

SAVING LIVES

VICTORIAN CYTOLOGY SERVICE LIMITED
2016 ANNUAL REPORT
'ON THE CUSP OF CHANGE'



VCS



MY GP ASKED IF I WANTED TO PARTICIPATE (IN THE COMPASS TRIAL) AT MY VISIT FOR MY ROUTINE PAP SMEAR. I SAID YES AND NOW I DON'T NEED TO HAVE ANOTHER PAP SMEAR FOR FIVE YEARS! WHAT A BONUS FOR HELPING WITH RESEARCH!

QUOTE FROM COMPASS TRIAL PARTICIPANT





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 2015–2016

The VCS Ltd. Annual Report 2015–2016 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 scheduled to come into operation on 1st May 2017.

The current Pap test will be replaced by a test for the human papillomavirus (HPV). The superior effectiveness of this 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 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



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 National Bowel Cancer Screening Program) and the National Human Papillomavirus Vaccination Program Register (NHVPR).

CONTENTS

HIGHLIGHTS	4
ORGANISATIONAL OVERVIEW	5
VCS LIMITED (VCS LTD.)	6
VCS PATHOLOGY	6
VICTORIAN CERVICAL CYTOLOGY REGISTRY (VCCR)	6
THE NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION PROGRAM REGISTER (NHVPR)	8
RESEARCH, EDUCATION & TRAINING	8
YEAR IN REVIEW- CHAIRMAN & EXECUTIVE DIRECTOR'S REPORT	10
FINANCIAL SUMMARY	12
CHAIRMAN OF THE AUDIT & FINANCE COMMITTEE AND DIRECTOR CORPORATE SERVICES REPORT	
STRATEGIC PLAN	15
STRATEGIC OBJECTIVES:	16
1. Stakeholder/Customer Imperatives	16
Renew, expand and leverage our relationships with Commonwealth and State government departments, health practitioners and their professional organizations	
Establish strategic partnership opportunities and increase our capacity and capability for marketing/branding, community/stakeholder communication, and practitioner education	16
2. Service Delivery and Infrastructure Imperatives	19
Expand our services in line with emerging market needs without compromising our commitment to quality	19
Explore co-location options within a suitable health services precinct	19
Increase our capacity and capability to secure and deliver a diversified portfolio of services including disease surveillance, education and research	20
Maintain quality while developing new systems and processes needed to support service growth	23
3. Financial Imperatives	24
Diversify and secure ongoing funding sources	24
VCS Supports Cervical Screening in Papua New Guinea	24
Ensure financial viability by increasing competitiveness and achieving real operating efficiencies	24

4. People and Culture Imperatives	25
Further develop a workplace culture in which people are valued, service driven, collaborative, engaged, innovative, and accountable	25
Align HR systems and processes to future needs	25
Develop and implement a workforce plan with clear focus on staff performance, development and succession	25
THE YEAR AHEAD	26
VCS PUBLISHED ARTICLES 2015/2016	28
VCS PATHOLOGY	30
VCCR AND ITS IMPACT ON CERVICAL SCREENING IN VICTORIA	35
NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION REGISTER	38
EXECUTIVE TEAM STRUCTURE	40
THE VCS WORKFORCE	42
OCCUPATIONAL HEALTH AND SAFETY	47
FREEDOM OF INFORMATION	47
PRIVACY	47
RISK MANAGEMENT	48
ACCREDITATION	49
QUALITY ASSURANCE	49
DIRECTORS' REPORT	50
ENVIRONMENT	55
AUDITOR'S INDEPENDENCE DECLARATION	55
FINANCIAL STATEMENTS	57
DIRECTOR'S DECLARATION	76
INDEPENDENT AUDIT REPORT	77
GLOSSARY	79

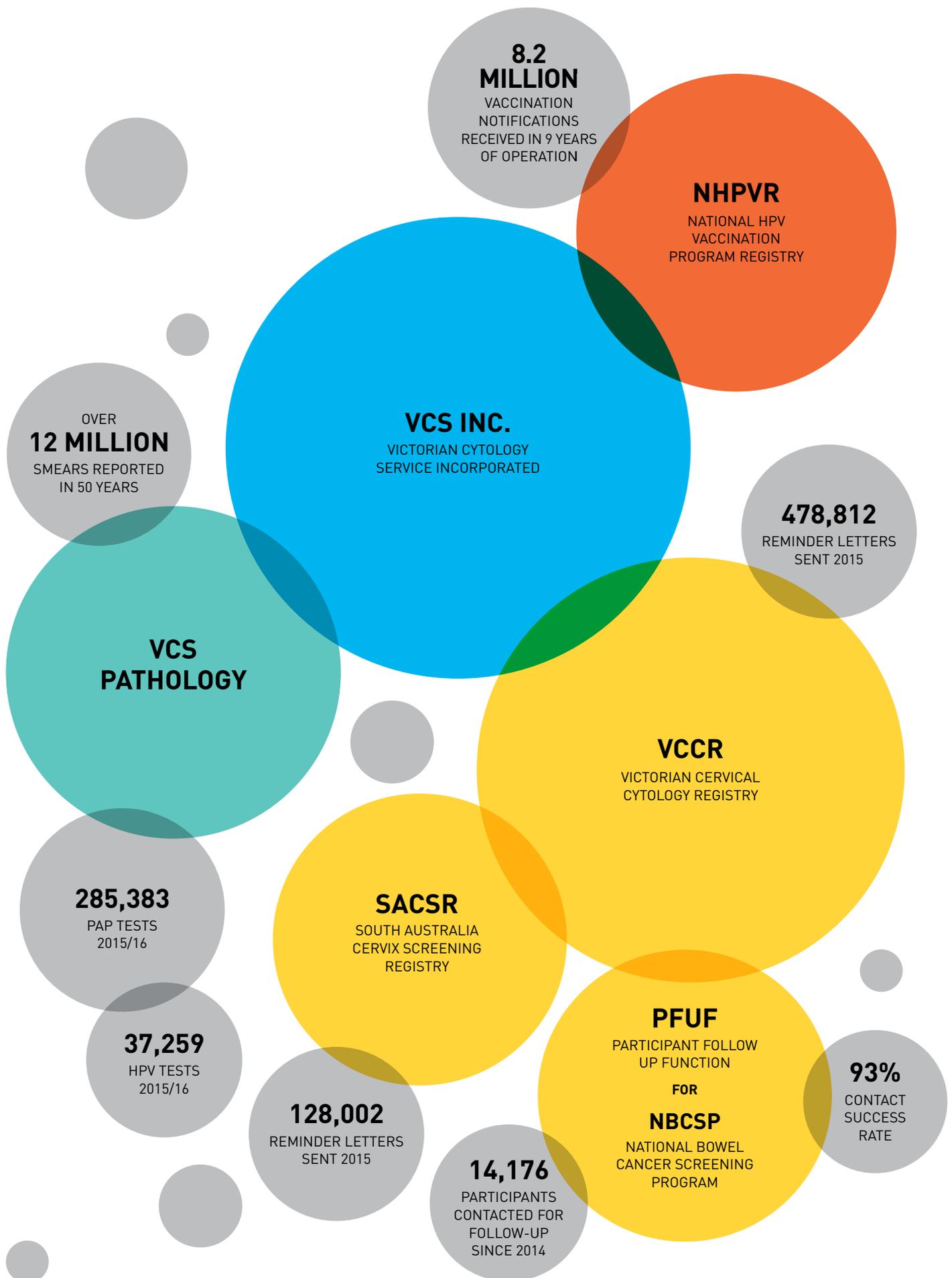
VCS continues to keep up with its technology and infrastructure demands

HIGHLIGHTS

Listed in page order:

Page No.

- 7 South Australia's Cervix Screening Program Register (under the operation of VCCR) forwarded data to the Australian Institute of Health and Welfare (AIHW) for Safety Monitoring purposes for the first time and produced a comprehensive Statistical Report presenting key data on the National Cervical Screening Program in South Australia for 2013. The report included data on screening participation, cervical abnormality rates and cervical cancer incidence and mortality.
- 17 Compass recruitment target of 36,300 unvaccinated women born on, or before, June 30th 1980 reached in March 2016.
- 18 VCS liaison physicians delivered approximately 650 education sessions at no charge to an audience of approximately 2,000 health professionals including GPs, Nurses and Gynaecologists (>90% face to face).
- 22 **ICT Projects**
 - ICT Development Project – Cervical Screening Register (CSR.net)
The CSR.net project is the largest development project VCS has undertaken in a number of years, involving the redevelopment of the existing registry IT system that currently underpins the service provision for Victorian and South Australian cervical registries.
The new platform supports the organisation's strategy towards an integrated cancer screening registry system (CSR.net) that can scale to a national level.
 - The critical server infrastructure supporting the National Human Papillomavirus Vaccination Program Register information system, was significantly upgraded to support current operations and provide the capability to deliver future initiatives such as Australian Schools Vaccination Register (ASVR).
 - VCS Ltd's server infrastructure was replaced improving existing operational security and providing the organisation with the capability to better deliver on strategic objectives. This 11 month project was successfully delivered on schedule and within budget.
- 25 The new "VCS Intranet" site was launched in June 2016, with improved and more current content, and a contemporary look and feel. The site provides a real-time digital communication channel for all VCS employees to feel connected with the happenings of the organisation.
- 25 VCS Employee Self Serve (VESS) replaces a paper based system providing employees with online access to their own records including leave entitlements and leave requests, payslips and personal details.
- 28 27 peer reviewed articles authored or co-authored by VCS, published in national and internationally recognised medical and scientific journals.
- 30 VCS Pathology reported a record total of 312,829 tests in 2015/2016 including 27,446 tests from participants in the Compass Main Trial.
- 47 70% reduction in Lost Time Injuries, equivalent to 230 days, or approximately 1 year of full time employment for 1 EFT.
- 49 Successful National Association of Testing Authorities (NATA) accreditation undertaken 10th of November 2015 to comply with ISO:15189 2012 the International Standards/Associated Standards for "Medical laboratories - Requirements for quality and competence".
- 52 VCS transitions from an Incorporated Association to a Company Limited By Guarantee, registered by ASIC under the Corporations Act 2001(Cth) on the 3rd December 2015.



Much has changed for VCS in its activities in over 50 years of operation.

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. During the year, the Board proposed, and the members resolved, that VCS move forward from being an incorporated association to become a company limited by guarantee. On 3rd December 2015, VCS was 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 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 IT System that provides diagnostic support and supports the maintenance of quality.

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, and PapScreen Victoria.

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

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 IT system which supports accurate data matching and utilises integrated clinical management algorithms. 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)

In March 2013, VCS Ltd. entered into a contract with the Victorian government to deliver the Participant Follow Up Function (PFUF) in Victoria for the National Bowel Cancer Screening Program (NBCSP). 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)

In February 2014, VCS Ltd. entered into a contract with the South Australian Department of Health to operate the cervical screening register on behalf of the South Australia Cervix Screening Program (SACSP). VCCR is responsible for the operation and management of the SACSP Register, which commenced 30th June 2014. The SACSP Register 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 the same sophisticated Registry IT system utilised by VCCR.

VCCR's established Registry Information System and use of their experienced data management team has enabled SA screening data to be forwarded to the Australian Institute of Health and Welfare for safety monitoring purposes for the first time and also allowed for a comprehensive statistical report to be made available reflecting the performance of the screening program. This is the first time that SA data has been used, 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.

VCCR employs Epidemiologists, Health Information Managers, Researchers, Clerical and Administrative staff, Liaison staff and Managers.

VCCR's established Registry Information System and use of their experienced data management team has enabled SA screening data to be forwarded to the Australian Institute of Health and Welfare for safety monitoring purposes for the first time and also allowed for a comprehensive statistical report to be made available reflecting the performance of the screening program. This is the first time that SA data has been used, 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.



Service delivery is underpinned by a sophisticated Registry IT system.

ORGANISATIONAL OVERVIEW

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 the 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 and statistical information and/or reports on the National HPV Vaccination Program.

NHVPR employs Epidemiologists, Health Information Managers, Researchers, Clerical and Administrative staff, Liaison staff and Managers. Service delivery is underpinned by a sophisticated Registry IT system. The IT system matches incoming vaccine dose reports to previous dose records to create a complete record for each participant. It generates reports on doses which are overdue and provides a history statement service for those whose vaccine courses are incomplete.

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. This accreditation is valid until December 2017.
- 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.

478,812

REMINDER
LETTERS SENT

312,829

SCREENING TESTS
CONDUCTED

OVER
12 MILLION

SMEARS REPORTED
IN 50 YEARS

THE PAP TEST:
AN ALTERNATIVE
TO THE HPV TEST
FOR THE CERVICAL
AND CANCER



Year in Review

CHAIRMAN & EXECUTIVE DIRECTOR'S REPORT

The 2015/16 financial year has been a challenging one for the organisation. For the majority of the year a strong focus was on one of our key strategic objectives, to submit a tender to establish and operate a National Cancer Screening Register (NCSR) on behalf of the Australian government's Department of Health. The VCS led consortia was shortlisted for this major national contract and was a strong competitor. However despite our longstanding expertise in operating successful cancer screening registers unfortunately we were not successful. Nevertheless, recognition is given to the dedicated tender project team who worked over and above expectations to showcase our extensive experience and success in running registry services and our excellence in the provision of public health services supporting screening and vaccination programs. Given we are a not for profit organization, with comparatively limited resources and funding compared to large multinational commercial entities we were competing against, this close result was a significant achievement and positions VCS to leverage its strong laboratory, registry and education offerings in the future.

Although the tender result was a setback, as an organisation we will continue to work constructively towards the goal of protecting Australians from the impact of cancer through screening as we always have. In Victoria the mortality due to cancer of the cervix is approximately one per 100,000 women, compared to an Australian average of two per 100,000, still very low by international standards. However, this difference between the Victorian and the Australian averages translates to approximately 50 fewer

deaths from cervical cancer each year in Victoria than would otherwise be the case. The work of VCS plays an important role in contributing to saving these lives.

We will work with the Victorian and Australian governments to ensure that we can continue our important contributions to Australia's cancer screening programs and will continue to uphold our Vision *"To prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination"*.

VCS Ltd is strongly positioned for future opportunities to provide registry services. In addition to the NCSR tender, we also responded to a tender to develop and operate the Australian School Vaccination Register (ASVR), an extension of the current National Human Papillomavirus Vaccination Program Register (NHVPR), on behalf of the Australian government's Department of Health. At the time of preparing this report, the tenders were still under evaluation.

During this incredibly busy time in the registries division, the VCS Pathology Service has been preparing for the major changes in the core laboratory operations expected with the introduction of the Australian government's Department of Health's renewed Australian Cervical Screening Program, scheduled to come into operation from the 1st May 2017. The current Pap test will be replaced by a test for the human papillomavirus (HPV). The increased effectiveness of this 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. These changes will significantly impact on staffing levels in the scientific

areas and will shift the current cytology screening workload to microbiology to support the new tests. The laboratory has been evolving in line with the changes and is positioned to manage the new program with equipment, IT interfaces and expertise ready in advance. The scientific staff are well informed of the workforce impact of the impending changes and a strategy to manage the inevitable redundancies in the relevant areas is being developed.

VCS Ltd, together with the Cancer Council NSW, are continuing work on the Compass trial. This trial will be the first in the world to test the new screening program in a HPV-vaccinated population and aims to recruit 121,000 women. The Compass trial is designed 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. As of the 30th June 2016, recruitment for the trial had reached 52,547 women through the efforts of 395 participating Victorian clinics. The recruitment of women aged 25-36 is continuing with the target for women above that age range already reached. We would like to take this opportunity to thank the health practitioners participating in the Compass Trial. We appreciate all of your ongoing efforts in recruiting eligible women.

With the rapid sector change and recent events potentially affecting the future of VCS Ltd., the VCS Board of Directors have been in close contact with the Executive team and have made themselves available at short notice to participate in urgent meetings to provide guidance or make decisions on matters impacting the organisation's ongoing success.

“fewer screening tests and a greater peace of mind for Australian women”.



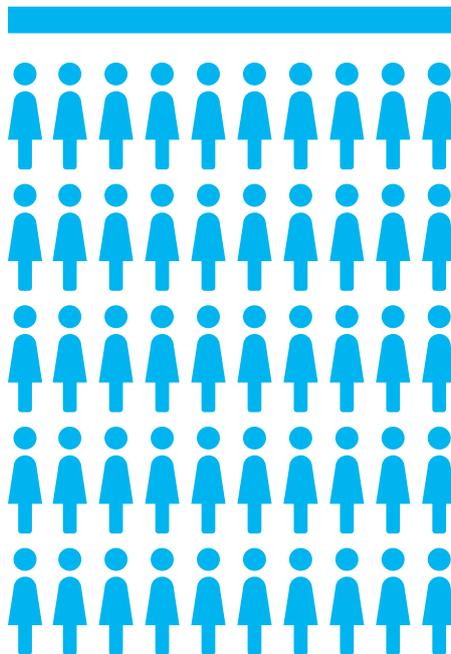
This included a review and refresh of the 2015-2020 VCS Strategic Plan. After collaborative consultation with the VCS Board and the Executive team, four strategic priorities were identified to position the future of VCS Ltd with a revised overarching theme of “Beyond Renewal...”. Work is now underway to scope what is needed to deliver against these priorities.

The changes to the screening registers and those anticipated with the renewed screening program will reshape VCS Ltd over the next two years. Our future will draw upon our internationally renowned quality of work, research, innovation and customer service.

We are supported by a dedicated workforce, Board of Directors and stakeholders all of whom continue to work to further enhance our reputation as a proven, trusted committed organisation, and on behalf of the Board and Executive Team respectively, we acknowledge and thank you for your outstanding efforts.

Sandy Anderson
Chairman

Marion Saville
Executive Director



VCS Ltd has helped to reduce the mortality rate from cervical cancer in Victoria to a level of half that of the rest of Australia. This saves the lives of more than 50 Victorian women every year.



Financial Summary

CHAIRMAN OF THE AUDIT AND FINANCE COMMITTEE AND DIRECTOR CORPORATE SERVICES REPORT

VCS Ltd.'s financial results for 2015/16 demonstrate an organisation in transition, both investing in, and preparing VCS for, a new environment beyond Renewal.

The consolidated net result is a deficit of \$2.1 million after taking into account capital purpose income, depreciation and amortisation expenses and losses on sale of noncurrent assets. Capital purpose income for the year of \$1.0 million primarily consisted of Department of Health funding for an IT system refresh of the NHVPR system hardware. The rise in depreciation and amortisation expenses to almost \$1.6 million for the year was anticipated, and represents the significant investments into CSR.net (VCS' new Cancer Screening Register platform) which is ensuring the organisation's registries systems continue to offer a secure, contemporary IT platform beyond Renewal. The grant funds received from the Victorian Department of Health and Human Services for investment in CSR.net have been largely recognised as Capital Purpose income in the previous year.

The 2015/16 result was \$1.0 million higher than the planned budget deficit of \$1.1 million, with the main contributing factor to the higher deficit being unplanned expenditure on federal government tenders. The National Cancer Screening Register tender bid opportunity involved a substantial investment of resources to the tune of \$719,000. This tender was for the establishment and operation of this new Register that is expected to ultimately incorporate all State and Territory Cervical Cancer Screening Registers and the National Bowel Cancer Screening Register. Unfortunately VCS was not successful with the tender.

An open competitive tender bid for the new Australian School Vaccination Register was also responded to, and VCS awaits the outcome.

Generally, operating income for the year remains stable, with non-operating income declining to \$489,000 primarily as a direct impact of lower interest income on term deposits given the current low interest rate environment. Operating expenditure increased in all areas. Monitoring staff costs is critical, given they represent over 65% of total costs. Staff costs increased by \$1.0 million from the prior year which was \$300,000, or 1.8%, more than expected. Key contributing factors were laboratory staff overtime in order to screen the increase in market share and additional staff time required in preparing and responding to government tenders. The number of primary screening tests (including Compass) undertaken increased to 312,829 (2014/15: 302,366), an increase of 6.5%. This increase was influenced by recruitment of 27,446 participants for the Compass Main Trial during the year.

Operating and Administration costs increased by \$810,000 due primarily to engagement of external consultants, advisors and temporary office accommodation to support the significant tender bid responses. Whilst the increase was due to temporary, once off costs related to specific opportunities, going forward VCS expects further contracting and tender opportunities to arise and VCS will pursue those that are aligned with our Vision and Purpose.

An increase in Capital Expenditure during the year of over 50% to \$3.3 million is in response to VCS preparing its business and systems for beyond Renewal. Medical equipment, IT Hardware and Software development costs are driving the significant increase in expenditure. The key software development project CSR.net has been designed to support population cancer screening registers. By leveraging its clinical and technical expertise, the CSR.net 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.

An increase in Capital Expenditure during the year of over 50% to \$3.3 million is in response to VCS preparing its business and systems for beyond Renewal.

VCS is in negotiations with grant funding providers on the continuation of grant block funding for services to be provided beyond Renewal

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, the Victorian Cervical Cytology Registry and the National HPV Vaccination Program Register. 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, along with the Executive and Finance team staff in completion of these financial statements in a timely manner.

Juliann Byron
Chairman – Audit & Finance Committee

Les McLean
Director Corporate Services



SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR VCS LIMITED

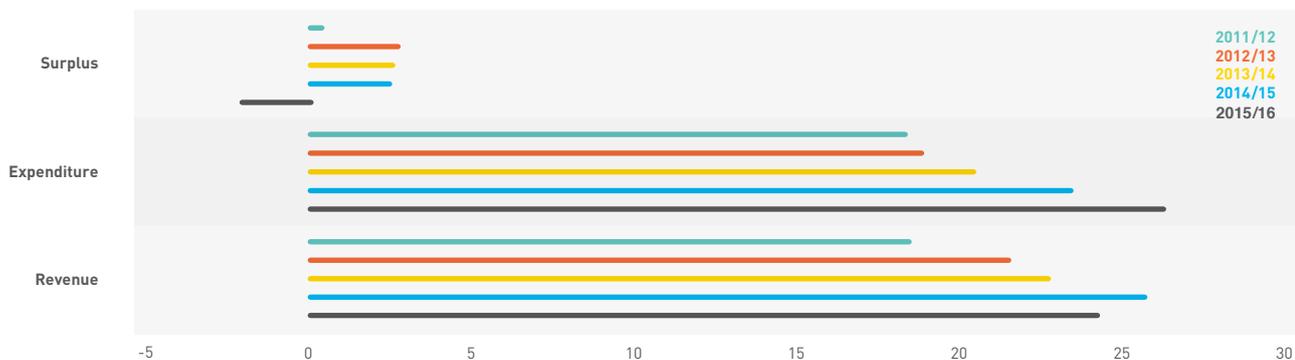
	2015/16 \$	2014/15 \$	2013/14 \$	2012/13 \$	2011/12 \$
Total Revenue	24,120,709	25,740,473	22,872,403	21,451,130	18,404,941
Total expenses	26,255,281	23,354,898	20,440,084	18,840,819	18,224,216
NET RESULT Surplus/ (Deficit)	(2,134,573)	2,385,575	2,432,319	2,610,311	180,725
Total Assets	23,211,845	25,061,975	24,746,925	21,449,146	16,919,638
Total Liabilities	7,978,455	7,694,012	9,764,537	8,899,077	6,979,880
NET ASSETS/ Total Equity	15,233,390	17,367,963	14,982,388	12,550,069	9,939,758

Financial Summary

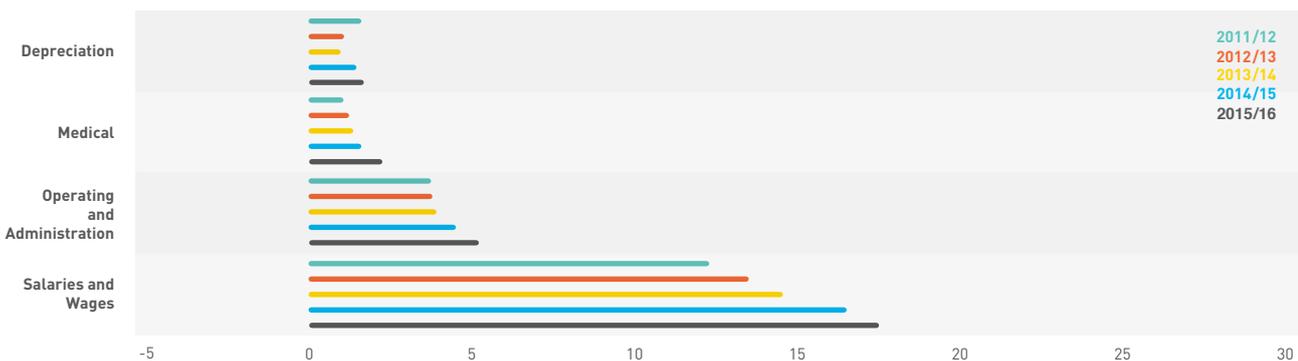
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AUDIT AND FINANCE COMMITTEE TREASURER AND DIRECTOR CORPORATE SERVICES REPORT (continued)

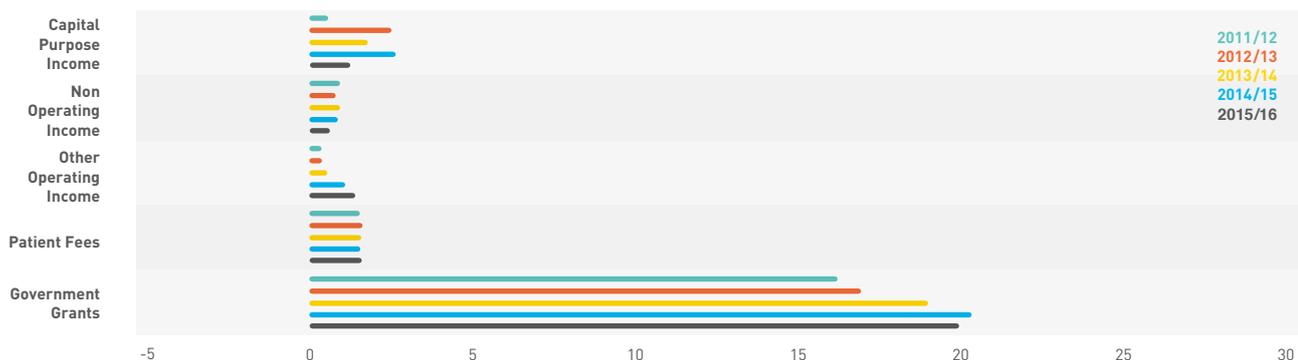
ANNUAL FINANCIAL PERFORMANCE \$M



ANNUAL OPERATING EXPENDITURE \$M



ANNUAL INCOME BY SOURCE \$M



Strategic Plan

STATEMENT FROM THE CHAIRMAN



After an extensive consultative process involving the VCS Board of Directors, Key Stakeholders and the Executive and Senior Management teams of VCS, the organisation's Strategic Plan 2020 was released.

The planning horizon has increased from 3 years to a 5 year plan underpinned by our revised Vision *"To prevent cancer and infectious diseases through excellence in the provision of public health services supporting screening and vaccination"*.

Cervical cancer prevention has been undergoing significant change for some years. This change is now accelerating and is driven by the implementation of a successful HPV Vaccination Program for girls and the later extension of the program to boys in 2013. Australian

governments have responded to these changes by undertaking a Renewal of the National Cervical Screening Program. It has been recognised that cervical cytology is no longer the optimal primary screening test and that better health outcomes, with less intensive testing, can be achieved by testing primarily for the presence of oncogenic HPV.

VCS has anticipated the changes associated with Renewal. The objectives and business imperatives identified in this plan, will transition the laboratory and registry functions in alignment with the changes in technology and policy, enabling a seamless service provision to our referrers and stakeholders when Renewal is implemented in 2017. This Strategic Plan 2020 will reinforce the position of the

organisation as a leader in reducing the impact of cancer and infectious diseases by broadening our public health contribution, and continuing to anticipate and adapt to change *"Beyond Renewal..."*

Key elements of the plan include the following:

- New Vision Statement;
- Consolidated plan with 12 key strategic objectives aligned with an internal/external pathway focus across the perspectives of 4 different core business imperatives

The achievements against each of these key strategic objectives will be published in this report.

Sandy Anderson

VISION

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

Core Business imperatives

Broaden our public health contribution
(Build relationships and services needed to optimize our capabilities, reach and impact)

Anticipate and adapt to change
(Align our structure, systems, processes and people around key strategic imperatives)

Stakeholder/Customer Imperatives

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

- Establish strategic partnership opportunities
- Increase our capacity and capability for marketing/branding, community/stakeholder communication, and practitioner education

Service Delivery and Infrastructure Imperatives

- Expand our services in line with emerging market needs without compromising our commitment to quality
- Explore co-location options within a suitable health services precinct
- Increase our capacity and capability to secure and deliver a diversified portfolio of services including disease surveillance, education and research
- Maintain quality while developing new systems and processes needed to support service growth

Financial Imperatives

- Diversify and secure ongoing funding sources
- Ensure financial viability by increasing competitiveness and achieving real operating efficiencies

People and Culture Imperatives (enablers across both external and internal orientations)

- Further develop a workplace culture in which people are valued, service driven, collaborative, engaged, innovative, and accountable
- Develop and implement a workforce plan with clear focus on staff performance, development and succession
- Align HR systems and processes to future needs

Strategic Objectives

1. STAKEHOLDER/CUSTOMER IMPERATIVES

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

VCS TRANSITIONS FROM AN INCORPORATED ASSOCIATION TO A COMPANY LIMITED BY GUARANTEE

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 its 50 years of operation. As a result, the Board proposed, and the members resolved at the AGM in November 2015, that VCS will move forward from being an incorporated association to become a company limited by guarantee. On 3rd December 2015, VCS was registered by ASIC as a company limited by guarantee under the Corporations Act 2001(Cth).

COMMITTEE ACTIVITIES

A number of VCS staff serve on advisory committees to the Australian government in relation to cancer screening policy including committees driving Renewal. These committees are currently very active as the delivery date for Renewal approaches.

Establish strategic partnership opportunities and increase our capacity and capability for marketing/branding, community/stakeholder communication, and practitioner education

VCS Ltd strongly values its working relationships with government departments, Cancer Council Victoria, PapScreen Victoria, medical colleges, universities, major teaching hospitals, sexual and

Renewal Committees:

Working Party to draft "Clinical Management Guidelines for the Prevention of Cervical Cancer". The Australian Government's Department of Health.	Marion Saville Joanne Mountford Lara Roeske
"Cervical Drafting Committee" to draft the NPAAC performance measures and standards for human papillomavirus (HPV) testing and cytology.	Marion Saville Julia Brotherton David Hawkes
"National Quality Safety Monitoring Committee"	Genevieve Chappell
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, Victoria."	Marion Saville Julia Brotherton Stella Heley
Steering Committee of the Renewal Implementation Project – Australian Government's Department of Health	Marion Saville

Other Committees

Australian Technical Advisory Group on Immunisation HPV Working Party	Julia Brotherton
National Immunisation Committee Data sub-committee	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

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).

Having anticipated the substantial changes Renewal will bring and informed

by the Compass Trial, VCS Ltd. has expanded its activities to include new technologies relevant to the renewed cervical screening program, and the development of educational resources and materials to support practices and practitioners recruiting for Compass.

We are in an ideal position to provide services to educate, train and support practitioners and practices to transition to and implement the Renewed NCSP.



The Compass Trial



"This is a public cervix announcement" – campaign

THE COMPASS TRIAL

Compass is a large scale randomised controlled trial of 5 yearly HPV testing vs. 2 ½ yearly cytology based screening in Victoria Australia being conducted by VCS Ltd in conjunction with the Cancer Council NSW. Although HPV screening has been comprehensively shown to be more effective and less expensive than cytology based screening in a large number of overseas trials, the Compass trial is designed to extend this knowledge by:

- evaluating primary HPV in an extensively HPV vaccinated population using updated HPV testing technology.
- increasing the focus on the optimal management of HPV positive women.
- evaluating the safety, effectiveness and cost of HPV based screening in the Australian context.
- enabling the development of the processes of recruitment, laboratory testing and registry follow up to be optimized ahead of the rollout of the renewed National Cervical Screening Program.

The trial is taking place in 2 phases:

Phase 1 (The Pilot) included 5,000 women aged 25-64. These women were recruited between October 2013 and November 2014. The baseline screening rounds have been completed and following 18 months of follow up from the baseline round, initial results have been presented at a range of conferences and the first of several papers for the peer reviewed scientific literature has been submitted.

Phase 2 (The Main Trial) of 121,000 women aged 25 to 69 commenced recruitment in January 2015. This is made up of:

36,300 women born after June 30th 1980 (these women were not eligible for the HPV vaccine through the National Immunisation Program). Recruitment of these women has been completed and this part of the study is now closed to recruitment.

84,700 women who were age eligible for the HPV vaccine through the National Immunisation Program are required for the study and of these 15,723 women have been recruited. To aid recruitment, VCS Pathology has developed and initiated a large social media campaign to inform and educate Victorian women of the benefits of participating in the trial. The main focus of the campaign is to assist in improving the screening rates of women aged 25 to 35 years of age as well as several under screened groups.

The trial has now been supported by over 50,000 women recruited by close to 400 Victorian clinics and 1500 health professionals across Victoria.

In addition to important insights into HPV based screening, the trial has assisted in educating Victorian practitioners about the coming changes to the National Cervical Screening Program. 397 of 400 practitioners who have undertaken the Royal Australian College of General Practitioners (RACGP) endorsed training, required before commencing recruitment into the trial, agree that the learning outcome of "understanding the change the renewal of the National Cervical Screening Program" has been achieved.

THE COMPASS TRIAL AS AT 30TH JUNE 2016

TOTAL RECRUITED AS AT 30TH JUNE 2016 = 52,023

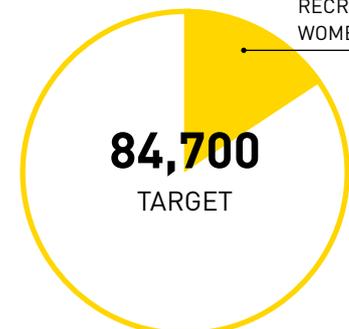


36-69 YEARS



25-35 YEARS

15,723 RECRUITED WOMEN



Strategic Objectives

1. STAKEHOLDER/CUSTOMER IMPERATIVES (continued)

GP EDUCATION

The VCS Liaison Physicians have significant and current experience in health practitioner education and in clinical practice. Education and training is carefully tailored to meet health practitioner's professional and clinical requirements, including accreditation as a provider of Continuing Professional Development Points in Women's Health and endorsement by medical colleges.

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 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 Programme and to ensure that national competency standards for taking a quality sample for cervical screening are maintained.

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: RACGP, ACRRM, APNA, AChSHM, RANZCOG and RCPA.

Additionally VCS Ltd contributes to conferences, nationally and internationally, peer-reviewed journals and the development of curricula for the aforementioned professional bodies. In late 2014 three additional part time (equivalent to one full time) Liaison Physicians were appointed to assist with educational sessions to medical practitioners and nurses.

For the period 1st July 2015 to 30th June 2016, the Liaison Physicians delivered approximately 650 talks to an audience of approximately 2,000 health professionals including GPs, nurses and gynaecologists (>90% face to face). VCS's senior Liaison Physician, Dr Stella Heley appeared on the Channel 10 morning program, Studio 10, at the invitation of PapScreen Victoria to assist them in launching their new campaign to encourage women over the age of 50 to continue having cervical screening tests; and Liaison Physician Dr Lara Roeske provided an expert interview for health professionals which was filmed at the Health Ed Conference in Melbourne, the largest health professional medical education conference in Australia attracting more than 1,000 delegates. This video interview was sent to all registered Health Ed delegates nationwide.



Senior Liaison Officer Dr Stella Heley on Studio 10



Dr Lara Roeske, Liaison Physician

2. SERVICE DELIVERY AND INFRASTRUCTURE IMPERATIVES

Expand our services in line with emerging market needs without compromising our commitment to quality

AUSTRALIAN SCHOOL VACCINATION REGISTER

VCS responded to a tender to develop and operate the Australian School Vaccination Register (ASVR), an extension of the current National Human Papillomavirus Vaccination Program Register (NHVPR), on behalf of the Australian government's Department of Health for an initial term to 30 June 2019, with up to six years as an extension option. This government initiative was announced in the 2015/16 Budget with an aim to improve immunisation coverage.

VCS expects that its solution for operation of the ASVR should be highly competitive due to our eight years of successful operation of the existing NHVPR. Conceptually the extension to ASVR is an enhancement to the existing operating system rather than a new operating system build. Should VCS be preferred tenderer, there will be no need for data migration to a new system/provider, thus avoiding significant costs and risks.

The evaluation process continues for the ASVR and at the time of preparing this report the tender outcome is still unknown.

NATIONAL CANCER SCREENING REGISTER

As part of the 2015-16 Commonwealth Budget, the Australian government committed funds to implement a renewed National Cervical Screening Program and new National Cancer Screening Register to support the delivery of the national cervical and bowel screening programs from 1 May 2017. A multimillion dollar tender to operate the register from 1 April 2016 to 30 June 2021 was released in August 2015 and closed in October 2015.

VCS had anticipated this tender and were in a strong position to respond with a proven track record of operating the Victorian Cervical Cytology Registry (VCCR) for over 25 years, and more recently operating the National Human Papillomavirus Program Register (NHVPR) for the Australian government's Department of Health since 2008. In addition, VCCR and VCS Pathology had developed ICT systems and processes to accommodate the changes anticipated with the renewed cervical screening program. A considerable amount of work was required to prepare for the tender with the tender bid period arguably the busiest in the history of the organisation.

Our comprehensive tender response was submitted within the required timeframe and VCS was shortlisted with one other tenderer. Unfortunately after significant demonstrations of capacity and capability, including system readiness and provision of innovative program changes and solutions, VCS was advised in March 2016 that we had been unsuccessful with the tender. Whilst extremely disappointed by this outcome, VCS remain committed to the provision of public health registry services to support screening and vaccination programs in Australia, building on our 50 years of successful operations in laboratory and registry operations.

Explore co-location options within a suitable health services precinct

The benefits to VCS of co-locating the laboratory and registry operations are substantial and investigations continue to secure suitable future accommodation in a health precinct of sufficient capacity to accommodate all employees in the one location.

Our strategy to co-locate our laboratory and registry services and staff will unite the business for strength of purpose, strengthen systems, improve strategic focus, improve communication and also create substantial efficiency. Co-location would also be perceived by staff as a vote of confidence in the organisation and its future by our funders and stakeholders, and will directly and materially improve our ability to retain key staff.

Strategic Objectives

2. SERVICE DELIVERY AND INFRASTRUCTURE IMPERATIVES (continued)

Increase our capacity and capability to secure and deliver a diversified portfolio of services including disease surveillance, education and research

VCS continues to maintain and grow its role and reputation as the leader in strategic research and public health expertise and advice in cervical cancer prevention in Australia. In 2015/2016 there were 27 peer reviewed articles authored or co-authored by VCS, published in national and internationally recognised medical and scientific journals. Refer to VCS PUBLISHED ARTICLES on pages 28-29 for full details.

OUR RESEARCH TEAM ARE CURRENTLY INVOLVED IN:

The Compass trial

Compass is a large scale randomised controlled trial of 5 yearly HPV testing vs. 2 ½ yearly cytology based screening in Victoria Australia 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. Participation estimates have been calculated and we are currently in the process of working with the Victorian Department of Health and Human Services to report the findings.

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

Vaccine impact in the population – Indigenous women

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.

Cervical screening participation and outcomes for Indigenous Australian women

Julia Brotherton is an investigator on this NHMRC funded study led by the Menzies School of Health Research linking cervical screening register data with hospital and cancer registry data to assess Indigenous screening participation and outcomes. This collaborative work has resulted in 3 papers to date with 1 other in press:

Whop LJ, Diaz A, Baade P, Garvey G, Cunningham J, Brotherton JML, Canfell K, Valery PC, O'Connell D, Taylor C, Moore SP, Condon JR. An evaluation of probabilistic record linkage methods to identify Australian Indigenous women on the Queensland Pap Smear Register: the National Indigenous Cervical Screening Project. *BMJ Open*. 2016;6:e009540 doi:10.1136/bmjopen-2015-009540

Whop LJ, Garvey G, Baade P, Lokuge K, Cunningham J, Brotherton JML, Valery PC, O'Connell DL, Canfell K, Diaz A, Roder D, Gertig DM, Moore SP, Condon JR. 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). *Cancer* 2016 May 15;122(10):1560-9. doi: 10.1002/cncr.29954

Whop LJ, Baade P, Garvey G, Cunningham J, Brotherton JML, Lokuge K, Valery PC, O'Connell DL, Canfell K, Diaz A, Roder D, Gertig DM, Moore SP, Condon JR. Cervical abnormalities are more common among Indigenous than other Australian women: a retrospective record-linkage study, 2000-2011. *PLoS One*. 2016 Apr 11;11(4):e0150473. doi: 10.1371/journal.pone.0150473. eCollection 2016.

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. Time to clinical investigation after a high-grade abnormal Pap test for indigenous and non-indigenous women in Queensland, 2000-2011. In press, *Med J Aust*.

The number of never screened women who participated in self-sampling (iPap) was three times the number who underwent Pap testing as a result of traditional invitation or reminder strategies.

iPap Study

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 an NHMRC funded randomized controlled trial 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.

WHAT'S NEW

For women who have not had a recent Pap test, self-sampling for human papillomavirus (HPV) can potentially improve participation in cervical cancer screening. The present study emphasizes the degree to which home-based HPV self-sampling can increase participation, particularly among women never previously screened. The number of never screened women who participated in self-sampling was three times the number who underwent Pap testing as a result of traditional invitation or reminder strategies. Among never-screened and under-screened women who tested positive for high-risk HPV types via self-sampling, more than four-fifths subsequently underwent Pap testing or appropriate clinical investigation.

International Journal of Cancer 2016 Jul 15;139(2):281-90

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. The data from the study was published in the *International Journal of Cancer* 2016 Jul 15;139(2):281-90 – “Home-based HPV self-sampling improves participation by never-screened and under-screened women: Results from a large randomized trial (iPap) in Australia”. The study 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 cervical screening program commencing in 2017. An analysis of further follow up of the participants is planned in 2017.

Australian Cervical Cancer Typing Study

VCS, in conjunction with the Royal Women's Hospital Victoria and leading pathologists in Victoria, NSW and Queensland, has undertaken a study to define how much each HPV type contributes to cervical cancers in Australia pre-vaccination. The study gathered over 800 archival cervical cancer, with expert pathologists confirming the presence of cancer and the RWH laboratory assessing each specimen for HPV.

Where more than one HPV type was detected, an advanced technique called laser capture microdissection was used to determine which type is found in the cancer cells as opposed to surrounding tissue. By precisely measuring which types cause cervical cancer in Australia,

a baseline measure against which to measure the impact of current HPV vaccines and the potential impact of the next generation of HPV vaccines, which protect against more types, can be determined. The study analysis is now complete with the results presented at the National Immunisation Conference in June 2016 and at Eurogin 2016. The report paper is in final draft, with results provided to both industry and the expert committee providing advice on the use of HPV vaccines in Australia.

Recurrent Respiratory Papillomatosis Surveillance

Julia Brotherton is a chief investigator of the ongoing surveillance study of juvenile onset recurrent respiratory papillomatosis (RRP) which is undertaken through the Australian Paediatric Surveillance Unit. RRP is a rare but serious disease caused by HPV types 6 and 11 that results in recurrent growths in the airway which can obstruct breathing and require multiple surgical treatments. This study is monitoring the occurrence of RRP following the introduction of the HPV vaccination program. The large decline in HPV 6 and 11 infections in the population due to vaccination is expected to reduce the transmission of the virus to infants from their mothers at birth and thus the incidence of RRP.

IMPRESS study

Julia Brotherton is an investigator on the IMPRESS study, led by Marcus Chen of the Melbourne Sexual Health Centre. This study is measuring the impact of the male HPV vaccination program on HPV infection in young males.

Strategic Objectives

2. SERVICE DELIVERY AND INFRASTRUCTURE IMPERATIVES (continued)

National Health and Medical Research Council (NHMRC) Grant Received - Point-of-care HPV-DNA testing for cervical cancer screening in high-burden, low-resource setting

A/Prof Marion Saville and A/Prof Julia Brotherton are Chief Investigators on this NHMRC funded study led by A/Prof Andrew Vallely, Faculty of Medicine, UNSW of the Kirby Institute. This study is to evaluate HPV testing with Visual Inspection Acetic Acid to identify lesions at point of care in Papua New Guinea. VCS will provide cytology results on all participants. Pilot evaluations for the study are near completion.

Grant Applications 2016

A/Prof Julia Brotherton is Chief Investigator on an NHMRC Project grant led by Jeff Jin, at the Kirby Institute UNSW, which will measure the subsequent risk of anal cancer among women treated for CIN2+ and among people with a history of other HPV related cancers through data linkage between PTRs and the AIHW cancer database.

A/Prof Julia Brotherton is a Chief Investigator on a partnership NHMRC grant application being led by A/Prof

Rebecca Guy of the Kirby Institute UNSW. This will be a partnership between researchers and states and territories implementing HPV vaccination to evaluate barriers to higher coverage and assess interventions to improve coverage.

ICT DEVELOPMENT PROJECT – CERVICAL SCREENING REGISTER (CSR.NET)

The CSR.net project is the largest ICT development project VCS has undertaken in a number of years, involving the redevelopment of the existing registry IT system that currently underpins the service provision for Victorian and South Australian cervical registries. The primary drivers for the new registry system were to modernise the IT architecture, integrate contemporary technologies, and to implement a platform to support the organisation's strategy towards an integrated cancer screening registry system that can scale to a national level.

After 15 months of development, the new IT Cervical Screening Register system CSR.net went live as planned on 5th March, delivering an integrated contemporary Registry platform. Since the release, the system has continued to

support and enhance operations without any unplanned disruption to services. The implementation ensures VCS is now well placed to support its key strategic vision of providing an integrated national cancer screening service, and operating VCS Pathology as an independent entity and information system.

The CSR system has a very modern look and feel, and contains many improvements to facilitate improved usability, and data quality to support a more efficient business process. The project has grown steadily since development commenced, reaching a peak of 21 project team members. This project has successfully achieved its milestones due to the expertise and dedication of the project team, along with the strong collaboration of staff from both the Registry and VCS Pathology businesses. Funding for this project has been provided by the Victorian Department of Health and Human Services.

The second key phase of the project has commenced, the objective of which is to prepare the Register for the change in screening intervals as a result of Renewal.

CSR PROJECT KEY STATS (INITIAL RELEASE):



VCS Ltd. ensures that the highest standards of operation possible are maintained, in both technical and non-technical areas.

Server Infrastructure Projects

- NHVPR Server Infrastructure Replacement

Over \$600K of capital expenditure was invested into the critical server infrastructure supporting the National Human Papillomavirus Vaccination Program Register information system, which was significantly upgraded to support current operations and provide the capability to deliver future initiatives such as ASVR. The upgrade will ensure and enhance the reliability, availability and security of relevant systems.

The project was successfully completed in December 2015, under budget and as scheduled, with a seamless transition to the new data centre and platform delivered without any interruption to service.

- VCS Server Infrastructure Replacement

VCS invested over \$780K to replace the 'internal' virtualised server infrastructure which underpins all operational systems and applications for VCS Pathology, VCCR, and Shared Services. This significant project was successfully completed by the end of September 2015, on schedule and within budget. The transition and migration to the new platform was successfully delivered without interruption to service.

This new contemporary server platform will provide VCS with the capability to both effectively support current services, and also deliver on its strategic objectives.

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

On the 10th of November 2015 VCS Pathology was visited and assessed by the National Association of Testing Authorities (NATA). This inspection was part of a new format which will involve annual interactions with NATA in an ongoing effort to maintain the high standard of testing laboratories nationally. This visit was also an assessment of how VCS Pathology has changed its systems to accommodate the changes in regulations required by the updating of ISO:15189 2007 to ISO:15189 2012. VCS Pathology retained its accredited status.

VCS Ltd. ensures that the highest standards of operation possible are maintained, in both technical and non-technical areas. The Quality Assurance Committee, a subcommittee of the VCS Board chaired by the Executive Director, regularly reviews both technical and non-technical areas of operation. 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.



Strategic Objectives

3. FINANCIAL IMPERATIVES

Diversify and secure ongoing funding sources

VCS currently receives 83% of its income from the Commonwealth, Victorian and South Australian governments in the form of grants and contracts to operate services as a funded agency. In the future, all of the services provided will be subject to competition, either in the form of open tenders, fees for service, or competing against other funded agencies for scarce opportunistic grant monies. The need to diversify and secure additional, ongoing funding sources is clearly a key strategic objective.

During 2015/16, VCS submitted two major tender bids for the National Cancer Screening Register and the Australian School Vaccination Register. VCS will continue to scan for opportunities to tender for additional work aligned with our purpose and vision.

Whilst preparing for Renewal, VCS has given appropriate consideration to upgrading its laboratory facilities and associated upskilling of staff, in order to take advantage of new laboratory services that could be provided to the private sector on a fee for service basis.

The opportunity to utilise VCS' charitable, not for profit, tax deductible status is also being investigated. VCS received its first private donation during 2015/16 which will be applied to assist supporting VCS' pro bono support of cervical screening for women in Papua New Guinea.

VCS Supports Cervical Screening in Papua New Guinea

Cervical cancer is the number one killer cancer among women of PNG with the highest mortality rate in the South Pacific. According to data collected by Dr Annette Ketalu co-founder of the Wantok Health Foundation, in the gynaecological ward in the Kimbe region 90% of deaths in 2015 were from cervical cancer.

VCS is supporting Dr Ketalu by providing free Pap smear kits and reporting services. To date 300 cervical smears have been reported with women travelling as far as 500km to participate. Unfortunately more than 100 women were turned away as they ran out of slides. VCS are sending a further 1,000 kits to support this important health initiative.

Ensure financial viability by increasing competitiveness and achieving real operating efficiencies

As a For Purpose organisation, VCS aims to be in a financial position to support selected public health initiatives and research, such as the Compass Main trial, by reinvesting back into public health projects that support screening and vaccination. VCS contributed direct net costs of \$543,854 to support the Compass Main Trial during 2015/16.

VCS has commenced a review of fixed overhead costs and discretionary expenditures. The significantly increased competition in our major service functions will require competitive cost and pricing of services in all market segments. VCS is currently profiling its cost structure in VCS Pathology, including preparing a resourcing profile post Renewal.

VCS aims to be in a financial position to support selected public health initiatives and research, such as the Compass Main trial, by reinvesting back into public health projects that support screening and vaccination.

4. PEOPLE AND CULTURE IMPERATIVES

Further develop a workplace culture in which people are valued, service driven, collaborative, engaged, innovative, and accountable

VCS INTRANET

An updated "VCS intranet." site was launched in June 2016. This site provides a real-time digital communication channel for all VCS employees to connect with the happenings at VCS. The site allows promotion of team based activities, individual achievements and overall company messages including videos, reports, and links to other relevant sites, published papers and VCS internet sites.

Staff are encouraged to contribute and provide comment on the site using a feedback link which will inform further site enhancements.



STAFF SURVEY

Research consultants Insync were engaged in December 2015 to conduct a staff survey allowing all employees across the VCS business functions to have the opportunity to share their views. Opinions were sought on the performance of VCS in terms of organisational culture, values and well-being. A pleasing 77% response rate was achieved.

The survey results have assisted in gaining a better understanding of our strengths and the areas in which we need to develop in order to position ourselves as leaders in staff engagement. Actions, plans and next steps have been cascaded down via each Executive's teams and the overall survey results were presented to the VCS Board. Team based presentations on the results were delivered with a focus on practical outcomes, planning and initiatives for the next 12 months on a team level which were agreed and included in the 2016/17 budget.

Align HR systems and processes to future needs

VCS EMPLOYEE SELF SERVE (VESS)

Replacing a paper dominated payroll system, a self-serve employee system accessed through an internet portal VESS (VCS Employee Self Service), was implemented in May 2016. 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.

VESS was launched in late May 2016 and was received enthusiastically by staff.

Develop and implement a workforce plan with clear focus on staff performance, development and succession

VCS continues to transition away from manual HR systems and processes. Planning and development has commenced for an online performance management system that will be known as VESSPA (VESS Performance Appraisals). A cross functional project team have been involved in focus groups describing specific workplace behaviours that reflect the VCS values of Fairness, Integrity, Respect and Excellence. This is important to help us drive how and what we do as an organisation. The focus group outcomes will be consolidated and will form the content for VESSPA, along with a suite of agreed organisational key performance indicators.

This new performance management tool will provide visibility and transparency with aligned VCS corporate key performance indicators, measurable workplace behaviours and personal goals. Linked to VESS it is a 180 degree feedback system between manager/supervisor/team leader and their employee. Overall aims are for a simple, measureable, achievable, realistic and timely goal setting tool that will replace the current manual and time consuming Performance Appraisal Review process.

The VESSPA logo was created by staff member Megan Hoggan, the winning entrant in our logo competition to create awareness and engage staff in the initiative.



Strategic Objectives

THE YEAR AHEAD

There are many initiatives and opportunities that VCS will be pursuing in 2016/17. For example:

Implementation of the 2020 Strategic Plan

Acceleration of recruitment for the Compass Trial

Responding to outcome of the Australian School Vaccination Register tender bid

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

Preparing staff for the introduction of Renewal on 1 May 2017



I BELIEVE THAT THIS SORT OF PARTNERSHIP (THE COMPASS TRIAL) WILL ENHANCE SCREENING AS WOMEN WILL UNDERSTAND THE SCIENCE UNDERLYING THE SCREENING PROCESS, RATHER THAN BE PUT OFF BY THE UNPLEASANT EXAMINATION.

QUOTE FROM GP

VCS Staff have continued to produce and contribute to quality articles in 2016

The promise of HPV vaccines is coming to fruition in disease prevention. In combination with the new cervical screening program, Australian women will have protection against cervical cancer that is highly effective and evidence based.

Med J Aust 2016; 204 [5]: 184

VCS PUBLISHED ARTICLES

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HPV vaccine impact in Australian women: ready for an HPV based screening program.	Med J Aust 2016; 204 (5): 184	Brotherton JML, Gertig DM, May CL, Chappell GA, Saville M.
Eurogin Roadmap 2015: How has HPV knowledge changed our practice: vaccines.	Int J Cancer. 2016 Aug 1;139(3):510-7. doi: 10.1002/ijc.30063. Epub 2016 Mar 22. Review.	Brotherton JML , Jit M, Gravitt P, Brisson M, Kreimer A, Pai S, Fakhry C, Monsonego J, Franceschi S.
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].	Cancer. 2016 May 15;122(10):1560-9. doi: 10.1002/cncr.29954	Whop LJ, G, Baade P, Lokuge K, Cunningham J, Brotherton JML , Valery PC, DL, Canfell K, Diaz A, Roder D, Gertig D , Moore SP, Condon JR.
Cervical abnormalities are more common among Indigenous than other Australian women: a retrospective record-linkage study, 2000-2011.	PLoS One 2016 Apr 11;11(4):e0150473. doi: 10.1371/journal.pone.0150473. eCollection 2016.	Whop LJ, Baade P, Garvey G, Cunningham J, Brotherton JML , Lokuge K, PC, O'Connell DL, Canfell K, Diaz A, Roder D, Gertig DM , Moore SP, Condon JR.
Home-based HPV self-sampling improves participation by never- and under-screened women: results from a large randomised trial (iPap) in Australia.	International Journal of Cancer. 2016 Jul 15;139(2):281-90. doi: 10.1002/ijc.30031. Epub 2016 Mar 10	Sultana F, English DR, Simpson JA, Drennan K, Mullins R, Brotherton JML, Wrede C David, Heley S, Saville M, Gertig DM.
Juvenile Onset Recurrent Respiratory Papillomatosis: a retrospective Australian audit from NSW.	The Laryngoscope. 2016 Apr 14. doi: 10.1002/lary.26005. [Epub ahead of print]	Novakovic D, Cheng ATL, Baguley K, Walker P, Harrison H, Soma M, Malloy M, Brotherton JML.
Monitoring the impact of HPV vaccine in males—considerations and challenges.	Papillomavirus Research.2016;2:106–111.	Brotherton JML , Giuliano A, Markowitz L, Dunne E, Ogilvie G.
Primary Prevention of HPV through Vaccination: Update on Current Global Status.	Curr Obst Gynecol Reports. 2016 2016. Published on line 07 July 2016. DOI 10.1007/s13669-016-0165-z	Brotherton JML , Zuber PLF, Bloem PJN.
Vaccination questions need patient response. MJA Insight.	https://www.mja.com.au/insight/2016/13/vaccination-questions-need-patient-response [non-peer reviewed communication]	Brotherton JML, Hawkes D, Savile M.
Immunisation coverage annual report, 2013.	Commun Dis Intell Q Rep. 2016 Mar 31;40(1):E146-69.	Hull BP, Dey A, Beard FH, Menzies RI, Brotherton JM , McIntyre PB.
Changes to the cervical cancer screening program in Australia.	Medicine Today, May 2016, Volume 17, Number 5	Canfell K, Saville M , Hammond I, Roeske L.

VCS Pathology reported a total of 312,829 tests in 2015/2016 including 27,446 Compass tests.

VCS PATHOLOGY

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 2015/2016 was maintained at a consistently high standard, monitored by our stringent Quality Assurance measures.

The following performance indicators outline VCS Pathology’s achievements in our core laboratory services during 2015/2016.

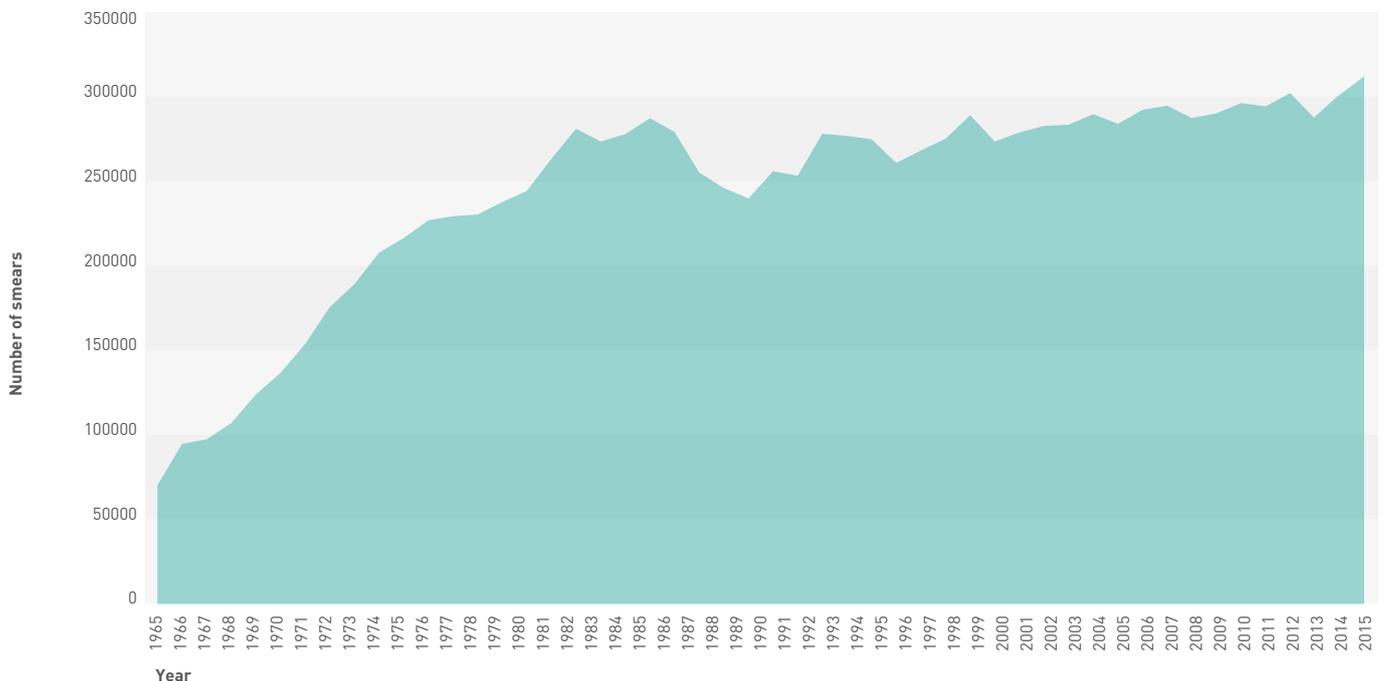
PAP SMEAR REPORTING AND MARKET SHARE (see Figure 1)

VCS Pathology is currently receiving high numbers of Pap smears. This increase has been driven by smaller laboratories discontinuing Pap tests and larger commercial competitors charging over \$45 for the test. As a consequence, the Pap screening queue is currently at historically high levels. Our scientific staff have undertaken a significant amount of overtime to keep the test turnaround times for health professionals and women at acceptable levels. The unusually high level of incoming work has also impacted the workload in the Clerical, Specimen

Reception, Central Laboratory and Courier staff areas.

Pap smear market share for the financial year was 51%, an increase from 50% in the previous year and well above the 47% minimum target. VCS Pathology reported a total of 312,829 cervical screening tests in 2015/2016 including 27,446 Compass tests. This was an increase from 302,366 tests (including 6,063 Compass tests) in 2014/15. Over the life of the organisation more than 12 million smears have been reported.

FIGURE 1
VCS PATHOLOGY PAP SMEAR VOLUMES BASED ON VCS ANNUAL REPORT PUBLICATIONS



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

LABORATORY REPORTING TURN-AROUND TIMES (see Figure 2)

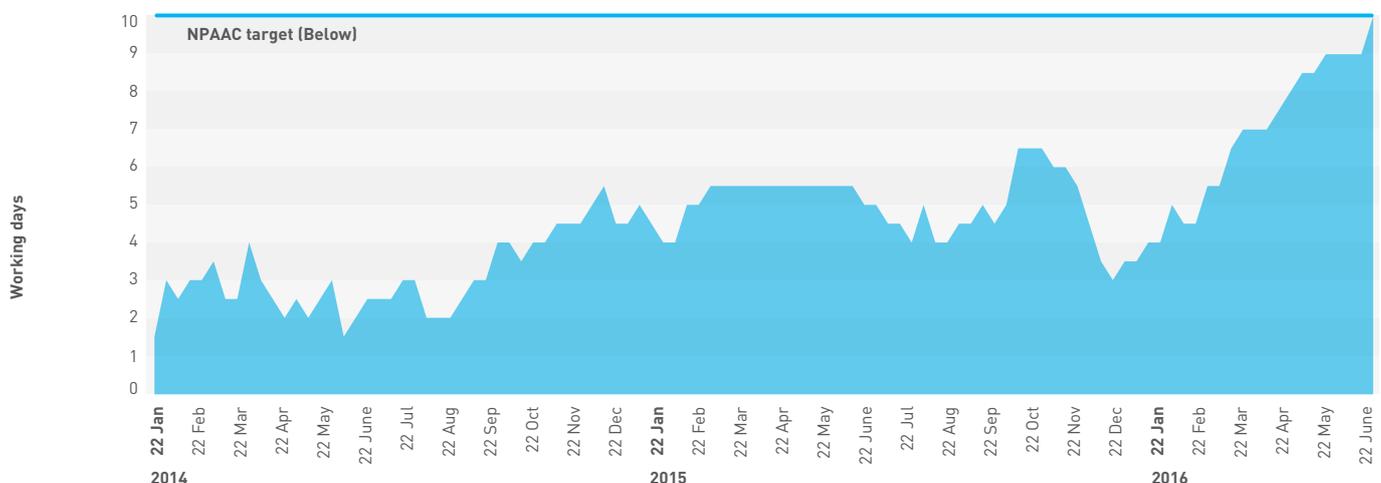
As part of the VCS Ltd's quality monitoring system, internal targets have been set for test turn-around times (TAT). These targets differ depending on the type of test and are detailed below along with the volumes received for each test.

Pap Smears

In recent months, 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. The increase in TAT seen in 2016 is due to larger than usual test volumes (10,463 more than the previous year) reflecting an increase in market share, with some laboratories apparently winding back cervical cytology

screening in light of the pending changes to the National Cervical Screening Program (NCSP). In addition, in the April to June 2016 quarter, a number of cytology screeners prepared to sit their Australian Society of Cytology Exams, a qualification now required to continue cytology screening when the new NCSP is introduced, resulting in approximately 80 days of lost screening time. Overtime was conducted in all weeks of the quarter to minimise delays in reporting.

FIGURE 2
PAP SMEAR TURNAROUND TIME AGAINST TARGET



HPV test numbers have significantly increased as a result of the Compass trial.

VCS PATHOLOGY

Histology (see Figure 3)

Histology volumes remain stable with 2,741 cases reported for the year, a slight increase from the 2,526 cases in 2014/2015.

Histology Turn-around Times (TAT) against Targets (see Figure 4)

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 p16 staining.

HPV Volumes (see Figure 5)

HPV test numbers have significantly increased as a result of the Compass trial with 27,446 HPV tests attributable to the trial in 2015/16. The total number of tests reported for 2015/2016 was 37,259 compared to 17,015 the previous year. The recruitment of the trial's unvaccinated cohort was fulfilled in March 2016.

HPV Turn-around Times against Targets (see Figure 6)

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 it was reduced to 3 days commencing in April 2014. This graph does not include the 27,446 HPV tests from the Compass trial, the 9,813 HPV cases reported in accordance with the National Cervical Screening Program were largely in line with targets for the year but were impacted by the competing high volumes of Compass tests which were run on the same machine, this can be seen in the December 2015 spike.

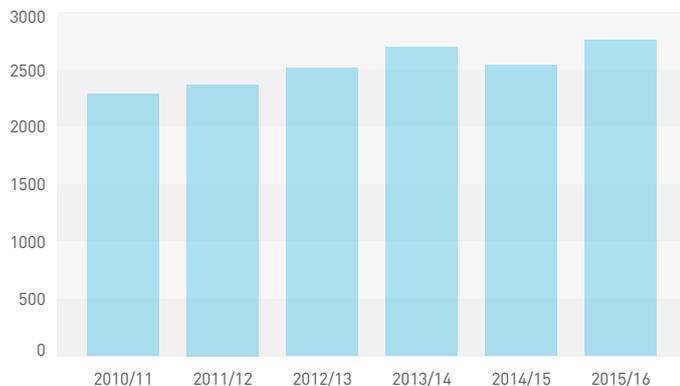
Chlamydia Volumes (see Figure 7)

Chlamydia testing has declined slightly with a total of 9,861 tests reported in 2015/16 compared to 11,844 in the previous year. Overall Victoria has seen an increase in Chlamydia testing however VCS rely on our Liaison Physicians to promote this test to our referrers. With the current focus on educating Health providers on Compass and the renewal of the National Cervical Screening Program, test numbers for the laboratory have declined. This will be addressed in our marketing strategy going forward.

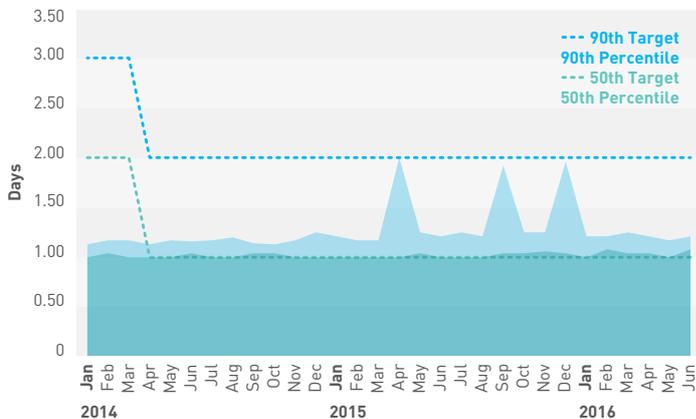
Chlamydia Turn-around Times against targets (see Figure 8)

The internal turn-around time target for chlamydia reporting has been reduced from <3 days to <2 days from receipt in the laboratory to validation in 2014, 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 more 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).

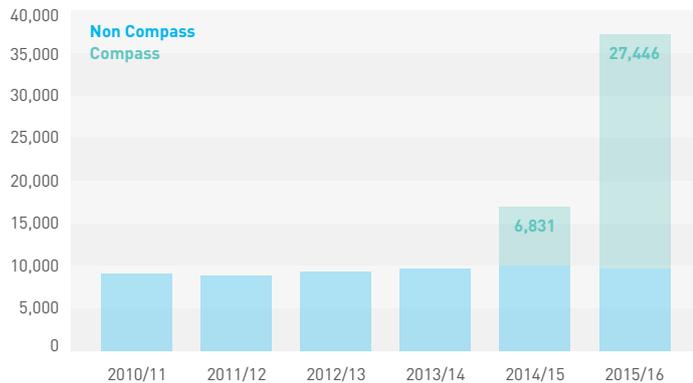
**FIGURE 3
HISTOLOGY VOLUMES**



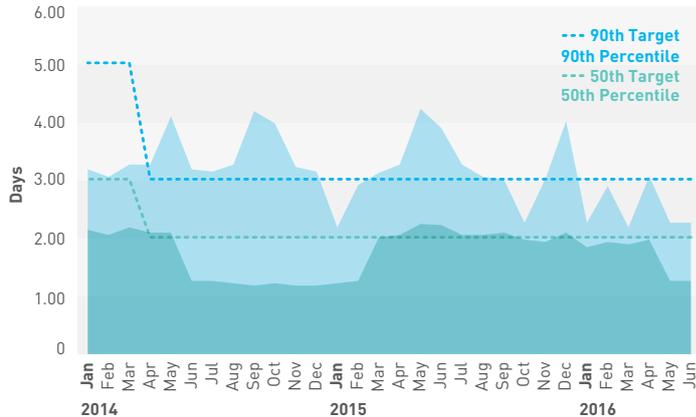
**FIGURE 4
HISTOLOGY INTERNAL TURNAROUND TIMES**



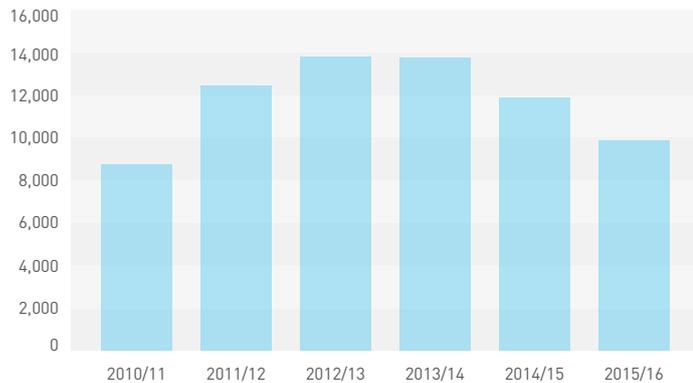
**FIGURE 5
HPV TESTING VOLUMES**



**FIGURE 6
HPV INTERNAL TURNAROUND TIMES**



**FIGURE 7
CHLAMYDIA TEST VOLUMES**



**FIGURE 8
CHLAMYDIA INTERNAL TURNAROUND TIMES**

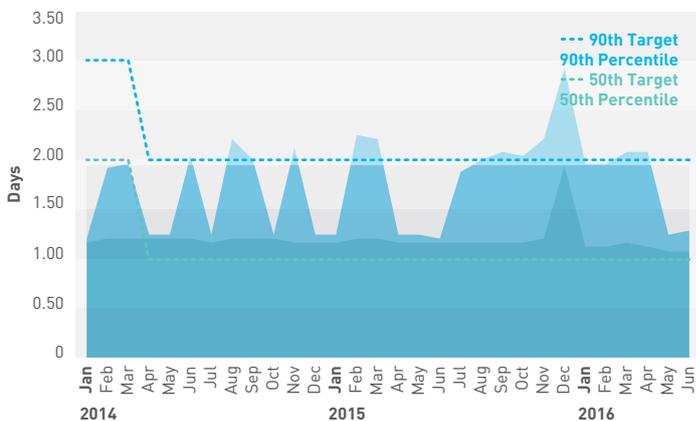


FIGURE 9
HISTOLOGY VOLUMES 2015/16



FIGURE 10
HPV TESTING VOLUMES 2015/16

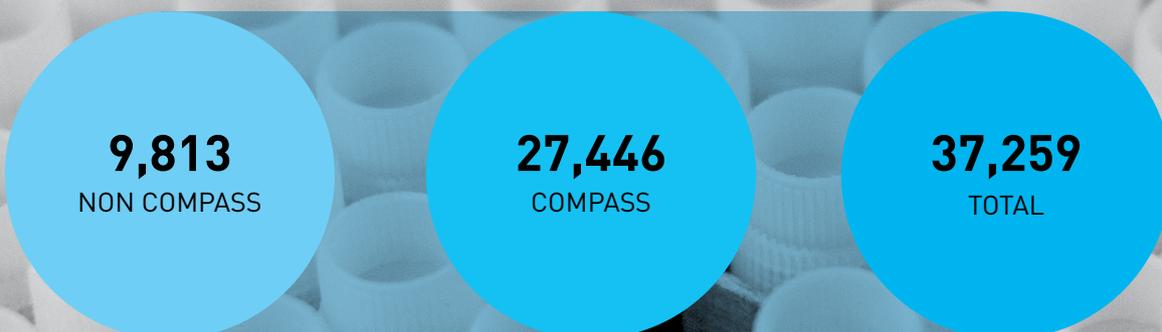
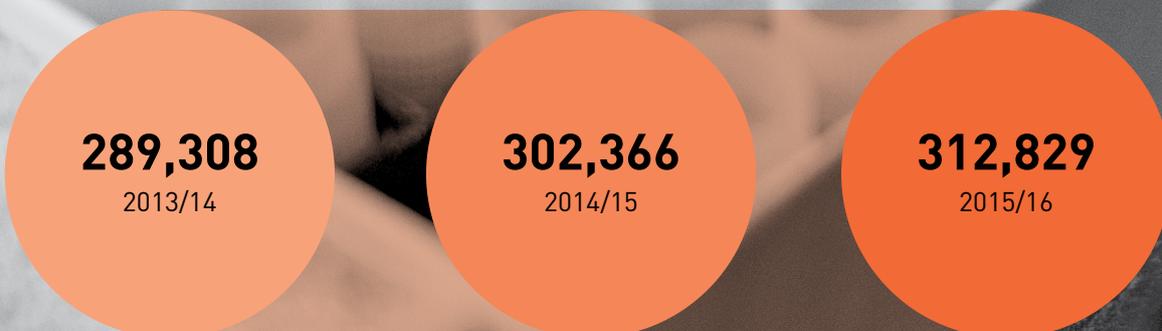


FIGURE 11
VCS PATHOLOGY PAP SMEAR VOLUMES INCREASE



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

VCCR AND ITS IMPACT ON CERVICAL SCREENING IN VICTORIA

REMINDER SYSTEM

In the 2015 calendar year, VCCR sent a total of 478,812 reminder letters to women overdue for a cervical screening test, including 337,667 first reminders and 141,145 second reminder letters. Figure 9 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. Over the last two decades VCCR has sent more than five 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 cancer 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 10 (over page) shows the incidence and mortality age-standardised rates of cervical cancer in Victoria for the last two decades up to 2014 (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.

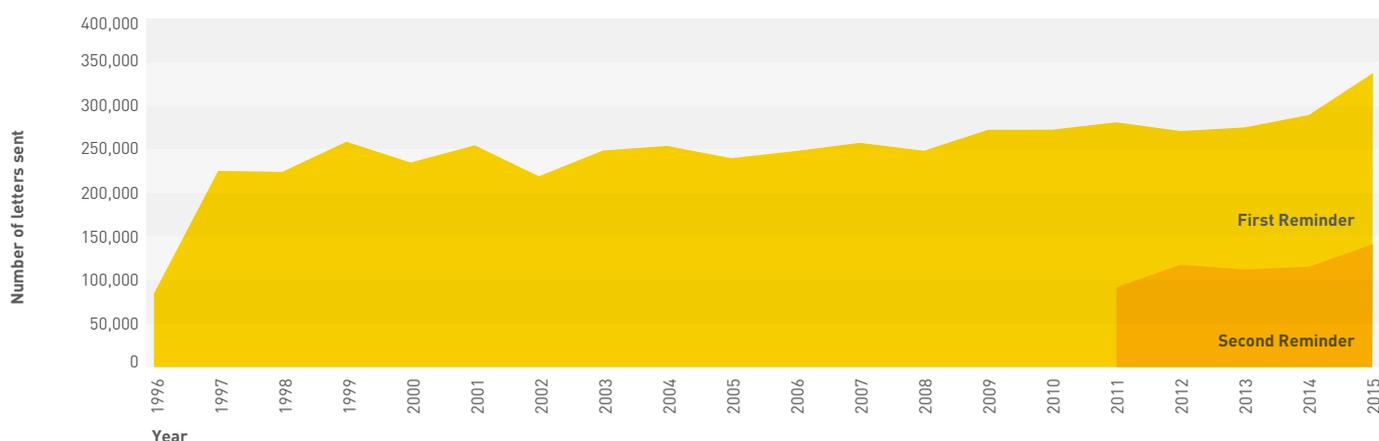
Since the year 2000, the incidence rate of cervical cancer for Victorian women has been around 4-5 per 100,000 women screened.

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, et al. Cancer in Victoria: Statistics and trends 2013. Cancer Council Victoria, Melbourne 2014.

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 9
NUMBER OF REMINDER LETTERS SENT BY THE VICTORIAN CERVICAL CYTOLOGY REGISTER, 1996–2015



VCCR AND ITS IMPACT ON CERVICAL SCREENING IN VICTORIA (continued)

FIGURE 10
INCIDENCE AND MORTALITY – ALL INVASIVE CARCINOMA OF CERVIX, VICTORIA 1982-2014

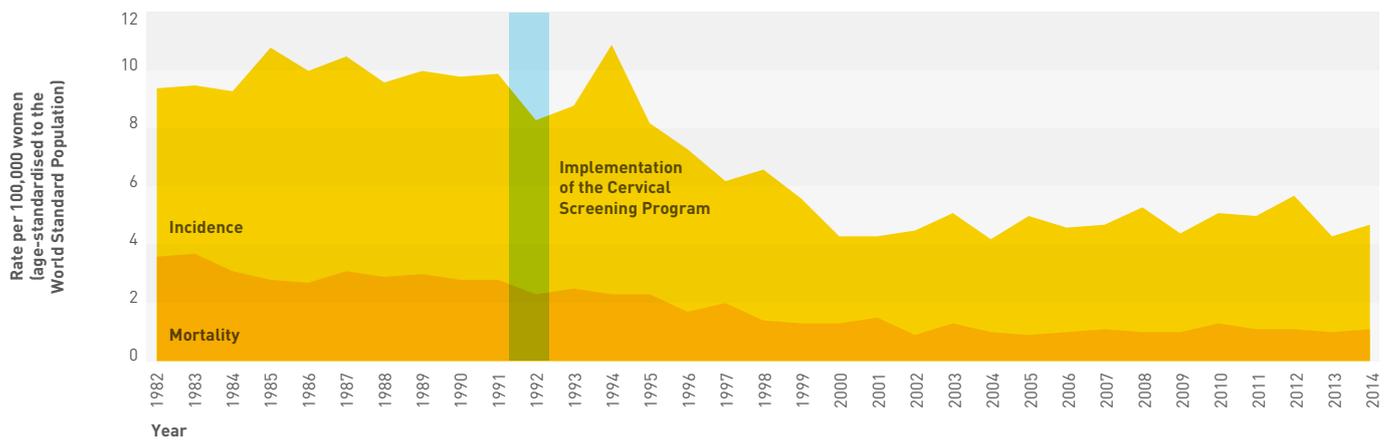
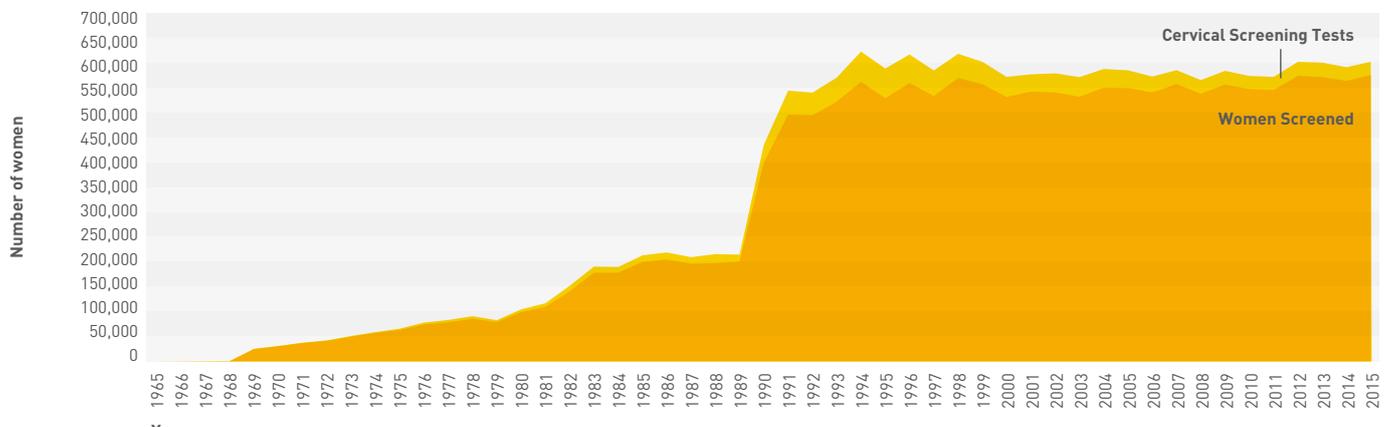


FIGURE 11
NUMBER OF CERVICAL SCREENING TEST EPISODE RECORDS AND NUMBER OF WOMEN SCREENED AS RECORDED ON THE VCCR, 1965-2015



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 602,541 cervical screening tests.

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 11 shows the number of tests and women screened in Victoria by year as recorded on the VCCR.

THE CERVICAL SCREENING RATE IN VICTORIA COMPARED TO THE NATIONAL AVERAGE

Data prepared by the Australian Institute of Health and Welfare on the estimated two-year participation rate of women in the cervical screening program over time are shown in Figure 12. The estimated two-year participation rate for Victoria 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 a decline in overall participation by women in the program over time can also be 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 previous findings in the iPap study.

REDUCED HIGH-GRADE DETECTION RATE 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 in Figure 13, by single year and age group. The graph 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.

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.

FIGURE 12

ESTIMATED TWO-YEAR PARTICIPATION RATE % OF WOMEN IN THE CERVICAL SCREENING PROGRAM, VICTORIA COMPARED TO AUSTRALIAN AVERAGE 1996-1997 TO 2013-2014

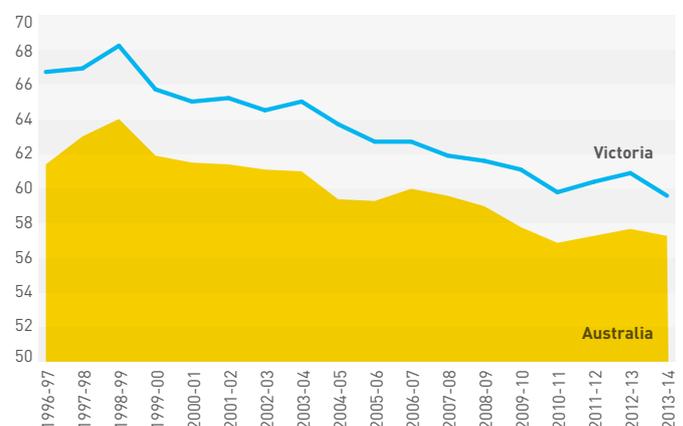
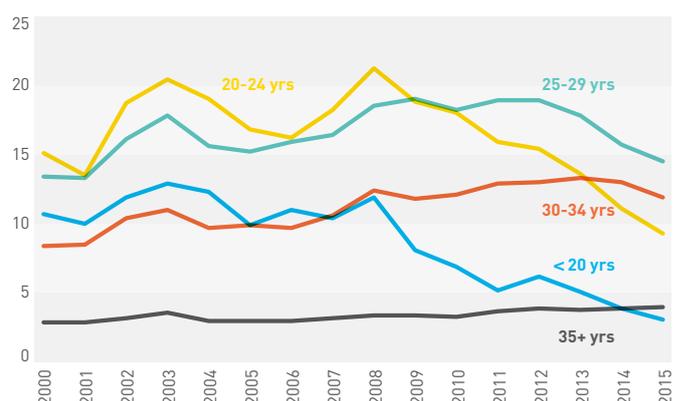


FIGURE 13

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



NATIONAL HUMAN PAPILLOMAVIRUS VACCINATION REGISTER

To 30 June 2016, NHVPR received notification of over 800,000 HPV vaccination doses for the 2015-2016 financial year, bringing the number of notifications received by the register over its nine years of operation to over 8.2 million.

Nearly 317,000 completion statements were sent to those vaccine recipients who had completed the course (all 3 doses) and over 40,000 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.

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

NATIONAL HPV 3 DOSE VACCINATION COVERAGE [see Figures 14 & 15]

These data show 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 2016. 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 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.

NATIONAL HPV 3 DOSE VACCINATION COVERAGE BY DOSE NUMBER [see Figures 16 & 17]

These data 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 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 14
NATIONAL (AUSTRALIA) HPV 3 DOSE VACCINATION COVERAGE FOR FEMALES TURNING 15 YEARS OF AGE IN 2015

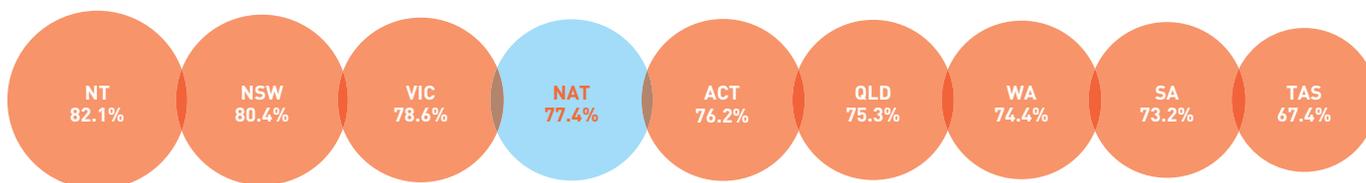
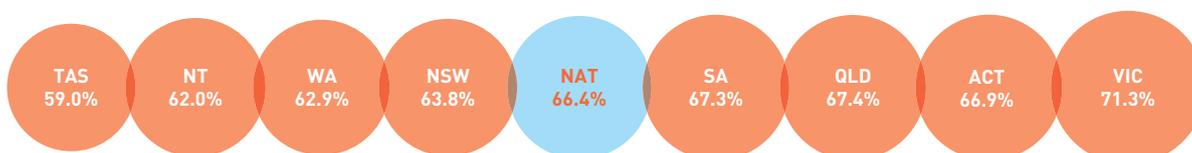
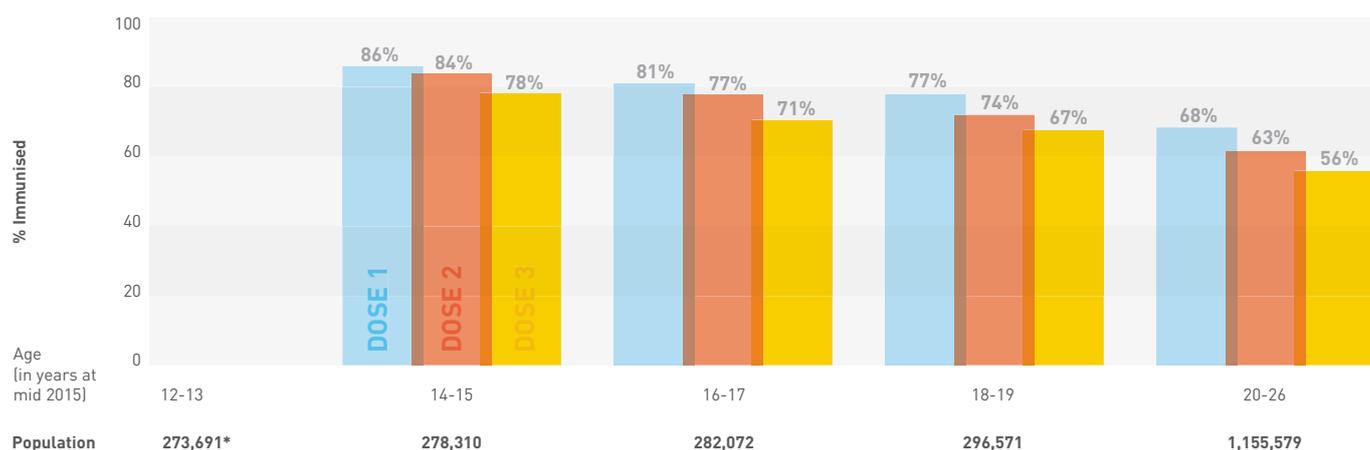


FIGURE 15
NATIONAL (AUSTRALIA) HPV 3 DOSE VACCINATION COVERAGE FOR MALES TURNING 15 YEARS IN 2015



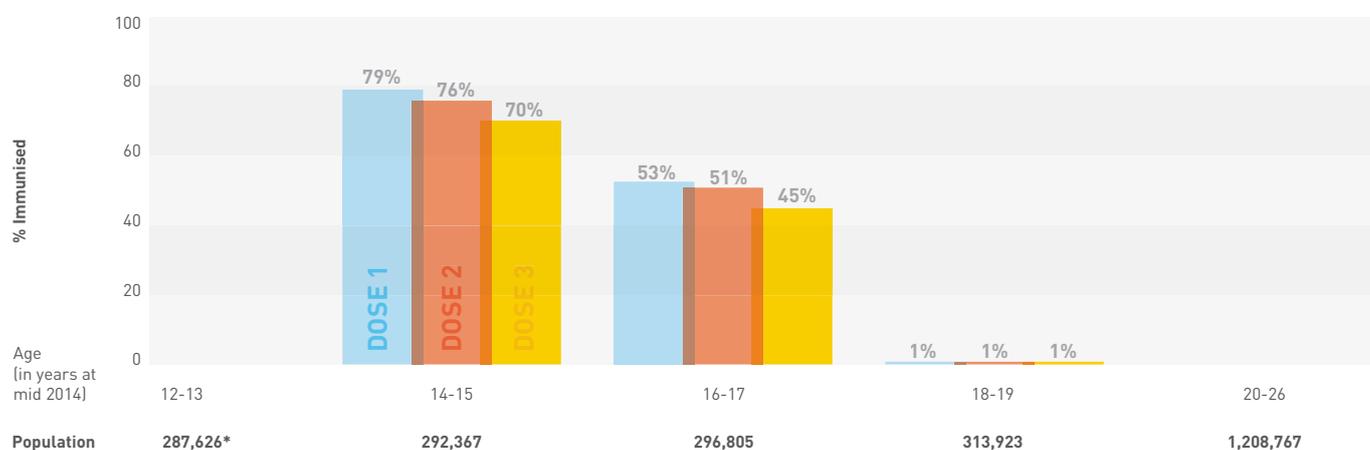
Our national register for HPV vaccines remains the envy of many countries as we demonstrate its utility in supporting the program, documenting vaccine coverage and playing a pivotal role in evaluations of vaccine effectiveness.

FIGURE 16
HPV VACCINATION COVERAGE BY DOSE NUMBER, FEMALES VACCINATED AS AT 30 JUNE 2016, AUSTRALIA



* 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 17
HPV VACCINATION COVERAGE BY DOSE NUMBER, MALES VACCINATED AS AT 30 JUNE 2016, AUSTRALIA



* 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.



**ASSOCIATE PROFESSOR
MARION SAVILLE**
Executive Director



MR LESLIE MCLEAN
Director Corporate Services



PROFESSOR DOROTA GERTIG
Medical Director VCCR



DR STELLA HELEY
Senior Liaison Physician

POSITION	BACKGROUND	PRIMARY ROLES
<p>MARION SAVILLE Executive Director</p> <p>MB ChB, Am Bd (Anat Path & Cytopath), FIAC, Grad Dip Med (Clin Epi), GAICD</p>	<p>Associate Professor Marion Saville is a New Zealand medical graduate who trained in Anatomic Pathology at Northwestern University in Chicago. She went on to complete a fellowship in Cytopathology at East Carolina University and a research fellowship at Georgetown University, focussing on HPV.</p> <p>After completing her pathology training she returned to NZ and later to Australia, where she completed a Graduate Diploma in Clinical Epidemiology at the University of Sydney.</p> <p>She has held a number of leadership positions, in cytopathology laboratories in Auckland, Sydney and Melbourne. She is a past president of both the New Zealand and the Australian Societies of Cytology and she chaired the ASC Board of Examiners from 2009 until 2013.</p> <p>She has held the position of Executive Director of VCS since 2000.</p> <p>Marion has served on numerous cervical screening advisory committees most in Australia but also some in New Zealand. Most recently she was a member of the Renewal Steering Committee, a group established by Australian governments to provide oversight to "Renewal" of the National Cervical Screening Programme.</p> <p>Marion is presently Deputy Chair of the Department of Health's Working Party to draft "Clinical Management Guidelines for the Prevention of Cervical Cancer" and has recently joined the Steering Committee for the Renewal Implementation Project.</p>	<p>Leads and represents VCS Ltd in the engagement and support of consumers, practitioners and government stakeholders, organisations and other relevant bodies, in the growth and sustainability of all aspects of VCS Ltd. Manages the operations of VCS Ltd. ensuring that:</p> <ul style="list-style-type: none"> • The Board are supported in the governance of VCS • All laboratory and registry operations are conducted to high standards, meeting all regulatory requirements and within a strong quality improvement framework • The organisation complies with relevant national and state legislation, regulation and policy and with all reporting and funding requirements • The organisation remains financially viable • Systems and policies are in place to manage business and operational risks and that such risks are at an acceptable level as specified by the Board of Directors and are managed within guidelines established by the Board • All operations and business practices are conducted in an ethical manner • A positive working environment is sustained that recognises and rewards staff performance and maintains high levels of morale
<p>LESLIE MCLEAN Director Corporate Services</p> <p>B.Bus.(Acctg), FCPA, GAICD, FIWA</p>	<p>Les has over 10 years experience at Executive level.</p> <p>As a Fellow of CPA Australia, Les brings significant financial knowledge, as well as extensive experience in strategic planning and strategy execution, business development, risk management, HR, Legal, Governance, commercial services and strong stakeholder management skills.</p> <p>Les joined VCS in October 2014 following previous experience in the utility (water), local government and mining sectors.</p>	<ul style="list-style-type: none"> • Leads and directs the Corporate Services team including responsibilities for Finance, HR, Legal and Risk Management • Provides input into the development and implementation of organisational strategic plans • Provides high-level advice and support to the Executive Director on corporate performance, governance and strategy
<p>DOROTA GERTIG Director – VCCR</p> <p>MB BS (Hons), MHSc, ScD, FAFPHM, GAICD</p>	<p>Dorota studied medicine at Monash University before completing her masters in clinical epidemiology at the University of British Columbia in Vancouver and a doctorate in epidemiology at the Harvard School of Public Health. Postdoctoral training saw her work on the Harvard Nurses' Health Study and instruct at Harvard Medical School before returning to Australia in 2000.</p> <p>Dorota has extensive cancer epidemiology research experience and special interests in cancer molecular epidemiology and screening. She is a member of several national and state committees relating to cervical screening, including the National Safety Monitoring Committee and the National Pathology Accreditation Advisory Council Cytology Drafting Committee and has an adjunct appointment at the University of Melbourne's School of Population and Global Health.</p> <p>[Dorota departed 7 July 2016. She had been Medical Director of the Victorian Cervical Cytology Registry since 2006.]</p>	<ul style="list-style-type: none"> • Led and directed the activities of the VCCR including the SA Cervix Screening Register and the National Bowel Cancer Screening follow up program (PFUF) • Provided epidemiological support to the organization • Provided leadership and guidance within the cervical screening program



**ASSOCIATE PROFESSOR
JULIA BROTHERTON**
Medical Director NHVPR



MR MATTHEW CUNNINGHAM
Director ICT



DR BRYAN KNIGHT
Director VCS Pathology

POSITION	BACKGROUND	PRIMARY ROLES
STELLA HELEY Director – Marketing BA(Hons), MB BS, DipVen (Lond), FACHSHM	Dr Stella Heley is a Sexual Health Physician and the Senior Liaison Physician at VCS. Well known to the GP and nursing community, Stella has spoken to hundreds of health practitioners over the years giving support to enable the best management of both the cervical screening program and sexually transmissible infections. Stella was a member of the HPV Vaccine Working Party of ATAGI (Australian Technical Advisory Group on Immunization) prior to the introduction of the HPV vaccine onto the National Immunization Program in 2007. She has written on these topics for a number of medical journals and is regularly invited to speak at medical meetings.	<ul style="list-style-type: none"> Leads the team of Liaison Physicians Conducts educational sessions to medical and nurse practitioners to discuss principles of screening in line with the National Screening Program Provides strategies for women with abnormal reports Promotes VCS and the work it performs
JULIA BROTHERTON Director – NHVPR B Med (Hons), MPH (Hons), Grad Dip App Epi, FAFPHM, PhD, GAICD	Associate Professor Brotherton is the Medical Director of the National HPV Vaccination Program Register and a public health physician with training in vaccine preventable disease surveillance and epidemiology. She is a medical graduate from the University of Newcastle, NSW, has a Masters degree in Public Health and a Doctorate of Philosophy from the University of Sydney, and holds a Fellowship in Public Health Medicine. For over ten years Julia has been involved in research and policy development informing the implementation and evaluation of HPV vaccination programs in Australia. She has been a lead investigator in Australian research which has demonstrated the world's first evidence of dramatic declines in both HPV infections and pre-cancerous cervical lesions in young women post- vaccination. She has over 130 publications and is passionate about using public health data to undertake policy-relevant research.	<ul style="list-style-type: none"> Leads and directs the activities of the NHVPR Oversees the provision of aggregate statistical data to relevant stakeholders and researchers Participates in research collaborations Prepares manuscripts
MATTHEW CUNNINGHAM Director – ICT BBus (InfoSys), MIS	Matt Cunningham is Director - Information and Communication Technology, responsible for providing strategic leadership and management for technology operations, services, and innovation. He is an experienced and highly effective Executive leader with over 20+ years in Health ICT, who utilises his strong communication and relationship management expertise to effectively deliver and manage a portfolio of shared ICT services including; applications development, integration, service management, security, outsourcing, vendor and contract management, procurement (supplier/purchaser), project delivery and program management, business continuity/disaster recovery, business intelligence, data exchange/eHealth, and infrastructure. Matt has a proven track record of successfully managing ICT operations and services, as well as leading the implementation of significant strategic 'greenfield' initiatives.	<ul style="list-style-type: none"> Leads and directs the ICT department in delivering ICT infrastructure, systems, processes and resources to support the strategic and operational objectives of the organization Provides strategic advice and plans, ensuring alignment between the delivery of ICT services and program delivery with the organizational vision and strategy
BRYAN KNIGHT Director – VCS Pathology BSc (Anat); MB, ChB; M Med (Anat Path); PhD; ACAP; FRCPA; FIAC	Dr. Bryan Knight originates from Zimbabwe where he received his medical training at the Godfrey Huggins School of Medicine. He trained in pathology at the University of Cape Town South Africa, is an Associate of the College of American Pathologists, and a Fellow of the Royal College of Pathologists of Australasia. He obtained his PhD at UCT. He has a special interest in gynaecologic pathology and cytology and is a Fellow of the International Academy of Cytology. Bryan practised pathology in Cape Town for 20 years where he was a senior lecturer in the Pathology Department at UCT and became Director of the Yvonne Parfitt Cytology Laboratory. In 2002 he moved to Canada to work in Edmonton, Alberta and subsequently became the Medical Director of Pathology at the British Columbia Cancer Agency, Vancouver. In 2009, he relocated to Australia where he was Head of Cytology at Queensland Medical Laboratories in Brisbane. Most recently in 2014 he has joined the Pathology Department at the VCS. Bryan has retained his academic connections as Associate Clinical Professor at the Universities of Alberta and British Columbia, and is currently an External Examiner in the University of Stellenbosch, South Africa.	<ul style="list-style-type: none"> Leads and directs the scientists, pathologists and staff to maximize the effectiveness and impact of pathology testing and reporting services. Oversees and implements relevant quality standards to maintain accreditation by NPAAC Ensures the VCS Quality System is compliant with regulatory requirements

VCS aims to attract, retain and develop talented and committed employees.

THE VCS WORKFORCE

WORKFORCE DATA

VCS aims to attract, retain and develop talented and committed employees. At 30 June, 2016, 218 people were employed in a variety of managerial, professional, technical and operational roles. This figure includes permanent, temporary and casual employees, of which 127 are full time and 60 are part time positions. 76% of the VCS workforce are women. Overall the employee base has grown by 32 compared to the prior reporting period due to the operational demands of the changing environment. This is a result of the work associated with the NCSR tender and the CSR.net development that provided 17 newly created positions for existing staff, plus additional casual staff employed to improve flexibility and backfill roles during change.

Training & Career Development

VCS supports employees through training and development to fully develop their potential and deliver leading services.

Staff are offered the opportunity to attain nationally recognised qualifications. Employees are entitled to 7 days study/examination leave for undergraduate qualifications relevant to their employment. Staff completing their postgraduate studies can access 13 days study/examination leave.

In 2015/2016 VCS invested \$209,396 in providing staff with the opportunity to train in a broad range of industry related areas. Notably 16 Screening Scientists were supported to undertake the Certificate of Cytotechnology of the Australian Society of Cytology (CT (ASC)) exams. As part of the renewal of the National Cervical Screening Program, this qualification will be mandatory for individuals to continue screening beyond 1st May 2017.

In 2015/2016 the medically qualified staff at VCS Ltd. undertook both national and international self managed Continuing Medical Education opportunities and all staff had access to training in accordance with individual development plans. 94% of all VCS staff received some form of training in 2015/16.

Diversity

VCS strongly supports workplace diversity through its robust Equal Opportunity policy. The age demographic within the workforce ranges from 21 to 75 years, of this 36% of the workforce are between 20 to 35 years, 37% are 36 to 50 years, 23% are 51 to 65 years, and 5% are 66 years and over. Women made up 76% of the workforce demographic for the financial year 2015/2016.

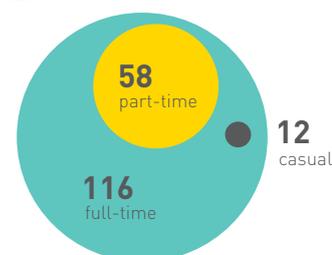
94% of all VCS staff received some form of training in 2015/16.

Young People

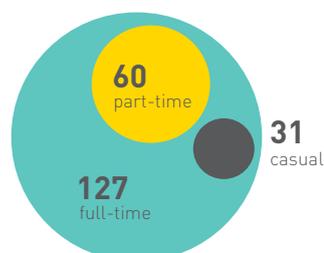
VCS supports and encourages work experience for secondary and tertiary students. Short term work placement broadens students' experience and understanding of the workplace and of career opportunities within the health industry. During 2015/2016, a variety of programs were undertaken to encourage young people in the organisation. VCS hosted 2 work experience students from secondary schools and four professional practice students from RMIT University.

EMPLOYMENT TYPES

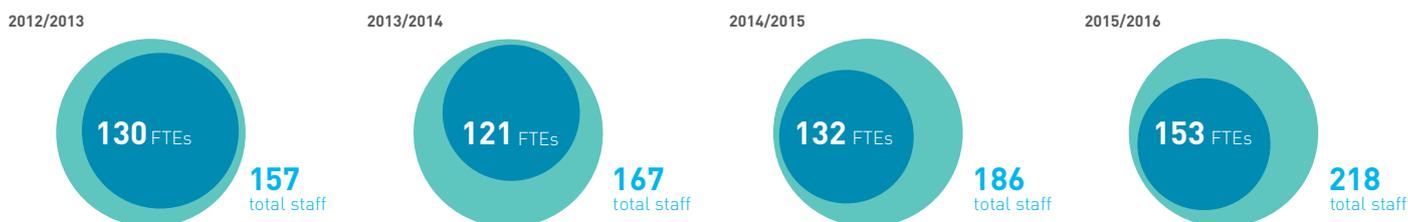
2014/2015



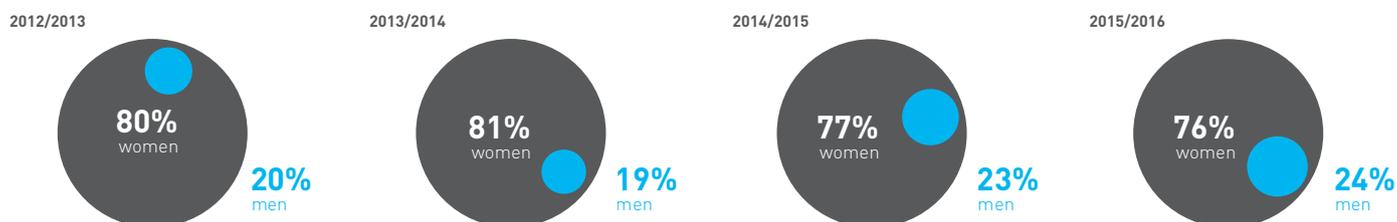
2015/2016



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



WORKFORCE GENDER

EMPLOYEE PROFILE:
DESPINA PYRROS

I have been passionate about science since learning about DNA in high school. This interest followed through to my university studies, however I never thought that I would be a working

scientist. I extended my studies into the Honours program at La Trobe University. There I joined a Genetics lab for a year where I worked on a seemingly underrated little nematode (round-worm) called *C. elegans*. This nematode was used to model drug resistant features in parasitic nematodes.

After graduation I worked as a Laboratory Technician and First Year Genetics demonstrator for a period of two years. Upon completion of this work I looked for an opportunity to develop my career in an established laboratory environment.

The opportunity arose for a vacancy in Specimen Reception at VCS Pathology. I saw this opening as the first step towards my career development. Since commencing at VCS my role has

diversified from a Specimen Reception Processing Officer to that of Laboratory Operations Assistant. In this role, I oversee Specimen Reception processes, workflow, and specimen query resolution as part of quality assurance.

My career philosophy as a scientist has always been centred on continued learning and 'active' questioning. This has allowed me to address clinical issues that arise as a result of the Compass trial, along with preparing for Renewal and resolving routine queries.

In this changing environment, my role as part of the laboratory operations team has challenged my analytical skills. I have been fortunate to have joined VCS at a period when new processes are being trialled and developed.

THE VCS WORKFORCE (continued)

17 YEARS OF SERVICE: FLORIY LaROCCA



Since secondary school, I have always wanted to be a scientist. I completed the Bachelor of Applied Science at RMIT majoring in Cytology and Histology in 1997. As part of my university studies, I was fortunate to be placed in a dual student placement combining both majors. I spent forty weeks working alternate weeks at VCS and at the Royal Women’s Hospital. This experience was invaluable as it led to a junior scientist position at VCS in September 1999.

I have grown both professionally and personally during my time at VCS. In 2002, I was promoted to Grade 2 senior scientist, after successfully completing my Australian Society of Cytology (ASC) exam. During this period, I was also involved in the histology laboratory, part-time. I undertook the dual histology and cytology role for five years, while continuing to screen cervical smears. I was also part of the external teaching team for 3 years, assisting the teaching co-ordinator, with laboratory tutorials for the cytology subject at the RMIT Bundoora campus. In 2004, I was selected to be an internal auditor and completed a NATA accredited audit course which allowed me to be part of the VCS quality assurance program. I have been fortunate to be involved in many of the other facets of VCS while continuing my primary role as a scientist.

As my career progressed, the HPV vaccine was introduced in 2007 and within four years, VCS data indicated a decrease in high grade abnormalities.

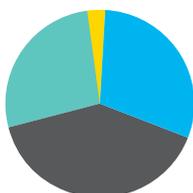
Although the vaccine and other scientific technologies presented significant benefit to women, I could also see these developments leading to pivotal changes in the cervical screening program, so I started to consider my future.

In 2013, I made the decision to undertake further study to diversify my career. So, I applied for the Masters degree in Health Information Management at La Trobe University and was accepted into the course in 2014. Consequently, three years on, I am on the verge of completing my degree. I have achieved this with the support of my husband and VCS. Their encouragement and flexibility has enabled me to undertake postgraduate studies whilst working part-time and raising my two young children.

My transition from scientist to health information manager has been a challenging, fruitful and highly rewarding achievement. I am looking forward to my future beyond renewal where ever it may lead me.

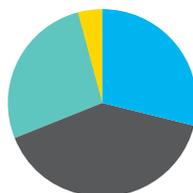
WORKFORCE AGE DEMOGRAPHIC

2012/2013



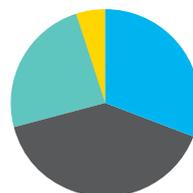
30% 40% 27% 3%
20-35 36-50 51-65 66+

2013/2014



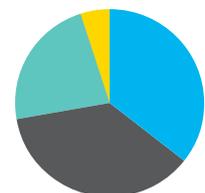
29% 40% 27% 4%
20-35 36-50 51-65 66+

2014/2015



31% 40% 24% 5%
20-35 36-50 51-65 66+

2015/2016



36% 40% 23% 5%
20-35 36-50 51-65 66+

STAFF TURNOVER

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

WORKFORCE COMPOSITION

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

15 YEARS OF SERVICE: LEIGH TREVASKIS



My time at VCS started on an industry placement year in 2001 as part of my Bachelor of Information Systems at Swinburne University. VCS had recently rebuilt their information systems

(the CIS) and had successfully navigated the threat of the Y2K bug.

On completion of this year, I was faced with the decision to either return to full time study to complete my degree or remain with VCS; the lure of continuing to work in the evolving health ICT landscape with a company like VCS made my decision for the latter quite easy, as I was afforded the opportunity to complete my degree in a part time capacity.

The early years saw me work closely with Andrew Trinh to provide both internal and external ICT support services, where we often travelled Victoria to rollout the VCS electronic result software to metropolitan and regional clinics. This was a time when dial-up modems were still in vogue and broadband internet was

only just catching on. From there I moved into various development and delivery roles where I have spent more than a decade working with Matt Boler and the expanding systems development team to not only enhance the CIS, but to have the opportunity to be involved in exciting projects such as the establishment of the NHVPR, the delivery of the VCS Business Intelligence infrastructure, and more recently, transitioning the SA Cervix Screening Register (SACSR) across to VCS and being involved in the implementation of the new Cervical Screening Register information system (the CSR).

Led by Matt Cunningham, the VCS ICT team has seen much change and technological evolution and it has been a pleasure working with such a talented and dedicated group of people.



I THINK IT IS JUST
WONDERFUL THAT YOU
CAN AND DO TRACK
PEOPLE LIKE ME.
KEEP UP THE GOOD WORK.

QUOTE RECEIVED BY THE VICTORIAN
CERVICAL CYTOLOGY REGISTRY

A 70% reduction in LTI's, equivalent to 230 days, or approximately 1 year of full time employment for 1 EFT.

OCCUPATIONAL HEALTH AND SAFETY

VCS invested in a number of training activities during the year including driver safety, manual handling, and refresher courses for the Health and Safety Representatives.

Lost Time to injury (LTI) reduced significantly in the financial year with over a 70% reduction in LTI's from the previous year, equivalent to 230 days, or approximately 1 year of full time employment for 1 EFT. This is an excellent outcome in terms of productivity gained, increased staff awareness, encouragement of incident reporting, and prevention of injury in the form of hazard identification from inspection.

VCS offers a confidential counselling service, to employees to support their well-being (Employee Assistance Program [EAP]). This service was accessed by 24 staff members in 2015/2016, an increase from 12 employees in the previous year. We believe that this is primarily due to the changes to the National Cervical Screening Program and the impact the changes will have on the cytology screening workforce. LifeWorks is the preferred provider for VCS employees. VCS pays for up to 5 EAP sessions per staff member unless otherwise requested by Lifeworks.

VCS offers a confidential counselling service to all employees.

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. During the 2015/2016 year, there has been significant additional activities associated with the National Cancer Screening Register (NCSR) and Australian Schools Vaccination Register (ASVR) tenders that required new project risks to be identified and assessed in accordance with the VCS Ltd. Risk Management Framework. These risks will be subsequently integrated into the Corporate Risk Register dependent on the tender outcomes.

In accordance with the Risk Management Policy, a signed Annual Risk Attestation Statement was incorporated into the 2014/15 and all future Annual Reports.

In order to achieve a more dynamic Risk Register management is currently re-rating and where appropriate consolidating all corporate Risks. As at 30 June 2016, the re-rating process was 42% complete in terms of numbers of all Risks.

The Victorian Managed Insurance Agency (VMIA) Risk Software tool is being used and all Risks are progressively being incorporated into this new dedicated tool, which has the additional benefit of being freely provided to VMIA customers, including VCS Ltd.

2015/2016 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.

All staff are committed to working in accordance with the quality system.

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 NATA, National Pathology Accreditation Advisory Council (NPAAC), The Royal College of Pathologists Australasia (RCPA) and VCS Ltd. insurers.

The NATA audit of VCS Pathology was conducted on 10th November 2015 with the laboratory successfully retaining accreditation. This inspection was part of a new format which involves annual interactions with NATA in an ongoing effort to maintain the high standard of testing laboratories nationally. 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 are committed to working in accordance with the quality system. 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 of the health practitioners who send us pathology samples for reporting, the women (and men) from whom the samples are taken, the consumers recorded on our registries, and our funding bodies.

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 Director VCS Pathology. These activities are supported by the quality management software Q-Pulse, which is designed to support key elements of the Quality System.



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YEARS OF SERVICE

DIRECTORS' REPORT

The Directors present their report on VCS Limited ("the Company") for the financial year ended 30th June 2016.

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.
- 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 external audit function.
- Applying appropriate risk management processes 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 of 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.

MS SANDY ANDERSON – CHAIRMAN

Ms Anderson was elected Chairman (formerly President under 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 ten years in a role working with nurses providing cervical screening and women's health services throughout the state and, as part of this role, coordinates the Victorian Nurse Credentialing Program. Ms Anderson also currently works in women's health, holding clinics at Baarlinjan Medical Clinic at Ballarat and District Aboriginal Cooperative. In 2012 Ms Anderson was awarded the National Australian Practice Nurse Association Best Practice Nurse Award for Sexual Health in relation to increasing Koori women's cervical screening.

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 joined the Board in March 2003 as a Director with expertise in Finance, Commerce and Corporate Management. She has held the position of Treasurer since joining and is Chairman of the Audit & 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 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



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LEFT PAGE, L-R Ms Anderson, Dr Collins, Ms Byron, Ms Broun, Mr Humphries RIGHT PAGE, L-R Ms Harvey, Ms Reeves, Ms Robertson, Dr Selvey, Mr Wrede

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 also a member 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.

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 is currently a member of the Melbourne Cricket Ground Trust and on the Advisory Board of a start-up law firm, Lexvoco. Ms Reeves has also been involved with a number of not-for-profit organisations including Crime Stoppers Victoria of which she was Chairman. Stephanie has a particularly interest in 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 expertise in the operations 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.

DIRECTORS' REPORT (continued)

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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$100 (2015: \$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

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. During the year, the Board proposed, and the members resolved, that VCS move forward from being an incorporated association to become a company limited by guarantee. On 3rd December 2015, VCS was registered by ASIC as a company limited by guarantee under the *Corporations Act 2001*(Cth).

The 2015/16 financial year has been a challenging one for the organisation. For the majority of the year a strong focus was on the key strategic objective to submit a tender to establish and operate a National Cancer Screening Register (NCSR) on behalf of the Australian Government's Department of Health. The VCS led consortia was shortlisted for this major national contract and was a strong competitor. However despite our longstanding expertise in operating successful cancer screening registers the VCS bid was not successful. This combined with the changes to laboratory processes and staff requirements anticipated as the Renewal of the National Cervical Cancer Screening Program prepares to rollout, has resulted in a refresh of the VCS Strategic Plan 2015-2020.

OPERATING RESULT

The deficit of the Company for the financial year was \$2,134,573 (2015: Surplus of \$2,385,575) with the main contributing factor to the size of the deficit being unplanned expenditure of \$815,064 on federal government tenders. VCS budgeted for a significant deficit for the year of \$1.1M due to the timing of recognition of grant revenue received in the previous year, and expenditure incurred in 2015/16. As a For Purpose organisation, surplus monies are reinvested into research and other initiatives to support the Programs VCS is funded to deliver.

OUTCOMES TO KEY STRATEGIC OBJECTIVES 2015/16

CORE BUSINESS IMPERATIVES	KEY STRATEGIC OBJECTIVE	2015/16 OUTCOMES
Stakeholders and Customers	Renew, expand and leverage our relationships with Commonwealth and State government departments, health practitioners and their professional organizations	<ul style="list-style-type: none"> ✓ Completed conversion to Company Limited by Guarantee ✓ Supported key Stakeholder Committees as trusted strategic advisor
	Establish strategic partnership opportunities	<ul style="list-style-type: none"> ✓ Compass Main Trial recruitment continues
	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
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 - Awaiting ASVR tender outcome
	Explore co-location options within a suitable health services precinct	<ul style="list-style-type: none"> - Options still being investigated
	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, iPap Study etc
	Maintain quality while developing new systems and processes needed to support service growth	<ul style="list-style-type: none"> ✓ Quality Accreditation maintained
Financial	Diversify and secure ongoing funding sources	<ul style="list-style-type: none"> ✗ No new funding sources secured
	Ensure financial viability by increasing competitiveness and achieving real operating efficiencies	<ul style="list-style-type: none"> - 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 ✓ Staff Survey completed on Engagement
	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 still under development
	Align HR systems and processes to future needs	<ul style="list-style-type: none"> ✓ Successful launch of new Employee Self-Serve system

For a detailed report on the outcomes of the operating results refer to pages 16 to 25.

DIRECTORS' REPORT (continued)

PECUNIARY INTEREST

During the 2015/16 financial year, no Board Director declared a conflict of pecuniary interest in a contract with VCS Ltd.

DECLARATION OF INTEREST

During the 2015/16 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

MEETINGS OF THE BOARD AND ITS COMMITTEES

The following meetings were held during 2015/16;

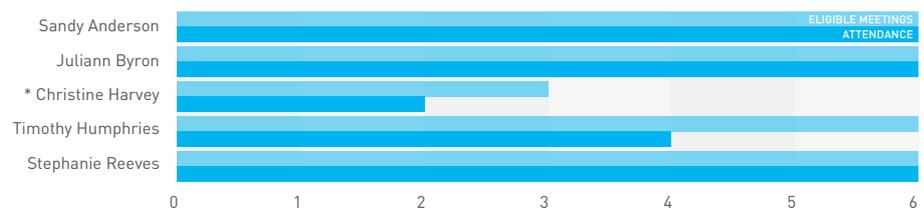
- The Members of the organisation met at the Annual General Meeting 06th November 2015.
- The Board of Directors met on 12 occasions either in person or via teleconference*.
- The Board's Audit & Finance Committee met on 6 occasions.
- The Board's Quality Assurance Committee met on 10 occasions for Scientific Quality and 4 occasions for Operational Quality.

* The Board met more frequently in 2015/2016 to discuss the progress of the National Cancer Screening Register tender bid.

BOARD MEETINGS ATTENDED 2015/16



AUDIT AND FINANCE COMMITTEE MEETINGS ATTENDED 2015/16



* Christine Harvey resigned from the Audit and Finance Committee in November 2015

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 auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 77 of the financial report.

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



**CHAIRMAN
SANDY ANDERSON**

4th November 2016



GeneXpert
Infinity

FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2016



Statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

	Notes	2015/16 \$	2014/15 \$
Revenue from operating activities	2	22,606,403	22,632,058
Revenue from non operating activities	2	489,169	649,061
Wages and salaries	4	(17,320,771)	(16,318,094)
Operating and administration costs	4	(5,049,409)	(4,244,128)
Medical supplies	4	(2,089,004)	(1,412,937)
Rental expense	4	(220,687)	(170,387)
Net result before capital items and specific items		(1,584,299)	1,135,573
Capital purpose income	2	1,025,136	2,459,354
Depreciation and amortisation	4	(1,569,115)	(1,177,442)
Loss on sale of non current assets	4	(6,295)	(31,910)
		(550,274)	1,250,002
Net result for the year		(2,134,573)	2,385,575
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		(2,134,573)	2,385,575

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

Statement of financial position

as at 30 June 2016

	Notes	2015/16 \$	2014/15 \$
CURRENT ASSETS			
Cash and cash equivalents	6	1,856,692	2,091,384
Financial assets	7	14,163,035	17,163,103
Trade and other receivables	8	426,372	844,428
Inventories	9	317,746	155,637
Other current assets	10	453,163	476,029
Total current assets		17,217,008	20,730,581
NON-CURRENT ASSETS			
Plant, equipment & vehicles	11	3,170,347	2,926,297
Intangible assets	12	2,824,490	1,405,097
Total non current assets		5,994,837	4,331,394
Total assets		23,211,845	25,061,975
CURRENT LIABILITIES			
Unexpended grants	13	466,369	615,657
Trade and other payables	14	1,553,572	1,538,944
Provisions	15	5,483,009	4,775,673
Total current liabilities		7,502,950	6,930,274
NON-CURRENT LIABILITIES			
Provisions	15	475,505	763,738
Total non current liabilities		475,505	763,738
Total liabilities		7,978,455	7,694,012
Net assets		15,233,390	17,367,963
EQUITY			
Accumulated surplus	16	11,405,478	13,497,549
Designated funds reserve		3,827,912	3,870,414
Total Equity		15,233,390	17,367,963

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

Statement of changes in equity

for the year ended 30 June 2016

	Notes	Accumulated surplus \$	Designated funds reserve \$	Total equity \$
Balance at 30 June 2014		12,748,338	2,234,050	14,982,388
Comprehensive result for the year		2,385,575	-	2,385,575
Transfer		(1,636,364)	1,636,364	-
Balance at 30 June 2015		13,497,549	3,870,414	17,367,963
Comprehensive result for the year	16	(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

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

Statement of cash flows

as at 30 June 2016

	Notes	2015/16 \$	2014/15 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from trading activities		3,105,291	1,513,452
Interest received		486,027	612,530
Receipts from grants		22,854,527	24,597,313
Payments			
Wages and salaries		(16,831,071)	(17,005,009)
Suppliers		(9,613,825)	(8,199,826)
Net cash inflow from operating activities		949	1,518,460
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) / redemption of term deposits		3,000,068	753,885
Purchase of plant, equipment and intangibles		(3,266,501)	(2,159,460)
Proceeds from sale of plant and equipment		30,791	143,565
Net cash flow from investing activities		(235,642)	(1,262,010)
Net increase(decrease) in cash held		(234,693)	256,450
Cash and cash equivalents at the beginning of the financial year		2,091,384	1,834,934
Cash and cash equivalents at the end of the financial year	6	1,856,691	2,091,384
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT			
Comprehensive result for the year		(2,134,573)	2,385,575
Depreciation and amortisation		1,569,115	1,177,442
Loss (profit) on sale of fixed assets		3,153	(4,622)
CHANGE IN OPERATING ASSETS/LIABILITIES			
(Increase) decrease in accounts receivable and other assets		440,922	37,354
(Increase) decrease in inventories		(162,109)	(6,765)
(Decrease) increase in payables and unexpended grants		(134,661)	(2,514,860)
(Decrease) increase in provision for employee entitlements		419,102	444,336
		949	1,518,460

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

Notes to the financial statements

for the year ended 30 June 2016

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 so the financial statements cover the operations of the entity as an Association to 2 December 2015 and as a company to period ended 30 June 2016. 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 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 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

Historical cost convention

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

(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 2016

(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 (2015: 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. VCS Ltd. 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).

(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.

Notes to the financial statements

for the year ended 30 June 2016

(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 2016 and 2015.

(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 Company 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 company 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 company'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 company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(R) ECONOMIC DEPENDENCE

The organisation is dependent on the Department of Health and Human Services and the Department of Health for the majority of its revenue required to operate the business. Notwithstanding this, at the date of this report, the Board of Directors has no reason to believe the Departments will not continue to support the organisation.

Notes to the financial statements

for the year ended 30 June 2016

2 REVENUE	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
Transfer unexpended grants					
Capital funding transferred from prior years		-	-	-	-
		125,000	163,636	736,500	1,025,136
Total Revenue		16,766,340	2,807,284	4,547,084	24,120,708

	Notes	VCS 2014/15 \$	VCCR 2014/15 \$	NHVPR 2014/15 \$	Total 2014/15 \$
REVENUE FROM OPERATING ACTIVITIES					
Government grants					
Department of Health & Human Services		13,138,721	1,809,119	90,249	15,038,089
SA Health		-	568,314	-	568,314
Department of Health		-	-	3,799,471	3,799,471
Indirect contributions by Department of Health & Human Services	3	122,548	-	-	122,548
Patient fees		1,418,363	-	-	1,418,363
Other revenue from operating activities		801,128	169,710	2,913	973,751
		15,480,760	2,547,143	3,892,633	21,920,536
TRANSFER UNEXPENDED GRANTS					
Operating funding transferred from prior year		435,000	386,743	35,204	856,947
Operating funding transferred to following year		-	(145,425)	-	(145,425)
		15,915,760	2,788,461	3,927,837	22,632,058
REVENUE FROM NON OPERATING ACTIVITIES					
Bank interest		522,988	77,284	12,258	612,530
Profit on sale of non current assets		36,531	-	-	36,531
		559,519	77,284	12,258	649,061
REVENUE FROM CAPITAL PURPOSE INCOME					
Department of Health		-	-	736,500	-
Department of Health & Human Services		464,535	1,636,364	-	2,100,899
		464,535	1,636,364	736,500	2,100,899
Transfer unexpended grants					
Capital funding transferred from prior years		358,455	-	-	358,455
		822,990	1,636,364	-	2,459,354
Total Revenue		17,298,269	4,502,109	3,940,095	25,740,473

Notes to the financial statements

for the year ended 30 June 2016

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	VCCR	NHVPR	Total	VCS	VCCR	NHVPR	Total
	2015/16	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15	2014/15
	\$	\$	\$	\$	\$	\$	\$	\$
Wages and salaries	13,682,103	2,227,984	1,410,684	17,320,771	12,955,651	2,338,453	1,023,990	16,318,094
Operating and administration costs	2,322,982	1,440,986	1,285,441	5,049,409	2,211,275	887,439	1,145,414	4,244,128
Medical supplies	2,089,004	-	-	2,089,004	1,387,223	25,714	-	1,412,937
Rental expense	-	135,213	85,474	220,687	-	84,974	85,413	170,387
Depreciation and amortisation	932,636	367,144	269,335	1,569,115	711,692	141,702	324,048	1,177,442
Loss on sale of non current assets	6,295	-	-	6,295	8,491	23,419	-	31,910
	19,033,020	4,171,327	3,050,934	26,255,281	17,274,332	3,501,701	2,578,865	23,354,898

5 AUDITOR'S REMUNERATION	2015/16	2014/15
	\$	\$
Auditor's remuneration - auditing the accounts	15,760	15,300

6 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	71,711	42,334
Deposits at call	1,784,981	2,049,050
	1,856,692	2,091,384

The effective interest on short-term bank deposits was 1.05% (2015: 1.99%)

7 FINANCIAL ASSETS

Term Deposits with an original maturity greater than 3 months	14,163,035	17,163,103
---------------------------------------------------------------	------------	------------

8 TRADE AND OTHER RECEIVABLES	2015/16	2014/15
Current	\$	\$
Trade debtors and accrued revenue	356,706	677,505
Provision for impairment of receivables	(5,486)	(6,149)
	351,220	671,356
Interest receivable	75,152	173,072
	426,372	844,428

8.1 TRADE RECEIVABLES

Settlement terms and the basis for determining the allowance for doubtful debts are outlined in Note 1(i).

Movement in the allowance for doubtful debts		
Balance at the beginning of the year	6,149	2,341
Impairment losses recognised on receivables	36,000	38,500
Amounts written off during the year as uncollectable	(36,663)	(34,692)
Balance at the end of the year	5,486	6,149

9 INVENTORIES

Medical and surgical supplies	317,746	155,637
	317,746	155,637

The cost of medical supplies is listed in Note 4.

10 OTHER CURRENT ASSETS

Prepayments	453,163	476,029
	453,163	476,029

Notes to the financial statements

for the year ended 30 June 2016

11 PLANT, EQUIPMENT & VEHICLES	2015/16 \$	2014/15 \$
Plant and equipment at cost	5,392,510	5,226,257
Accumulated depreciation	(3,379,583)	(3,642,375)
Written down value	2,012,927	1,583,882
Leasehold improvements at cost	1,381,660	1,351,917
Accumulated amortisation	(441,633)	(309,294)
Written down value	940,027	1,042,623
Vehicles at cost	407,900	416,097
Accumulated depreciation	(190,507)	(116,305)
Written down value	217,393	299,792
Carrying amount at the end of the year	3,170,347	2,926,297

Movement in carrying amounts	Plant & equipment	Motor Vehicles	Leasehold Improvements	Total
Balance at the beginning of the year	1,583,882	299,792	1,042,623	2,926,297
Additions	1,217,937	49,382	32,760	1,300,079
Disposals	(2,135)	(30,446)	(1,363)	(33,944)
Depreciation	(786,757)	(101,335)	(133,993)	(1,022,085)
Carrying amount at the end of the year	2,012,927	217,393	940,027	3,170,347

12 INTANGIBLES	2015/16 \$	2014/15 \$
Software and licences at cost	8,476,840	6,929,082
Accumulated amortisation	(5,652,350)	(5,523,985)
Carrying amount at the end of the year	2,824,490	1,405,097

Movement in carrying amounts	Software	Licences	Total
Balance at the beginning of the year	1,404,312	785	1,405,097
Additions	1,966,422	-	1,966,422
Disposals	-	-	-
Amortisation	(546,244)	(785)	(547,029)
Carrying amount at the end of the year	2,824,490	-	2,824,490

13 UNEXPENDED GRANTS	2015/16 \$	2014/15 \$
Operating funding transferred to following year	466,369	615,657
	466,369	615,657

14 PAYABLES

Current Unsecured		
Trade creditors	662,734	490,500
Other creditors	890,838	1,048,444
	1,553,572	1,538,944

The average trading terms are 30 days.

15 PROVISIONS

Employee benefits

Current		
Provision for annual leave	1,765,797	1,664,820
Provision for long service leave	3,526,167	2,919,808
Provision for sabbatical leave	191,045	191,045
	5,483,009	4,775,673

Non-Current		
Provision for long service leave	475,505	763,738
	475,505	763,738

Employee numbers

Average number of employees during the financial year	186	180
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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.

Notes to the financial statements

for the year ended 30 June 2016

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 2016 and 2015.

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	2015/16	2014/15
		\$	\$
Financial Assets			
Cash & cash equivalents	6	1,856,692	2,091,384
Trade receivables	8	351,220	671,356
Other receivables	8	75,152	173,072
Term Deposits	7	14,163,035	17,163,103
Total Financial Assets		16,446,099	20,098,915
Financial Liabilities			
Payables	14	662,734	490,500
Other	14	890,838	1,048,444
Total Financial Liabilities		1,553,572	1,538,944

None of the organisation's financial instruments are recorded at fair value post initial recognition

18 COMPANY DETAILS

The principal address of the business of the Company is:

Victorian Cytology Service Limited.

265 Faraday Street Carlton South, VIC 3053

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 2016 and 2015.

The Board Directors did not receive any remuneration during the financial years ended 30 June 2016 and 2015.

Key management personnel compensation	2015/16	2014/15
	\$	\$

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	2,223,120	1,384,516
Post-employment benefits	186,312	124,519
	2,409,432	1,509,035

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 2016 total \$189,413 (2015: \$224,984). The Fund's actuary has advised that the contributions will remain unchanged for the current year.

	2015/16	2014/15
	\$	\$
21 COMMITMENTS		
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	136,711	199,809
Later than one year but not later than five years	-	136,711
	136,711	336,520

22 CONTINGENT LIABILITIES

Bank Guarantee secured against Term Deposit	79,421	79,421
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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 4 November 2016.

A non-binding Heads of Agreement was entered into on 19 August 2016 to occupy part of the 13th floor at the Victorian Comprehensive Cancer Centre Building.

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 Report as set out in the Annual Report is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- 1) Presenting a true and fair view of the financial position of Victorian Cytology Service Limited as at 30 June 2016 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 the service agreement with the Victorian Department of Health and Human Services.

We certify that Victorian Cytology Service Limited has used funding received from the Department for the year ended 30 June 2016 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*.

Dr Jane Collins
Acting Chairperson

Ms Juliann Byron
Director

Date: 21 October 2016

Date: 21 October 2016

Auditor's Report



Accountants | Business and Financial Advisers

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

Report on the Financial Report

We have audited the accompanying financial report of Victorian Cytology Service Limited, ("the Company"), which comprises the statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not for-profits Commission Act 2012*, and any applicable code of professional conduct in relation to the audit.

HLB Mann Judd (VIC Partnership)

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Auditor's Report



Opinion

In our opinion the financial report of Victorian Cytology Service Limited 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 2016 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

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

HLB Mann Judd
Chartered Accountants

Melbourne
10 November 2016

A handwritten signature in blue ink that reads 'Jude Lau'.

Jude Lau
Partner

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		

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.
ANNUAL REPORT 2015/16

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VCS acknowledges the support
of the Victorian Government





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