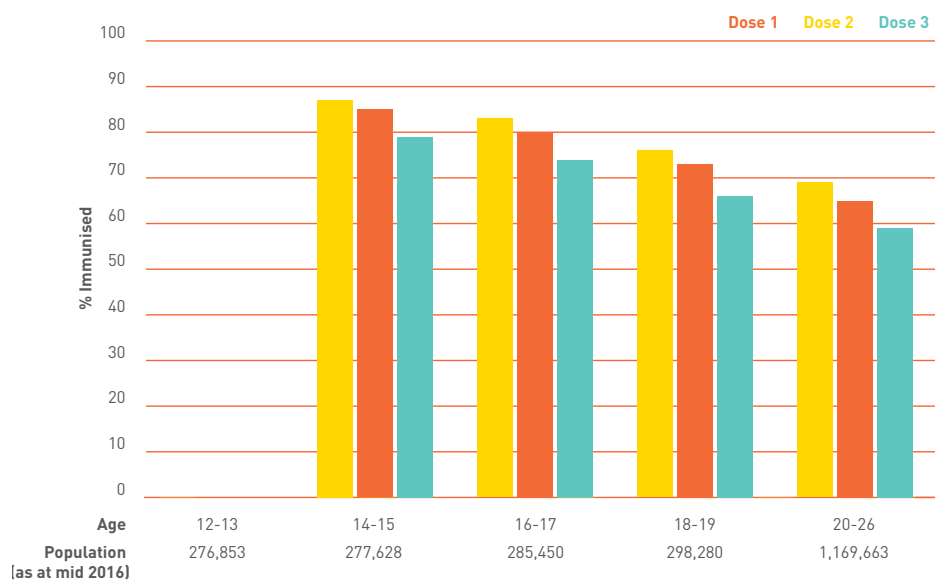
* In some States those aged 12-13 in 2014 are not eligible for vaccination until 2015. Notification of 2015 doses to the Register is in progress.

NATIONAL HPV 3 DOSE VACCINATION COVERAGE BY DOSE NUMBER

Figures 3 and 4 show national HPV vaccination coverage by dose number (1, 2 or 3) and age group (12-13, 14-15, 16-17, 18-19, 20-26 years) for females and males for the specified year. Coverage data for males are only available from 2013 when they were first included in the NHVPR program routinely at age 12-13, with a catch up program for males aged 14-15 years delivered in 2013 and 2014.

FIGURE 3

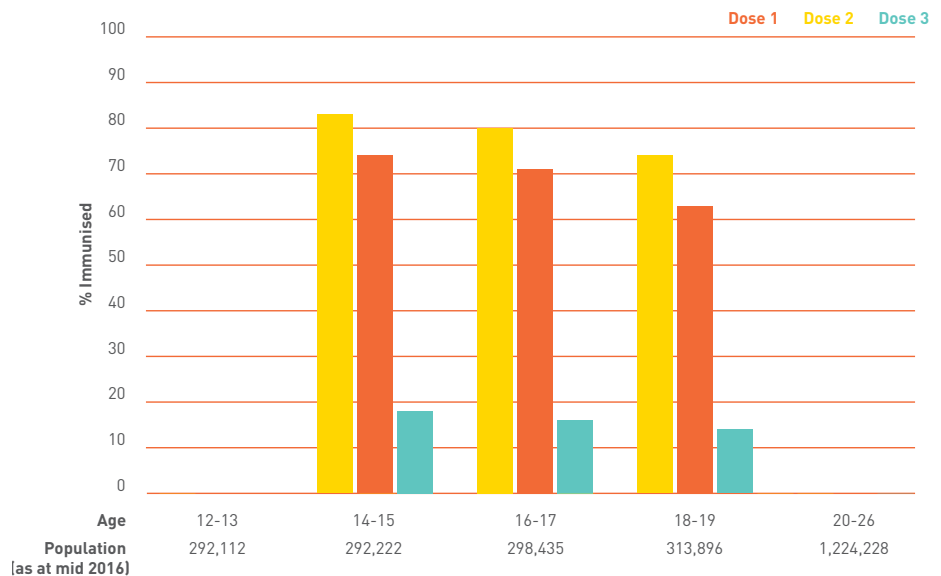
HPV VACCINATION COVERAGE BY DOSE NUMBER, FEMALES VACCINATED AS AT 30 JUNE 2017, AUSTRALIA



* In some States those aged 12-13 in 2016 are not eligible for vaccination until 2017. Notification of 2017 doses to the Register is in progress.

FIGURE 4

HPV VACCINATION COVERAGE BY DOSE NUMBER, MALES VACCINATED AS AT 30 JUNE 2017, AUSTRALIA



* In some States those aged 12-13 in 2016 are not eligible for vaccination until 2017. Notification of 2017 doses to the Register is in progress.

OUR PEOPLE

WORKFORCE DATA

VCS aims to attract, retain and develop talented and committed employees. As at 30 June, 2017, 218 people were employed in a variety of managerial, professional, technical and operational roles. This figure includes permanent, temporary and casual employees, of which 131 are full time, 60 part time and 27 casual positions.

Training & Career Development

VCS cares about the people in this organisation who contribute to our Vision. We place great emphasis on enabling employees to be their best and to give their best. Therefore we provide unique opportunities for employees' in continued education and training.

Employees are encouraged to fully develop their potential through the provision of opportunities to attain nationally recognised qualifications, train in a broad range of industry related areas and mentorship from senior employees. To bolster our commitment to training and development, during the year we have launched the new online employee appraisal system VESSPA providing employees with the knowledge to support their own ongoing career management and development.

In addition, we provide opportunities to participate in cross functional projects, which provides a number of employees with the opportunity to learn new skills and advance their careers.

We recognise that the availability of professional development opportunities significantly enhances employee engagement and retention, and provides appropriate talent pools for management succession planning.

Performance Appraisal System (VESSPA)

As part of our strategy to ensure the growth and development of our employees, we have now replaced the manual performance appraisal process and implemented the new online employee appraisal system, VESSPA.

VESSPA is contemporary appraisal system that will enhance consistency and drive excellence by facilitating the alignment of individual's performance, behaviours and efforts to the VCS Strategic Plan. A further benefit of the VESSPA on-line appraisal performance system is that it provides easy access and retrieval of performance appraisals for both managers and employees, encouraging collaboration in the development of individual learning and development action plans.

As part of the VESSPA roll-out, HR conducted training sessions for all levels of management and general employees' which provided an overview of the new on-line system.

Workplace Gender Report

Our organisation values the importance of providing all employees with the same rewards, resources and opportunities regardless of gender. VCS received written confirmation from the Workplace Gender Equality Agency of compliance with the Workplace Gender Equality Act 2012.

As an organisation, we are dedicated to giving men and women the same chance to succeed and ensuring equal opportunities throughout careers. We recognise VCS has a long established history inclusive of a strong female workforce, which has remained steady within the last decade. Currently, the VCS workforce is comprised of 78% female employees and 22% male employees.

Our management staff is comprised of 84% female managers and 16% male managers with 60% of the VCS Directors female staff and 40% male.

VCS supports the vision to eliminate discrimination on the basis of gender in the workplace and will continue to promote and proactively work towards this goal.

Workforce Diversity

VCS is an Equal Opportunity employer and is committed to providing a work environment which embraces diversity and inclusive culture while being free of harassment or discrimination.

Within this context, we reinforce the sensitivity and awareness of different cultures, abilities and needs through our robust Equal Opportunity policy in conjunction with our employees' regularly receiving Equal Opportunity training

Young People

VCS proudly supports and advocates the development of future industry leaders by providing work experience placements for secondary and tertiary students. Work placements are vital to ensuring young people are equipped with the capabilities that will enable them to thrive and promotes engagement in the goal of protecting Australians from the impact of cancer through screening. VCS believes bridging the gap between academic and vocational experience proactively develops skills, knowledge and motivation and considers it a valuable investment in the continuance of industry excellence.

During 2016/17 in the Cytology and Histology areas, we have had four sixteen week placement students completing the RMIT Masters of Laboratory Medicine degree and two forty week placement students completing the RMIT Bachelor of Biomedical Science degree.



VCS supports the vision to eliminate discrimination on the basis of gender in the workplace and will continue to promote and proactively work towards this goal.



'We are a workplace that values employees and we strive to provide them with the training and educational opportunities to develop broad based skill sets relevant to the industry'

SALLY WILSON
HR MANAGER

STAFF PROFILES

SHEREE HOLT

SENIOR SUPERVISOR
SHARED SERVICES VCS PATHOLOGY



I love working in the healthcare environment and working with a team. I like to plan and implement changes seeing them through to completion and to see a successful implementation of work processes that have good outcomes and improve quality.

My work at VCS commenced in May 2008 as the Senior Clerical Supervisor in VCS Pathology overseeing the daily operations of the Clerical and Courier departments in a supervisory capacity.

This role provided the opportunity to strengthen and broaden my skills and I was particularly interested in the fact that VCS specifically focused on one area of pathology; cytology.

Before VCS I worked in a private nursing home which gave me my first exposure to the Healthcare industry. I then moved into pathology, working my way through a variety of administrative roles which led into a role in pre-analytical testing for a customised IT system. This then progressed to the role of Data Entry Supervisor.

My employment at VCS has diversified and broadened my range of skills allowing me to look closer at the workflow impacts between different departments and try to harmonise the goals within each area to benefit the next. The opportunities at VCS have been many. The standout opportunity included multiple systems testing and contributing to the largest clinical trial in Australia, Compass.

My role has changed over time particularly the areas of supervision; the most recent of these was to include the Courier department. I have also been involved in UAT testing for CIS related renewal changes.

With the support of VCS I embarked on further education, first with a Diploma in Management in 2013. I have recently completed my first year of a Bachelor of Health Science majoring in Health Information Management. VCS has been extremely supportive of my tertiary education and ideally the skills that I obtain through this degree I hope to utilise in some capacity at VCS.

VCS has provided me with the opportunity to work with a talented group of people and continue to learn a great deal about women's health.

ELIZABETH AQUINO PEREZ

HEALTH INFORMATION
MANAGER
DATA AND REPORTING
VCS REGISTRIES



Joining VCS is one of the most enriching experiences I've ever had from both a professional and a personal perspective. It has been very rewarding and has taken me very far – literally! I am from Mexico City and I moved to Melbourne – some 14,000 kilometres away.

I started work at VCS in October 2016 as a Health Information Manager (HIM), a position that would enable me to apply my analytical skills with the knowledge that my work outcomes would have a positive impact on the lives of women.

I have a background as an actuary with more than eight years of analytical experience and skills that can be applied across a wide spectrum of businesses. In Mexico I became passionate about the healthcare field after working for the Central Bank of Mexico in development and design of a new Business Intelligence tool and executive dashboard that graphically demonstrated the trends of the healthcare plan indicators to enable real time decisions to be made. I then worked for the U.S. Embassy in Mexico City, in their Human Resources section and then in their International Narcotics and Law Enforcement Affairs section as a Programs Manager an experience that let me expand my bilingual skills.

After moving to Australia I once again sought work in the healthcare field again because it has always been my desire to get involved in something that makes a difference and that I am passionate about, which is numbers. Not just to provide “the numbers” but provide the context– the story behind the numbers.

In my time at VCS I have accomplished a great deal professionally. I'm very grateful to have the opportunity to work with so many talented people in a collegial atmosphere and in such a gorgeous city like Melbourne – right next to the MCG! Life took me on a path that I was looking for, but I could never have planned it more perfectly than it's been. I hope to have an opportunity to work for VCS for many years to come.

HO TING MARCO KEUNG

LABORATORY TECHNICIAN
VCS PATHOLOGY

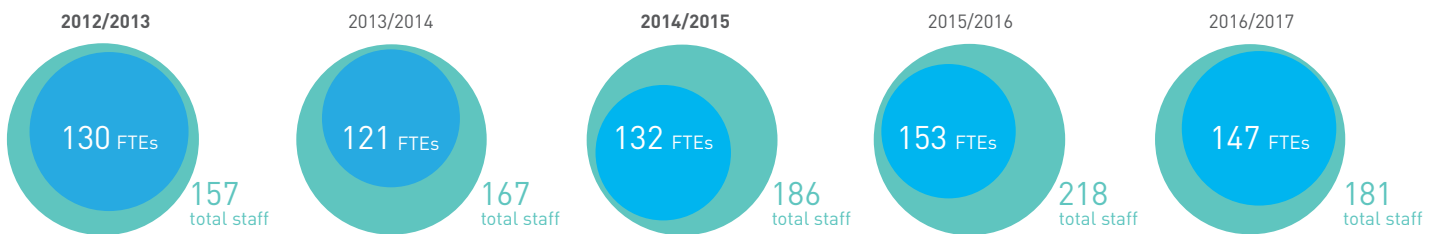


Since my high school years in Hong Kong, I have always been interested in science. I completed the Bachelor of Human Nutrition at University of Canberra (UC) in 2011. After my undergraduate studies, I shifted my interest into laboratory medicine and completed the Graduate Diploma in Diagnostic Pathology at UC. I then joined the microbiology lab at the Canberra hospital for a few months to gain work experience. This intrigued me to study further to expand my knowledge. I enrolled into the Master of Laboratory Medicine at RMIT University in 2014. As part of my university studies, I was fortunate to be allocated a placement at VCS Pathology as a student. I spent 14 weeks working in the molecular biology department. This placement had provided me valuable experience in a diagnostic laboratory. Fortunately, I was offered a laboratory technician position at the end of my placement. In this role, I assist scientists to perform diagnostic tests on HPV and Chlamydia samples. In addition, I am involved in the cyto-prep laboratory to expand my skill sets further.

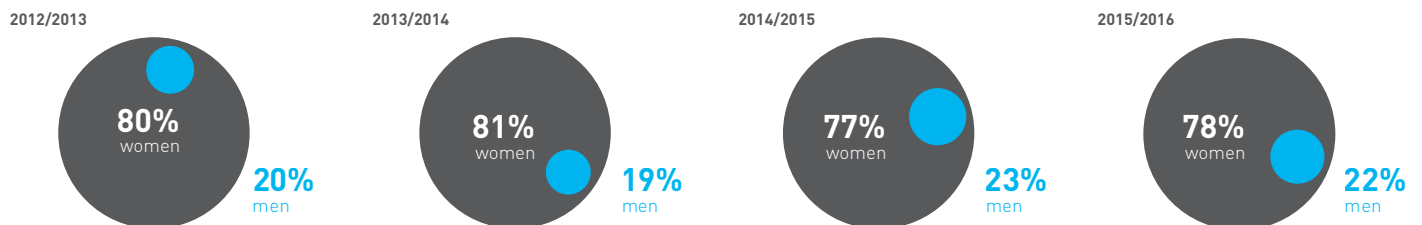
Since commencing at VCS, I have been provided opportunities to be trained on various new instruments (e.g. Cobas 6800 & Cepheid Infinity 80) for HPV and Chlamydia testing. Also, I have been involved in the process of verifying these instruments for routine diagnostic tests, which scientific research projects related to HPV and Chlamydia testing have been conducted on. I have been fortunate to be involved in the research projects. It has been an enjoyable experience to work at VCS and I am looking forward to my future with the roll-out of new cervical cancer screening program.

THE VCS WORKFORCE

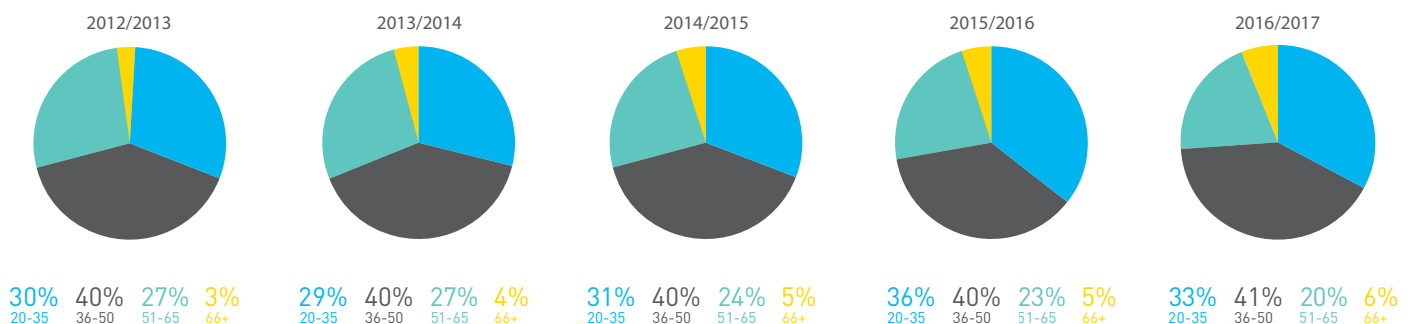
TOTAL WORKFORCE FULL TIME EQUIVALENTS (FTE) (INCLUDING CASUALS)



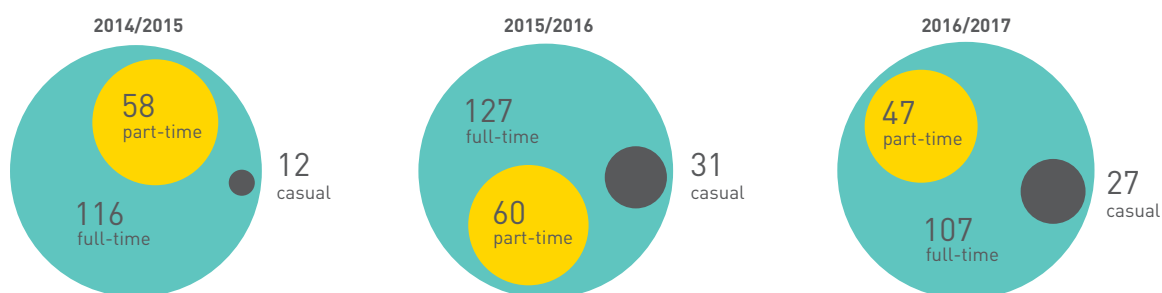
WORKFORCE GENDER



WORKFORCE AGE DEMOGRAPHIC



EMPLOYMENT TYPES



STAFF TURNOVER

	2012/2013		2013/2014		2014/2015		2015/2016		2016/2017	
	Headcount	Turnover %	Headcount	Turnover %	Headcount	Turnover %	Headcount	Turnover %	Headcount	Turnover %
Voluntary Separation	4	3	8	5	9	5	16	7	25	11
Involuntary Separation	5	3	6	4	7	4	4	2	16	6
Total Staff Separation	9	6	14	8	16	9	20	9	38	17

The increase in staff turnover 2016/17 was a result of contracted staff both fixed term and casual, employed to assist in managing the work load in the laboratory. These contracts are only renewed in accordance with the needs of the business

WORKFORCE COMPOSITION

	2012/2013		2013/2014		2014/2015		2015/2016		2016/2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Board Members	2	8	2	8	2	8	2	8	2	8
Executive Directors / Directors	2	6	1	6	3	4	3	4	3	5
Managers	1	6	2	6	3	11	2	11	2	10
Medical Professionals	3	4	4	3	3	6	3	5	2	6
Other Professionals	8	7	7	12	11	12	13	15	12	14
Scientific / Laboratory Technical Staff	9	46	8	46	9	42	12	45	7	39
Operational and Administration	9	56	9	63	13	69	20	85	14	67
Total	34	133	33	144	44	152	55	173	42	149

OCCUPATIONAL HEALTH & SAFETY

Our health and wellbeing approach assists the organisation to support people's physical and mental wellbeing. During the year we continued to identify ways to support our people, undertaking a number of health and safety initiatives including work station assessments, RACV driver training, flu vaccinations, refresher training for OHS representatives and mental health support through the promotion of EAP services (Employee Assistance Program).

Throughout the year, these services and opportunities have been utilised by employees with 13 employees accessing the EAP service, a decrease from 24 employees in the previous year. 92 employees received the flu vaccination in the workforce.

Lost Time to injury (LTI) continues to reduce significantly, totalling 26 days for the year. This is an impressive outcome in terms of productivity gained, increased employee awareness, encouragement of incident reporting, and prevention of injury in the form of hazard identification from inspection. However, VCS still strives for zero LTIs. The reported LTIs were all relatively minor with no long term impacts on the staff involved.

The Health and Safety Committee continue to meet quarterly in accordance with legislative requirements, supporting mental health and physical wellbeing of all our people.

We believe raising awareness and encouraging people to take a proactive approach to health and wellbeing will have a positive impact on the essential service we deliver, fundamentally making us more consistent, reliable and efficient in everything we do.

Our focus on Health & Safety is underpinned by a genuine care for our employees and the continuity of service excellence.

FREEDOM OF INFORMATION

VCS is not directly subject to the Freedom of Information Act 1982. While some of the organisation's government funded activities may be the subject of FOI requests, these requests should be made to the relevant government department for assessment.

PRIVACY

VCS Ltd. 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. The National HPV Vaccination Program Register (NHVPR) to issue completion statements and to remind vaccine recipients or their immunisation providers to complete HPV vaccination courses
- v. Research to improve our knowledge, particularly of how to better prevent cancer of the cervix in women. No research publication identifies an individual person.

Full privacy policies can be viewed at:
www.vcs.org.au
www.vccr.org
www.hpvregister.org.au

RISK MANAGEMENT

The VCS Ltd. Risk Management process is integrated into daily operational activities. The Risk Register identifies 107 active risks, and of these 78% of all Risks have been treated. During the 2016/17 year, there has been significant activities associated with development and completion of Treatment Plans, and improvements in reporting and Risk Management generally. ICT Risks remain to be fully reviewed and re-rated, this will be a focus for 2017/18.

As at 30 June 2017, the re-rating progress remains 81% complete in terms of numbers of all Risks, a significant improvement from the 42% reported at the same time in the previous year.

2016/2017 RISK ATTESTATION STATEMENT

I, Marion Saville, Executive Director of VCS Limited, certify that VCS Ltd. has appropriate risk management processes in place consistent with the Australian/New Zealand Risk Management Standard AS/NZS ISO 31000:2009 and has an internal control system in place that enables the Executive Management Team to understand, manage and satisfactorily control risk exposures.



VCS

ACCREDITATION

VCS Pathology is accredited to ISO 15189:2012 "Medical laboratories- Particular requirements for quality and competence" and is committed to meeting all relevant industry standards including the various requirements of the National Association of Testing Authorities (NATA), National Pathology Accreditation Advisory Council (NPAAC), The Royal College of Pathologists Australasia (RCPA) and VCS Ltd. insurers.

NATA have implemented a new process for accreditation which involves an annual interaction with three types of assessments now in place. The assessments occur over a 4 year cycle with one assessment being conducted every year. VCS Pathology submitted the 36 month on-line assessment in September 2016 resulting in continued accreditation. Our next NATA assessment is scheduled for September 2017.

Our NATA Scope of Accreditation includes:

- Microbiology
- Detection and Characterisation of Microbial DNA/RNA
- Anatomical Pathology
- Histopathology of Biopsy Material
- Cytopathology, Gynaecological

QUALITY ASSURANCE

Since its establishment in 1964, VCS Ltd. has always regarded the provision of a quality service as the most important aspect of its operation. The Executive Director of VCS Ltd. and staff remain fully committed to the organisation being a centre of excellence in cervical cytology and registry services.

Our quality system comprises the structure, objectives and policies of VCS Ltd. and the description of work practices and procedures that promote a high quality of operation in all aspects of our work. Thus the quality system forms the basis on which the pathology laboratory and registries operate.

All staff embrace an ethos of quality improvement and a customer focus. We have a broad perspective of our customer base, seeing this as comprising the health practitioners who send us pathology samples for reporting, the women (and men) from whom the samples are taken, the consumers and participants recorded on our registries, and our funding providers.

VCS Ltd. is committed to meeting all relevant industry standards, including AS ISO 15189:2012 and the various requirements of NATA, NPAAC, the RCPA and our insurers.

Quality system activities are coordinated by the Quality Officers under the guidance of the Executive Director. These activities are supported by the document quality management software Q-Pulse, and the monitoring and reporting VCS' performance measures against the industry guidelines.

DIRECTORS' REPORT

The Directors present their report on VCS Limited ("the Company") for the financial year ended 30th June 2017.

VCS BOARD OF DIRECTORS

The role of the VCS Board of Directors is to:

- Set, approve and monitor the strategic direction of VCS Ltd.
- Take responsibility for the overall performance of the organisation including; appointing and managing the performance of the Executive Director, monitoring and working in the best interests of the stakeholders.
- Monitor and minimise the risks to VCS Ltd.
- Establish and approve Board policies.
- Comply with the Constitution of VCS Ltd, State and Federal Laws, Directors' and insurance responsibilities.

The Audit and Finance Committee (a subcommittee of the Board) is responsible for:

- Advising the Board on matters relating to the financial strategies and policies, the financial performance, viability, sustainability and capital management of the company.
- Reviewing the quality of internal financial reporting to the Board.
- Ensuring effective governance and financial stewardship in order to assist directors in discharging their responsibility to exercise due care and diligence in relation to:
 - the selection and application of accounting policies in line with accounting standards and legislation
 - financial reporting
 - management and internal control procedures.

- Ensuring the effectiveness and independence of the external audit function.
- Applying appropriate risk management processes and contributing to improving the risk management culture in the organisation.

The Quality Assurance Committee (a subcommittee of the Board) is chaired by the Executive Director. It uses statistical analyses to monitor a range of activities including performance targets in the scientific, administration and clerical areas, audits, non-conformances and document control. Results of the activities are presented to the Quality Assurance Committee Meetings and any actions identified are assigned and reported. Detailed reports of findings are presented to the Board on a quarterly basis.

YEARS OF SERVICE



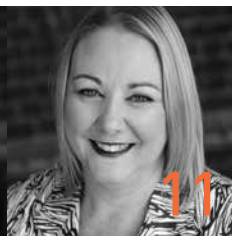
Sandy Anderson



Jane Collins



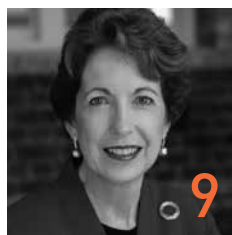
Juliann Byron



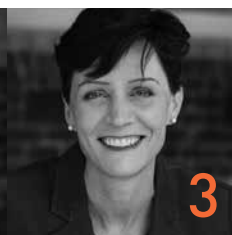
Kate Broun



Timothy Humphries



Christine Harvey



Stephanie Reeves



Anne Robertson



Christine Selvey



David Wrede



Fiona Kelly

* Resigned from the board in January 2017 ** Commenced in March 2017

Ms Sandy Anderson – Chairman

Ms Anderson was elected Chairman (formerly President under the VCS Inc.) of the VCS Board in 2013, following on from a previous term as President from 2004 to 2007. Ms Anderson has served on the Board as a Director since 2000 and holds the position of nurse with expertise in preventative health. 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 seventeen years in a role working with nurses providing cervical screening and women's health services throughout the state and, as part of this role, has coordinated the Victorian Nurse Credentialing Program since 2003. Ms Anderson also continues to work in a clinical capacity in women's health at Baarlinjan Medical Clinic at Ballarat and District Aboriginal Cooperative.

Ms Anderson has also served on a number of Commonwealth Renewal committees supporting the change to the National Program.

Dr Jane Collins – Vice Chair

Dr Collins is the immediate past President 2009-2013, and is currently Vice Chair (formerly Vice President under VCS Inc). Dr Jane Collins was appointed to the Board in February 2008 to fill the role of a Director with expertise in General Practice. 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 12 GPs.

Ms Juliann Byron – Chairman Audit and Finance Committee

Ms Byron resigned from the Board in January 2017. Ms Byron served 14 years as a Director and during that time was also the Treasurer (Chair) of the Audit and Finance Committee. Ms Byron's qualifications include Fellow CPA Australia, Fellow of the Australian Institute of Company Directors, and Member of the Governance Institute of Australia. Ms Byron has experience as Chairman and Board member of both public and private companies, and her expertise include the areas of finance, risk management, governance and strategic planning.

Ms Kate Broun

Ms Broun is a representative of the Cancer Council Victoria. 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 Christine Harvey

Ms Christine Harvey was appointed to the Board in February 2008 as a Director with expertise in Finance, Commerce, Corporate Management and Law and served as Vice President of the Board from 2009 to 2013. Currently she is also a member of the Audit and Finance Subcommittee of the Board. Ms Harvey is a legal practitioner with degrees in both arts and law (with Honours) from the Australian National University 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.

Mr Tim Humphries

Mr Tim Humphries joined the Board in 2012 as a Director with expertise in Finance, Commerce or Corporate Management. Currently he is the Chair of the Audit & Finance Subcommittee. Mr Humphries holds a Bachelor of Commerce from Flinders University, and Master of Business Administration (MBA) from Deakin University. He is a member of the Certified Practising Accountants (CPA) Australia. Mr Humphries brings a wealth of experience with a career spanning more than 20 years in senior Accounting and Finance roles, and CEO, a position he currently holds. His broad finance experience is complemented with HR, IT, corporate governance, sales and Project Management skills developed in a wide range of industries including health, aged care, transport and logistics, materials handling, recruitment, and not-for-profit sectors in Australia.

DIRECTORS' REPORT

Ms Fiona Kelly

Ms Fiona Kelly was appointed to the Board in March 2017 as a Director with expertise in Finance, Commerce and Corporate Management. She is also a member of the Audit and Finance Committee. Ms Kelly holds a Bachelor of Economics from Monash University and a Master of Business Administration from the University of Melbourne and is a member of Chartered Accountants Australia and New Zealand. Ms Kelly has more than 20 years of experience in consulting, finance and operations management within a professional services setting and more recently within the not-for-profit sector. She brings significant strategic experience in the areas of financial management, management of support services, including IT, property management and procurement, project management, technology implementation and in guiding organisations through major change.

Ms Stephanie Reeves

Ms Stephanie Reeves joined the Board in February 2014 as a Director with expertise in Law. Ms Reeves has worked as an in-house legal counsel for both small and large ASX Listed companies for many years. She holds a Bachelor of Laws and a Bachelor of Commerce (Finance) from the University of New South Wales, a Graduate Diploma in Sports Law from the University of Melbourne, a Diploma in Company Secretarial Practice from the Governance Institute, and she is a Graduate Member of the Australian Institute of Company Directors. During the year Ms Reeves was a member of the Melbourne Cricket Ground Trust and on the Advisory Board of a start up law firm, Lexvoco. She has

been involved with a number of not for profit organisations including Crime Stoppers Victoria of which she was Chairman. Stephanie has a particular interest in ensuring good corporate governance in both the commercial and not for profit sectors.

Ms Anne Robertson

Ms Anne Robertson joined the Board in May 2013 as the Director with a consumer perspective. She has a personal interest in the promotion of the HPV vaccine and the cervical screening program as she lost her sister to cervical cancer in 1998. Ms Robertson holds a Bachelor of Arts degree from the University of Adelaide, a Master of Arts from the University of Sheffield and a Graduate Diploma of Education from Monash University. Ms Robertson has had a diverse career in education, working in Japan, England and Australia.

Dr Christine Selvey

Dr Christine Selvey was appointed to the Board in September 2012 as the Director with immunisation expertise. Dr Selvey has had responsibility for the implementation of state immunisation programs in Queensland, the Northern Territory and Victoria. She was a member of the National Immunisation Committee (NIC) from 1999-2007 and has been both the NIC and the Communicable Diseases Network Australia (CDNA) representative on the Australian Technical Advisory Group on Immunisation (ATAGI). Dr Selvey has a particular interest in HPV vaccine and was a member of two ATAGI working groups that provided recommendations on the use of HPV vaccines in Australia. With her experience in managing immunisation programs

in the two Australian jurisdictions with immunisation registers, and her experience with the Australian Childhood Immunisation Register, Dr Selvey brings a good understanding of the operation of immunisation registers to the Board.

Mr David Wrede

Mr David Wrede was appointed to the Board in May 2010 as the Director with gynaecological expertise. Mr Wrede 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. Mr Wrede is an investigator on a number of cervical cancer screening projects including COMPASS (led by A/Prof Marion Saville and Prof Karen Canfell), iPAP (led by A/Prof Dorota Gertig) and VACCINE (led by Prof Suzanne Garland). He is also a member of the Clinical Guidelines Working Group for the Renewal of the cervical cancer screening program and Secretary of the Management Committee of the Australian Society for Colposcopy & Cervical Pathology. Mr Wrede is an Honorary Senior Lecturer to the Department of O&G at the University of Melbourne.

MEMBERS GUARANTEE

The company was incorporated under the Corporations Act 2001 on 3 December 2015 and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations. At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$100 (2016: \$0).

COMPANY SECRETARY

In accordance with the Constitution, the person appointed as the Executive Director shall also be the Company Secretary. The Executive Director, Marion Saville, held the position of Company Secretary for the year.

PRINCIPAL ACTIVITIES

The principal activity of Victorian Cytology Services Limited during the financial year was to provide public health services, including laboratory and registry services, supporting screening and vaccination.

SIGNIFICANT CHANGES TO STATE OF AFFAIRS

Pathology and Pap test Registry sectors across Australia have worked hard to prepare for the "Renewal" of the National Cervical Screening Program (NCSP). In February 2017 a communique was received from the Department of Health advising the sectors that the target date of the 1st May 2017 for the release of the NCSP and the supporting National Cervical Screening Register (NCSR) had been postponed to the 1st December 2017. This delay had significant implications and challenges in the industry requiring major changes to implementation timelines.

VCS Pathology is the largest cytology screening laboratory in the country and is supported by its registry division, Victorian Cervical Cytology Register (VCCR) providing a safety net to women for over 25 years. VCS Ltd. is committed to seeing the safe and secure transition of the NCSP to Renewal and the migration of VCCR data to the NCSR. We share the Government's vision of providing a high quality and world-leading screening register on a single platform to improve cancer outcomes.

OPERATING RESULTS

VCS Ltd.'s sound financial result for 2016/17 primarily reflects the delays in commencement of Renewal, and the continuation of all programs for the full year which was not anticipated.

The consolidated net result is a surplus of over \$637,000 after taking into account capital purpose income, depreciation and amortisation expenses. Capital purpose income for the year of \$525,000 consisted of Department of Health and Human Services funding for both the Pathology Renewal Project (\$350,000) to prepare the Laboratory systems for Renewal and new Laboratory equipment funding (\$175,000). The rise in depreciation and amortisation expenses to \$2.3 million for the year was anticipated, and largely represents the significant investments into canSCREEN™ (formerly called CSR.net which is VCS' new Cancer Screening Register platform) to ensure the organisation's registries systems continue to offer a secure, contemporary IT platform to meet requirements beyond Renewal. The grant funds received from the Victorian Department of Health and Human Resources for investment in canSCREEN™ have been recognised as Capital Purpose income in previous years.

PECUNIARY INTEREST

During the 2016/17 financial year, no Board Director declared a conflict of pecuniary interest in a contract with VCS Ltd.

DECLARATION OF INTEREST

During 2016/17 the following Board Members noted their involvement with the Compass Pilot and iPap trial:

Mr David Wrede:

Principal investigator – Compass trial
Associate Researcher/Investigator – iPap grant

Ms Sandy Anderson:

Investigator – Compass trial

Dr Jane Collins:

Investigator – Compass trial

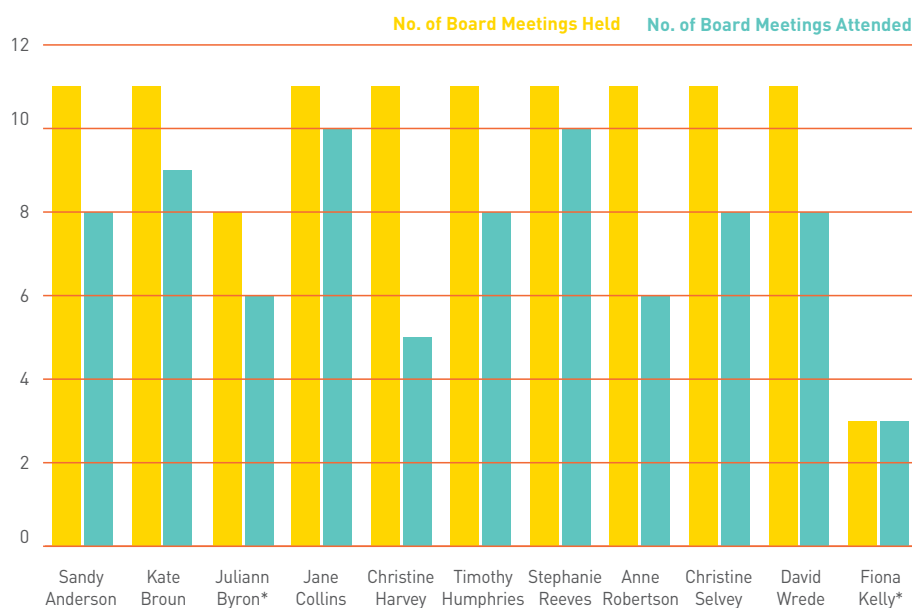
DIRECTORS' REPORT

MEETINGS OF THE BOARD AND ITS COMMITTEES

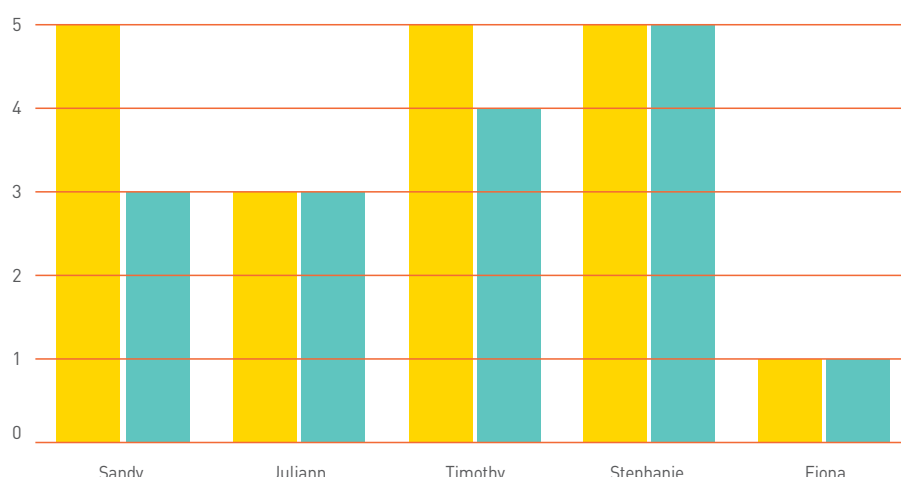
The following meetings were held during 2016/17;

- The Members of the organisation met at the Annual General Meeting 04th November 2016.
- The Board of Directors met on 11 occasions either in person or via teleconference.
- The Board's Audit & Finance Committee met on 5 occasions.
- The Board's Quality Assurance Committee met on 10 occasions for Scientific Quality and 4 occasions for Operational Quality.

BOARD MEETINGS ATTENDED 2016/17



AUDIT AND FINANCE COMMITTEE MEETINGS ATTENDED 2016/17



* Juliann Byron resigned from the Board and Audit and Finance Committee in January 2017.

* Fiona Kelly commenced in March 2017.

ENVIRONMENT

VCS Ltd.'s objective is to operate its activities in an ecologically sustainable manner. Whilst we have not formally assessed the elements of our small environmental footprint, a number of sustainability initiatives are currently practised including:

- Energy efficient fleet vehicles for courier pickup and delivery services
- Recycling facilities for cardboard/paper, ink/toner cartridges, comingled recycling of cans/plastics from food wastes etc.
- Free bike storage facilities for all staff
- Shared waste chemical management facilities
- Paperless Board meetings
- Establishment of purchasing policy and procedures that include environmental sustainability in purchasing decisions
- Recycling and/or donation of used equipment (including medical and Information and Communications Technology (ICT) equipment to support similar screening programs being established in developing countries in Oceania.

AUDITORS INDEPENDENCE DECLARATION

The external auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 96 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Chairman
Sandy Anderson

Dated 20.10.2017



FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2017



VCS LTD.'S SOUND FINANCIAL RESULT FOR 2016/17 PRIMARILY REFLECTS THE DELAYS IN RENEWAL AND THE CONTINUATION OF ALL PROGRAMS FOR THE FULL YEAR. VCS LTD ACKNOWLEDGES THE FUNDING SUPPORT OF THE AUSTRALIAN, VICTORIAN AND SOUTH AUSTRALIAN GOVERNMENTS AS IT PREPARES ITS BUSINESS AND SYSTEMS FOR BEYOND RENEWAL

MR LESLIE MCLEAN
DIRECTOR CORPORATE SERVICES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2016/17 \$	2015/16 \$
Revenue from operating activities	2	24,471,346	22,606,403
Revenue from non operating activities	2	353,482	489,169
Wages and salaries	4	(16,032,146)	(17,320,771)
Operating and administration costs	4	(4,148,924)	(5,049,409)
Medical supplies	4	(2,027,165)	(2,089,004)
Rental expense	4	(188,409)	(220,687)
Net result before capital items and specific items		2,428,184	(1,584,299)
Capital purpose income	2	525,000	1,025,136
Depreciation and amortisation	4	(2,315,672)	(1,569,115)
Loss on sale of non current assets	4	-	(6,295)
		(1,790,672)	(550,274)
Net result for the year		637,512	(2,134,573)
Other comprehensive income			
Items that will be reclassified to profit and loss when specific conditions are met:		-	-
Items that will not be reclassified to profit and loss when specific conditions are met:		-	-
Total comprehensive result for the year		637,512	(2,134,573)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2016/17 \$	2015/16 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,505,754	1,856,692
Financial assets	7	13,500,295	14,163,035
Trade and other receivables	8	507,714	426,372
Inventories	9	251,122	317,746
Other current assets	10	392,950	453,163
Total current assets		18,157,835	17,217,008
NON-CURRENT ASSETS			
Plant, equipment & vehicles	11	2,621,594	3,170,347
Intangible assets	12	2,716,175	2,824,490
Total non current assets		5,337,769	5,994,837
Total assets		23,495,604	23,211,845
CURRENT LIABILITIES			
Unexpended grants	13	479,914	466,369
Trade and other payables	14	1,604,418	1,553,572
Provisions	15	4,824,742	5,483,009
Total current liabilities		6,909,074	7,502,950
NON-CURRENT LIABILITIES			
Provisions	15	715,628	475,505
Total non current liabilities		715,628	475,505
Total liabilities		7,624,702	7,978,455
Net assets		15,870,902	15,233,390
EQUITY			
Accumulated surplus	16	12,896,280	11,405,478
Designated funds reserve		2,974,622	3,827,912
Total Equity		15,870,902	15,233,390

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Accumulated surplus \$	Designated funds reserve \$	Total equity \$
Balance at 30 June 2015		13,497,549	3,870,414	17,367,963
Comprehensive result for the year		(2,134,573)	-	(2,134,573)
Transfer		(163,636)	163,636	-
Amortisation of data base upgrade - Phase 1		206,138	(206,138)	-
Balance at 30 June 2016		11,405,478	3,827,912	15,233,390
Comprehensive result for the year	16	637,512	-	637,512
Transfer		-	-	-
Amortisation of data base upgrade - Phases 1 and 2		853,290	(853,290)	-
Balance at 30 June 2017		12,896,280	2,974,622	15,870,902

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

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2017

	Notes	2016/17 \$	2015/16 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from trading activities		2,495,759	3,105,291
Interest received		350,541	486,027
Receipts from grants		24,742,302	22,854,527
Payments			
Wages and salaries		(16,365,767)	(16,831,071)
Suppliers		(8,580,850)	(9,613,825)
Net cash inflow from operating activities		2,641,985	949
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) / redemption of term deposits		662,740	3,000,068
Purchase of plant, equipment and intangibles		(1,659,150)	(3,266,501)
Proceeds from sale of plant and equipment		3,487	30,791
Net cash flow from investing activities		(992,923)	(235,642)
Net increase(decrease) in cash held	6	1,649,062	(234,693)
Cash and cash equivalents at the beginning of the financial year		1,856,692	2,091,385
Cash and cash equivalents at the end of the financial year		3,505,754	1,856,692
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT			
Comprehensive result for the year		637,512	(2,134,573)
Depreciation and amortisation		2,315,672	1,569,115
Loss (profit) on sale of fixed assets		(2,942)	3,153
CHANGE IN OPERATING ASSETS/LIABILITIES			
(Increase) decrease in accounts receivable and other assets		(21,130)	440,922
(Increase) decrease in inventories		66,624	(162,109)
(Decrease) increase in payables and unexpended grants		64,393	(134,661)
(Decrease) increase in provision for employee entitlements		(418,144)	419,102
		2,641,985	949

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover Victorian Cytology Service Limited, a Company registered on 3 December 2015 in Victoria under the Corporations Act 2001 (previously registered as Victorian Cytology Service Inc., an Association incorporated on 3 September 1991 in Victoria under the Associations Incorporation Reform Act, 2012 (Vic)). In accordance with section 601BM of the *Corporations Act 2001*, this change does not create a new legal entity. Victorian Cytology Service Limited comprises the VCS Pathology, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register.

The organisation is registered with the Australian Charities and Not-for-Profit Commission (ACNC) and is therefore also required to comply with the ACNC Act 2012.

(A) BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053 Application of Tiers of Australian Accounting Standards of the Australian Accounting Standards Board and the ACNC Act 2012.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017 and the comparative information presented in these financial statements for the year ended 30 June 2016.

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 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.

(B) TAXATION

The activities of the Victorian Cytology Service Ltd. are exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997, and payroll tax.

(C) INVENTORIES

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

(D) PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

(E) LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(F) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity 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.

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.

(G) 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 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 three year period (2016: 3 years).

(H) 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 profit or loss.

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.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

(I) 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 Net 30 days.

(J) EMPLOYEE PROVISIONS

Short-term employee benefits

Provision is made for the organisation's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The organisation's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the organisation does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

Superannuation

Payments made to defined contribution plans are expenses when incurred. The organisation 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.

(K) 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.

(L) 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.

(M) 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, using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

(N) GOVERNMENT GRANTS

Non-reciprocal grant revenue is recognised in the profit or loss 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.

(O) 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 statement of financial position 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.

(P) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.

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 2017 and 2016.

(Q) NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the organisation on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the organisation elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the organisation's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and additional disclosure requirements.
- The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the organisation's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2 REVENUE	Notes	VCS 2016/17 \$	VCCR 2016/17 \$	NHVPR 2016/17 \$	Total 2016/17 \$
REVENUE FROM OPERATING ACTIVITIES					
Government grants					
Department of Health & Human Services		14,065,562	2,230,183	23,470	16,319,215
SA Health		-	698,051	-	698,051
Department of Health		123,745	-	4,479,403	4,603,148
Indirect contributions by Department of Health & Human Services	3	30,192	-	-	30,192
Patient fees		1,415,509	-	-	1,415,509
Other revenue from operating activities		1,093,457	-	7,921	1,101,378
		16,728,465	2,928,234	4,510,794	24,167,493
TRANSFER UNEXPENDED GRANTS					
Operating funding transferred from prior year		-	150,750	-	150,750
Operating funding transferred to following year		309,362	(156,259)	-	153,103
		17,037,827	2,922,725	4,510,794	24,471,346
REVENUE FROM NON OPERATING ACTIVITIES					
Bank interest		332,314	15,962	2,264	350,540
Profit on sale of non current assets		2,942	-	-	2,942
		335,256	15,962	2,264	353,482
REVENUE FROM CAPITAL PURPOSE INCOME					
Department of Health		-	-	-	-
Department of Health & Human Services		525,000	-	-	525,000
		525,000	-	-	525,000
Total Revenue		17,898,083	2,938,687	4,513,058	25,349,828

	Notes	VCS 2015/16 \$	VCCR 2015/16 \$	NHVPR 2015/16 \$	Total 2015/16 \$
REVENUE FROM OPERATING ACTIVITIES					
Government grants					
Department of Health & Human Services		13,532,540	1,982,900	35,205	15,550,645
SA Health		-	587,025	-	587,025
Department of Health		-	-	3,768,650	3,768,650
Indirect contributions by Department of Health & Human Services	3	41,038	-	-	41,038
Patient fees		1,399,450	-	-	1,399,450
Other revenue from operating activities		1,248,782	11,697	4,441	1,264,920
		16,221,810	2,581,622	3,808,296	22,611,728
TRANSFER UNEXPENDED GRANTS					
Operating funding transferred from prior year		-	145,425	-	145,425
Operating funding transferred to following year		-	(150,750)	-	(150,750)
		16,221,810	2,576,297	3,808,296	22,606,403
REVENUE FROM NON OPERATING ACTIVITIES					
Bank interest		416,388	67,351	2,288	486,027
Profit on sale of non current assets		3,142	-	-	3,142
		419,530	67,351	2,288	489,169
REVENUE FROM CAPITAL PURPOSE INCOME					
Department of Health		-	-	736,500	736,500
Department of Health & Human Services		125,000	163,636	-	288,636
		125,000	163,636	736,500	1,025,136
Total Revenue		16,766,340	2,807,284	4,547,084	24,120,708

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3 INDIRECT CONTRIBUTIONS BY DEPT OF HEALTH & HUMAN SERVICES

The Department of Health and 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.

4 EXPENSES	VCS 2016/17 \$	VCCR 2016/17 \$	NHVPR 2016/17 \$	Total 2016/17 \$	VCS 2015/16 \$	VCCR 2015/16 \$	NHVPR 2015/16 \$	Total 2015/16 \$
Wages and salaries	13,042,488	1,553,042	1,436,616	16,032,146	13,682,103	2,227,984	1,410,684	17,320,771
Operating and administration costs	2,185,344	760,542	1,203,038	4,148,924	2,322,982	1,440,986	1,285,441	5,049,409
Medical supplies	2,027,165	-	-	2,027,165	2,089,004	-	-	2,089,004
Rental expense	-	95,785	92,624	188,409	-	135,213	85,474	220,687
Depreciation and amortisation	973,045	1,027,452	315,175	2,315,672	932,636	367,144	269,335	1,569,115
Loss on sale of non current assets	-	-	-	-	6,295	-	-	6,295
	18,228,042	3,436,821	3,047,453	24,712,316	19,033,020	4,171,327	3,050,934	26,255,281

5 AUDITOR'S REMUNERATION	2016/17 \$	2015/16 \$
Auditor's remuneration - auditing the accounts	16,200	15,760

6 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	68,469	71,711
Deposits at call	3,437,285	1,784,981
	3,505,754	1,856,692

The effective interest on short-term bank deposits was 0.60% (2016: 1.05%)

7 FINANCIAL ASSETS

Term Deposits with an original maturity greater than 3 months	13,500,295	14,163,035
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8 TRADE AND OTHER RECEIVABLES

Current

Trade debtors and accrued revenue	446,479	356,706
Provision for impairment of receivables	(9,803)	(5,486)
	436,676	351,220
Interest receivable	71,038	75,152
	507,714	426,372

8.1 TRADE RECEIVABLES

	2016/17	2015/16
Settlement terms and the basis for determining the allowance for doubtful debts are outlined in Note 1(l).	\$	\$
Movement in the allowance for doubtful debts		
Balance at the beginning of the year	5,486	6,149
Impairment losses recognised on receivables	36,000	36,000
Amounts written off during the year as uncollectable	(31,683)	(36,663)
Balance at the end of the year	9,803	5,486

9 INVENTORIES

Medical and surgical supplies	251,122	317,746
	251,122	317,746

The cost of medical supplies is listed in Note 4.

10 OTHER CURRENT ASSETS

Prepayments	392,950	453,163
	392,950	453,163

11 PLANT, EQUIPMENT & VEHICLES

Plant and equipment at cost	5,869,651	5,392,510
Accumulated depreciation	(4,233,843)	(3,379,583)
Written down value	1,635,808	2,012,927
Leasehold improvements at cost	1,442,314	1,381,660
Accumulated amortisation	(579,935)	(441,633)
Written down value	862,379	940,027
Motor Vehicles at cost	407,900	407,900
Accumulated depreciation	(284,493)	(190,507)
Written down value	123,407	217,393
Carrying amount at the end of the year	2,621,594	3,170,347

	Plant & equipment	Motor Vehicles	Leasehold Improvements	Total
Movement in carrying amounts				
Balance at the beginning of the year	2,012,927	217,393	940,027	3,170,347
Additions	545,384	-	59,384	604,768
Disposals	(545)	-	-	(545)
Depreciation	(921,958)	(93,986)	(137,032)	(1,152,976)
Carrying amount at the end of the year	1,635,808	123,407	862,379	2,621,594

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

12 INTANGIBLES	2016/17 \$	2015/16 \$
Software and licences at cost	9,531,223	8,476,840
Accumulated amortisation	(6,815,048)	(5,652,350)
Carrying amount at the end of the year	2,716,175	2,824,490

Movement in carrying amounts	Software	Licences	Total
Balance at the beginning of the year	2,824,490	-	2,824,490
Additions	1,052,657	1,725	1,054,382
Disposals	-	-	-
Amortisation	(1,162,172)	(525)	(1,162,697)
Carrying amount at the end of the year	2,714,975	1,200	2,716,175

13 UNEXPENDED GRANTS		
Operating funding transferred to following year	479,914	466,369
	479,914	466,369

14 PAYABLES		
Current Unsecured		
Trade creditors	577,651	662,734
Other creditors	1,026,767	890,838
	1,604,418	1,553,572

The average trading terms are 30 days.

15 PROVISIONS		
Employee benefits		
Current		
Provision for annual leave	1,848,844	1,765,797
Provision for long service leave	2,975,898	3,526,167
Provision for sabbatical leave	-	191,045
	4,824,742	5,483,009
Non-Current		
Provision for long service leave	715,628	475,505
	715,628	475,505
Employee numbers		
Average number of employees during the financial year	181	186

Annual leave entitlements

Based on past experience, the organisation expects the full amount of the annual leave balance to be wholly settled within the next 12 months. Further, these amounts must be classified as current liabilities since the organisation does not have an unconditional right to defer settlement of these amounts in the event that employees wish to use their leave entitlements.

16 EQUITY

Details of equity

Accumulated surplus

The accumulated surplus represents the funds of the organisation that are not designated for particular purposes

Designated funds reserve

The capital funds represent the capital funding received to cover the cost of the upgrade of the VCS/VCCR data base.

The amortisation of the upgrade will be allocated against the capital funds over the expected life of the upgrade.

17 FINANCIAL RISK MANAGEMENT

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 2017 and 2016.

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	2016/17	2015/16
		\$	\$
Financial Assets			
Cash & cash equivalents	6	3,505,754	1,856,692
Trade receivables	8	436,676	351,220
Other receivables	8	71,038	75,152
Term Deposits	7	13,500,295	14,163,035
Total Financial Assets		17,513,763	16,446,099
Financial Liabilities			
Payables	14	577,651	662,734
Other	14	1,026,767	890,838
Total Financial Liabilities		1,604,418	1,553,572

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

18 COMPANY DETAILS

The principal address of the business of the Company is:

Victorian Cytology Service Limited.

265 Faraday Street Carlton South, VIC 3053

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 years ended 30 June 2017 and 2016.

The Board Directors did not receive any remuneration during the financial years ended 30 June 2017 and 2016.

Key management personnel compensation

	2016/17	2015/16
	\$	\$

Key management personnel comprise executives and other persons having authority and responsibility for planning, directing and controlling the activities of Victorian Cytology Service Ltd.

Short term employee benefits	1,921,360	2,223,120
Post-employment benefits	191,639	186,312
	2,112,999	2,409,432

During the 2016/17 year 2 executives resigned and 3 were appointed.

As at 30 June 2017 7.6 FTEs were employed as executives (2016 6.2).

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

20 DEFINED BENEFIT SCHEME

The organisation contributes to a Defined Benefits Scheme maintained by First State Super Fund and has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations that 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 of net assets attributable to the staff who are members of the scheme for the year ended 30 June 2017 total \$151,842 (2016: \$189,413). The Fund's actuary has advised that the contributions will remain unchanged for the current year.

21 COMMITMENTS

	2016/17	2015/16
Lease commitments	\$	\$
The Company 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	216,701	136,711
Later than one year but not later than five years	148,269	-
	364,972	136,711

On 29 June 2017 a lease agreement was entered into to lease 1 x Cobas 6800 system and 2 x Cobas p 480 v2 instruments for a term of 60 months, with an expected commencement date of 1 December 2017, with monthly payments of \$18,150.

The agreement, and commencement date, are subject to the Cobas 6800 HPV test meeting the NPAAC requirements for HPV primary screening in Australia.

22 CONTINGENT LIABILITIES

Bank Guarantee secured against Term Deposit	79,421	79,421
The amount disclosed represents a Bank Guarantee for the property leased at Wellington Parade, East Melbourne, payable on default of rent.		

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 xxx November 2017.

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

DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

In the opinion of the Board of Directors, the Financial Statements as set out on pages 73 to 89 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- 1) Giving a true and fair view of the financial position of Victorian Cytology Service Limited as at 30 June 2017 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.
- 2) At the date of this statement, there are reasonable grounds to believe that Victorian Cytology Service Limited will be able to pay its debts as and when they fall due.

In addition:

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

We certify that Victorian Cytology Service Limited has used funding received from the Department(s) for the year ended 30 June 2017 on the services specified in the service agreement.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Ms Sandy Anderson
Chairperson

Date: 20 October 2017

Mr Tim Humphries
Director

Date: 20 October 2017

AUDITOR'S REPORT



Independent Auditor's Report to the Members of Victorian Cytology Service Limited

Opinion

We have audited the financial report of Victorian Cytology Service Limited ("the Company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

AUDITOR'S REPORT



Responsibilities of Management and the Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AUDITOR'S REPORT



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in blue ink, appearing to read 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Melbourne
24 October 2017

A handwritten signature in blue ink, appearing to be 'Jude Lau'.

Jude Lau
Partner

AUDITOR'S REPORT



AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of the independence requirements set out in the *Australian Charities and Not for Profits Commission Act 2012* and any applicable code of professional conduct in relation to the audit of the financial report of the Victorian Cytology Service Limited for the year ended 30 June 2017.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Melbourne
24 October 2017

A handwritten signature in blue ink that appears to be 'Jude Lau'.

Jude Lau
Partner

HLB Mann Judd (VIC Partnership)

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GLOSSARY

AICD	Australian Institute of Company Directors	NCSP	National Cervical Screening Program
AIWH	Australian Institute of Health and Welfare	NCSR	National Cancer Screening Register
ASIC	Australian Securities and Investments Commission	NHMRC	National Health and Medical Research Council
ASVR	Australian School Vaccination Register	NHVPR	National Human Papillomavirus Program Register
ATAGI	Australian Technical Advisory Group on Immunisation	NPAAC	National Pathology Accreditation Advisory Council
CIS	Cytology Information System	NSW	New South Wales
CSR	Cervical Screening Register	PFUF	Participant Follow Up Function – National Bowel Cancer Register
Cth	Commonwealth	RACGP	Royal Australian College of General Practitioners
EAP	Employee Assistance Program	RCPA	Royal College of Pathologists Australasia
EFT	Equivalent full time	RCPA	Royal College of Pathologists Australia
EO	Equal Opportunity	SA	South Australia
FOBT	Faecal Occult Blood Test	SACSP	South Australian Cervix Screening Program
FTE	Full time equivalent	SMC	Safety Monitoring Committee
GP	General Practitioner	TAT	Turn around time
HPV	Human Papillomavirus	VC(G)S	Victorian Cytology Gynaecological Service
HR	Human Resources	VCCR	Victorian Cervical Cytology Register
ICT	Information Communication Technology	VCS Ltd.	Victorian Cytology Service Limited
ISO	International Standards	VESS	VCS Employee Self Service
LTI	Lost time injury	VESSPA	VESS Performance Appraisals
NATA	National Association of Testing Authorities, Australia	VMIA	Victorian Managed Insurance Agency
NBCSP	National Bowel Cancer Screening Program		

VCS PUBLISHED ARTICLES 2016/2017

The acceptability and cost of a home-based chlamydia retesting strategy: findings from the REACT randomised controlled trial .	Smith K., Kaldor J., Hocking J., Jamil M., McNulty A., Read P., Bradshaw C., Chen M., Fairley C., Wand H., Worthington K., Blake S., Knight V., Rawlinson W., Saville M. , Tabrizi S., Garland S., Donovan B., Guy R.	<i>BMC Public Health</i> .2016, 16:83. DOI: 10.1186/s12889-016-2727-4
IPVS Policy statement on safety of HPV vaccines.	Garland SM, Stanley M, Brotherton J , Mosckiki A-B, Bhatla N, Kaufmann AM, Sankaranarayanan R, Palefsky J	<i>Papillomavirus Research</i> . 2016;2:9-10.
Human Papillomavirus vaccination and primary ovarian insufficiency: an association based on ideology rather than evidence.	Hawkes David , Buttery Jim.	<i>Curr Opin Obstet Gynecol</i> . 2016 Feb;28(1):70-2.
An evaluation of probabilistic record linkage methods to identify Australian Indigenous women on the Queensland Pap Smear Register: the National Indigenous Cervical Screening Project.	Lisa J Whop, Abbey Diaz, Peter Baade, Gail Garvey, Joan Cunningham, Julia M.L. Brotherton , Karen Canfell, Patricia C Valery, Dianne O'Connell, Catherine Taylor, Suzanne P Moore and John R Condon	<i>BMJ Open</i> 2016;6:e009540 doi:10.1136/bmjopen-2015-009540
HPV vaccine impact in Australian women: ready for an HPV based screening program.	Brotherton JML, Gertig DM, May CL, Chappell GA, Saville M.	<i>Med J Aust</i> 2016; 204 (5): 184
Eurogin Roadmap 2015: How has HPV knowledge changed our practice: vaccines.	Brotherton JML , Jit M, Gravitt P, Brisson M, Kreimer A, Pai S, Fakhry C, Monsonogo J, Franceschi S.	<i>Int J Cancer</i> . 2016 Aug 1;139(3):510-7. doi: 10.1002/ijc.30063. Epub 2016 Mar 22. Review.
20 years on...the first comprehensive report on Indigenous Australian women's inequalities in cervical screening: a retrospective registry cohort study in Queensland, Australia (2000-2011).	Lisa J Whop, Gail Garvey, Peter Baade, Kamalini Lokuge, Joan Cunningham , Julia M L Brotherton , Patricia C Valery, Dianne L O'Connell, Karen Canfell, Abbey Diaz, David Roder, Dorota Gertig , Suzanne P Moore, John R Condon.	<i>Cancer</i> . 2016 May 15;122(10):1560-9. doi: 10.1002/cncr.29954
Cervical abnormalities are more common among Indigenous than other Australian women: a retrospective record-linkage study, 2000-2011.	Lisa J Whop, Peter Baade, Gail Garvey, Joan Cunningham, Julia M L Brotherton , Kamalini Lokuge, Patricia C Valery, Dianne L O'Connell, Karen Canfell, Abbey Diaz, David Roder, Dorota M Gertig , Suzanne P Moore, John R Condon.	<i>PLOS One</i> 2016 Apr 11;11(4):e0150473. doi: 10.1371/journal.pone.0150473. eCollection 2016
Home-based HPV self-sampling improves participation by never- and under-screened women: results from a large randomised trial (iPap) in Australia	Sultana F, English DR, Simpson JA, Drennan K , Mullins R, Brotherton JML , Wrede C David , Heley S , Saville M , Gertig DM .	<i>International Journal of Cancer</i> . 2016 Jul 15;139(2):281-90. doi: 10.1002/ijc.30031. Epub 2016 Mar 10
Juvenile Onset Recurrent Respiratory Papillomatosis: a retrospective Australian audit from NSW.	Novakovic D, Cheng ATL, Baguley K, Walker P, Harrison H, Soma M, Malloy M , Brotherton JML .	<i>The Laryngoscope</i> . 2016 Apr 14. doi: 10.1002/lary.26005.
Monitoring the impact of HPV vaccine in males—considerations and challenges.	Brotherton JML , Giuliano A, Markowitz L, Dunne E, Ogilvie G.	<i>Papillomavirus Research</i> . 2016;2:106–111
Primary Prevention of HPV through Vaccination: Update on Current Global Status.	Brotherton JML , Zuber PLF, Bloem PJN.	<i>Curr Obst Gynecol Reports</i> . 2016. Published on line 07 July 2016. DOI 10.1007/s13669-016-0165-z

Vaccination questions need patient response.	Brotherton JML, Hawkes D, Saville M	MJA Insight. 11/04/2016 https://www.mja.com.au/insight/2016/13/vaccination-questions-need-patient-response [non-peer reviewed communication]
Immunisation coverage annual report, 2013	Hull BP, Dey A, Beard FH, Menzies RI, Brotherton JM , McIntyre PB.	<i>Commun Dis Intell Q Rep.</i> 2016 Mar 31;40(1):E146-69
Changes to the cervical cancer screening program in Australia	Canfell Karen, Saville Marion , Hammond Ian, Roeske Lara .	Medicine Today, May 2016, Volume 17, Number 5
Australian Paediatric Surveillance Unit annual report, 2014	Deverell M, Zurynski YA, Elliott EJ, and all chief investigators of APSU surveillance studies. [author J Brotherton]	Commun Dis Intell 2016; 40(2):E216-20
Opportunities to increase rates of human papillomavirus vaccination in the New South Wales school program through enhanced catch-up.	Staples C, Butler M, Nguyen J , Durrheim DN, Cashman P, Brotherton JML	Sexual Health. 2016. Published online 29 August 2016. http://dx.doi.org/10.1071/SH15132
The population impact of HPV vaccination programmes on HPV infection with the non-vaccine HPV genotypes: a systematic review and meta-analysis.	Soldan K, Lehtinen M, Beddows S, Brisson M, Brotherton JM , Chow EP, Cummings T, Drolet M, Fairley CK, Garland SM, Kahn JA, Kavanagh K, Markowitz L, Pollock KG, Söderlund-Strand A, Sonnenberg P, Tabrizi SN, Tanton C, Unger E, Thomas SL.	Emerging Infectious Diseases.2016;22(10):1732-1740. DOI: http://dx.doi.org/10.3201/eid2210.160675
The Role of Pejorative Search Terms and Professional Antivaccine Advocates on Search Engine Results for Human Papillomavirus Vaccine.	McDermott T, Hawkes D , Benhamu. J	Journal of Adolescent Health 58 (2016) 691e694
Calls by alternative medicine practitioners for vaccinated vs unvaccinated studies is not supported by evidence.	David Hawkes , Rachael A. Dunlop, Joanne Benhamu	Vaccine 34 (2016) 3223–3224
*Primary HPV testing versus cytology-based cervical screening in women in Australia vaccinated for HPV and unvaccinated: effectiveness and economic assessment for the National Cervical Screening Program.	Jie-Bin Lew, Kate T Simms, Megan A Smith, Michaela Hall, Yoon-Jung Kang, Xiang Ming Xu, Michael Caruana, Louiza Sofi a Velentzis, Tracey Bessell, Marion Saville , Ian Hammond, Karen Canfell.	Lancet Public Health 2017; 2: e96–107
HPV vaccine coverage is increasing in Australia.	Brotherton JML, Winch K, Bicknell L, Chappell G, Saville M.	Med J Aust 2017;206(6):262.
Time to clinical investigation after a high-grade abnormal Pap test for indigenous and non-indigenous women in Queensland, 2000–2011.	Whop LJ, Baade P, Brotherton JML , Canfell K, Cunningham J, Gertig DM, Lokuge K, Garvey G, Moore SP, Diaz A, O'Connell DL, Valery PC, Roder D, Condon JR.	Med J Aust 2017; 206 (2): 73-77.
Response to HPV vaccine and autoimmunity incidence of new-onset autoimmune disease in girls and women with pre-existing autoimmune disease after quadrivalent human papillomavirus vaccination: a cohort study.	Hawkes D , Wilkinson W, Dunlop RA.	J Intern Med. 2017 May;281(5):530-531. doi: 10.1111/joim.12602. Epub 2017 Mar 13.
Response to Vaccine-related serious adverse events might have been under-recognized in the pivotal HPV vaccine randomized trial.	Hawkes D	Clin Rheumatol. 2017 Jul;36(7):1691-1692. doi: 10.1007/s10067-017-3609-6. Epub 2017 Mar 25
Immunisation coverage annual report, 2014	Hull BP, Hendry AJ, Dey A, Beard FH, Brotherton JM , McIntyre PB	Commun Dis Intell Q Rep. 2017;41(1): E68 – E90.
Population level herd protection of males from a female human papillomavirus vaccination program: evidence from Australian serosurveillance.	Pillsbury A, Quinn H, Hueston L, Evans T, McIntyre P, Brotherton JML	Clin Infect Dis cix436. DOI: https://doi.org/10.1093/cid/cix436 Published: 03 July 2017

* Primary HPV screening every 5 years with partial genotyping is predicted to be substantially more effective and potentially cost-saving compared with the current cytology-based screening programme undertaken every 2 years. These findings underpin the decision to transition to primary HPV screening with partial genotyping in the Australian National Cervical Screening Program, which will occur in December 2017 (www.thelancet.com/public-health Vol 2 February 2017)

2015 – 2020

STRATEGIC DIRECTION

VISION

To prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination.

“Going forward, VCS will focus its efforts externally on broadening our public health contribution, by building the relationships and services needed to optimise our capabilities, reach and impact.

Our internal focus will be to anticipate and adapt to change by aligning our structure, systems, processes and people around our new Vision and overarching theme of:

BEYOND RENEWAL...”

– SANDY ANDERSON



VCS Ltd's Annual Report 2015/2016 received a SILVER AWARD at the 2017 Australasian Reporting Awards (ARA). ARA is a not for profit organisation established in 1950 to encourage effective communication of financial and business information. Each submission is reviewed by three members of an expert panel comprised of accounting, legal and communication professionals.

VCS Ltd.
ANNUAL REPORT 2016/17

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