

VICTORIAN CYTOLOGY SERVICE

ANNUAL REPORT 1991

FOR THE YEAR ENDED 30 JUNE

REPORT OF OPERATIONS

Historical background of VC(G)S

The Victorian Cytology (Gynaecological) Service was founded by an "Order to establish a Benevolent Society" under the Hospital and Charities Act 1958 (gazetted 9 December 1964). The Minister of Health invited a group of persons to form a Board, under the chairmanship of Professor Sydney Lance Townsend. The Service was to operate with the following objectives:

- a) to provide in Victoria facilities for research and investigation with respect to the cytological examination of gynaecological specimens associated with cancer detection and to undertake such research and investigation;
- b) to provide a free laboratory service for examination of specimens submitted;
- c) to provide for collection of material for examination and the notification of results of such examinations through the legally qualified medical practitioner submitting such material;
- d) to make arrangements as are necessary with any public or private hospital or the Cancer Institute or any other body or any person having a similar or allied purpose.

The Service was hosted by Prince Henry's Hospital under an agreement by which the Director of VC(G)S was also Director of the Hospital Department of Cytology. The two services operated in a fully integrated way such that the predominantly non-gynaecological cytology requirements of the hospital provided training opportunities and a variety of work for VC(G)S staff, features which are essential to develop and maintain

a high level of skill in the discipline of cytology. In return, VC(G)S provided the opportunity for Prince Henry's Hospital scientific staff and pathologists to develop skills in gynaecological cytology. A resource of pathologists who shared the autopsy and surgical pathology duties of the Department of Anatomical Pathology to the mutual advantage of all parties was thus created.

During the first 15 years of operation in excess of 90% of the smears performed in Victoria were reported by VC(G)S. This proportion has decreased since the early 1980s due to the expansion of private pathology services. This decline was assisted by the under-resourcing of VC(G)S over this period resulting in delays in reporting smears of up to three weeks. In 1989, the 25th year of operation, approximately 55% of all smears in Victoria were reported by VC(G)S.

Since its inception, the VC(G)S has been the only training institution for cytologists (scientists specialising in cytology) and cytopathologists in Victoria. The cytology component of the Bachelor of Applied Science (Medical Laboratory Science) from RMIT has been coordinated and taught by VC(G)S staff. Scientists and pathologists from interstate and overseas have visited the Service for initial and refresher training. Staff of VC(G)S have a high profile in the professional framework of cytology in Australia, as evidenced by publications in the Australian and overseas medical literature from the combined epidemiology and scientific arms of the Service.

Outline of 1990-91 activity

This year has been one of continuing improvement in many aspects of the Service. The name has been modified to Victorian Cytology Service as part of a marketing plan to present VCS as an organisation with expertise in all aspects of cytology rather than one which is limited to the reporting of Pap smears. Although cervical cancer screening will remain its major activity, VCS is able to offer a cost effective, expert service in diagnostic reporting of cellular specimens in the wider fields of adult and paediatric medicine and surgery.

Targets set for both the number of smears processed and the turnaround time have been not only achieved but exceeded, despite the fact that much time and energy have been devoted to negotiations and planning surrounding the relocation of VCS from the Prince Henry's Hospital site to The Royal Women's Hospital late in 1991.

Board of Management

Dr Elizabeth Banks	General Practitioner with interest in community and women's health
Dr Sandra Gifford	Representative of women user/client
Dr Nigel Gray	Representative of Anti-Cancer Council
Mr Gary Henry	Representative of The Royal Women's Hospital
Ms Heather Jarman	Nurse Educator in Family Planning
Ms Meredith Kefford	Representative of the community health sector
Dr Matthew J O'Neill	Representative of the Australian Medical Association
Associate Professor Michael Quinn	Gynaecological Oncologist
Ms Dorothy Reading (Chairperson)	Representative of Anti-Cancer Council of Victoria
Ms Eileen Sims	Representative of Monash Medical Centre

Two members have resigned from the Board of Management. Mr L P White, the representative of Monash Medical Centre, resigned late in 1990. He has been a Board Member for 12 years and his wisdom and support will be much missed. He was replaced by Ms Eileen Sims who was previously a member of the Board and who has a considerable experience in matters of community health. Dr Michael Salzberg resigned as he has moved from epidemiology into the speciality of psychiatry and is unable to continue with all previous commitments.

As the Draft Rules of the proposed incorporation of VCS specify a maximum of 13 Board Members, the vacancies will be advertised in accordance with HDV instruction during August 1991. Expertise in administrative and marketing skills will be specified and some rural representation will be sought.

Senior officers of Victorian Cytology Service

Director

Gabriele Medley MB BS FRCPA FIAC

Deputy Director and Epidemiologist

Heather Mitchell MB BS MSc MD FRACP FAFPHM

Pathologists

Leila Louise Cavanagh MB MD MRCPATH FRCPATH

Valerie Maru Surtees BSc MB ChB PhD FRCPA

John Rowland Vattuone MB BS FRCPA FIAC

Chief Scientist

Mary Seyfang DipAppSc BAppSc

Business Manager

Brian Salter

Teaching Coordinator

Deborah Reich DipMedLabSc

Deputy Teaching Coordinator

Diana Stockman BAppSc CT(ASC)

Diagnostic activities

The number of tests received during the year was 257,947, representing an increase of 6.87% and an excess of 7,947 over the specified target of 250,000. The monthly test totals were:

July 1990	24,730
August 1990	23,768
September 1990	18,208
October 1990	21,669
November 1990	20,917
December 1990	16,665
January 1991	18,956
February 1991	22,653
March 1991	20,194
April 1991	22,270
May 1991	25,903
June 1991	22,014

99% of smears received were reported within 5 days of receipt (attachment).

Initiatives introduced during the previous financial year have successfully turned around the decline in number of smears submitted. However in the climate of extremely spirited competition for cytology referrals in the private sector, it is necessary to continue a process of active marketing supported by a high level of performance in both quality of service and presentation of information to referring practitioners. It would be

extremely unwise to reduce our efforts in any of the areas noted in the last annual report. In particular continuing attention will be devoted to:

- i. Revising work practices to improve productivity and workflow in all areas of VCS;
- ii. Expanding the courier network to metropolitan and country users in ways which can be funded from savings incurred and revenue from smears additional to the target set;
- iii. Developing a report to be sent annually to all practitioners which includes an analysis of smears sent from each practice with respect to quality of smears, abnormalities reported and age distribution, with comparison with established "averages" across all practices;
- iv. Utilisation of the Liaison Physician to visit practices to inform and educate specifically when invited or when a need is indicated by statistical information derived from monitoring programmes.
- v. Maintenance and further implementation of quality assurance programmes, which continually monitor scientific performance and are followed by prompt remedial educational activity, targeted to specified areas of deficiency demonstrated by these programmes.
- vi. Participation by senior staff in educational programmes through learned bodies to inform medical and lay communities about the screening programme and what may reasonably be expected from it. This applies particularly to the issue of false negative smears. Whilst the number of these is small in relation to the total number of women screened, it represents a significant proportion when expressed in relation to the number of cancers diagnosed in Victorian women who have been screened.

Financial activities

These are considered in detail in the attached papers. It is of interest that several of the developmental activities for which deferral was proposed due to lack of extra funds, have been implemented within our budget. These have been resourced by savings incurred as a result of improved efficiencies in the workplace and by the introduction of self funding initiatives.

It is anticipated that the proposed incorporation of Victorian Cytology Service and registration by the Health Department of Victoria will be completed by the end of 1991.

Space and equipment

Planning of the new facility at The Royal Women's Hospital site has proceeded and the building is underway with a scheduled VCS occupancy date of 6 December 1991. The notification that the closure of Monash Medical Centre, Prince Henry's Hospital campus, has been accelerated to achieve a cessation of patient services on the St Kilda Road site on 13 September has resulted in a number of anticipated problems in relation to services provided to VCS as a tenant. Negotiations are proceeding to ensure that VCS can continue to operate and maintain the standard of performance that is currently being achieved.

Funding of additional costs to VCS, incurred as a result of relocation, need to be negotiated. Although the actual removal and physical re-establishment costs appear to be covered, a number of recurrent costs, historically borne by Prince Henry's Hospital, will need to be resourced. Examples of increments in such costs are domestic services, security, parking, administrative services, etc.

Staff

We would like to express our thanks to the entire staff of VCS for the successful

outcome of the past year. There has again been a period of relative staff stability. However, as a result of the relocation, in the next year there will be a significant loss of experienced senior staff who have elected to accept early retirement, due to the financial incentive offered, and redeployment to the Clayton site which offers a geographical advantage to some staff who joined VCS in the expectation that relocation would be to the Monash Medical Centre Clayton facility.

Unfortunately relocation to the site of a gender-specific institution such as RWH will incur serious disadvantages to VCS in the matter of diversity of duties for scientists. Location in a general hospital resulted in a component of non-gynaecological cytology such as fine needle aspiration of lesions, examination of sputum, bronchial washings, urine and effusions from many body sites. Rotation of staff from screening of gynaecological smears through the spectrum of other specimens provides task variation and development of broader expertise which play a large part in work satisfaction, staff recruitment and retention. It is hoped that the forthcoming HDV independent review of pathology services may result in a recognition that VCS is a resource of skill that can provide a cost effective basis of rationalisation of services in the discipline of cytology. The possibility of using this resource as a central facility which can provide a variety of "outreach" services tailored to the specific requirements of other institutions appears attractive from financial, scientific and educational viewpoints.

Relocation to the RWH site threatens to result also in significant financial disadvantage with respect to medical staff. It is anticipated that a remuneration package must be negotiated urgently to maintain the current conditions of service. The loss of participation in the private practice privileges at the Monash Medical Centre, Prince Henry's Hospital site, seriously threatens these conditions since such participation cannot be negotiated at the RWH site. In addition, removal of the right to private practice with respect to Pap smears as a result of the Commonwealth-State cost sharing agreement for funding VCS has deprived the Service of a small income previously generated interstate from this activity. Recruitment and retention of cytopathologists will be virtually impossible if they do not receive remuneration comparable to that achievable in similar positions in the hospital sector. At the present time even this remuneration falls well

short of the rewards in such positions interstate, let alone those offered widely in the private sector. Despite negotiation over the past 15 months, no resolution of this problem, which seriously threatens the future operation of the VCS, has been achieved.

The months prior to relocation will undoubtedly be difficult for all staff. To remain as isolated occupants of a deserted hospital site will test the strength of all. We are resolved to dedicate considerable effort to the active maintenance of morale as our primary target in the journey towards successful relocation.

Training and education

VCS has recently registered the Victorian Cytology Service Training and Continuing Education Centre as a vehicle for future educational initiatives.

Cytopathologists

Internal programme of continuing staff education. Regular meetings and review of cases at the nine-head microscope are an ongoing element of the quality assurance processes. All follow up of smears received is correlated with smears and returned for review to cytopathologists. Computerised data revealing reporting profiles is generated and elements of inconsistency are discussed and addressed by microscopy reviews. Smear follow up suggesting false-negative or false-positive reports generates request for biopsy material from pathology laboratories. Smears and biopsy slides are then reviewed together. Pathologists are encouraged to meet with peers from other laboratories to exchange information. Attendance and participation in meetings of learned societies is encouraged.

External initiatives. During 1991 planning has proceeded to have an in-depth practical course for pathologists wishing to report cytology. This course, which will be for four weeks full-time for a maximum of five pathologists, is fully subscribed and will take place from 1 to 26 July. It will be self funding and will utilise the extensive teaching facilities held by VCS with additional resource material.

Scientists

The *internal* programme continues to have three elements, viz:

- i. Training of scientists who are mainly graduates in Medical Laboratory Science who wish to work in cytology. Three such persons have been trained during 1990-91 and are now working as cytotechnologists with VCS after an intensive six months of totally supervised training;
- ii. In-service continuing staff education, which is designed to communicate scientific advances to staff and to ensure that there is feed-back and remedial education as a result of data generated by the computer in the areas of diagnosis and productivity of screeners;
- iii. Scientists are encouraged to attend and participate in meetings of learned societies. Reference material is available and facilities provided for photography and preparation of presentations. Financial support for registration expenses for participants in scientific meetings is offered.

The *external* programme of teaching cytology as a component of the Bachelor of Applied Science (Medical Laboratory Science) at RMIT continues. The Director is a member of the Advisory Committee for this course and is involved in curriculum review, staff selection and ongoing planning of appropriate courses. It is considered that this is an important initiative by which VCS has continuing input into the recruitment and training of cytologists statewide and thus has a significant role in the setting and maintenance of cytology standards.

Victorian Cervical Cytology Registry

During the 1990/91 financial year, the Registry was fully operational. The clerical staff of the Registry entered a total of 247,000 Pap test registrations onto the computer from

16 private cytology laboratories and 9 hospital-based laboratories. When combined with registrations via VCS, the total number of Pap tests registered exceeded 505,000.

For those laboratories making use of the past screening history of the woman at the time of reporting the current smear, the turnaround time in providing the past screening history was less than one hour for most working days.

More than 5,000 results of further investigations were registered for women whose Pap smear reports were significantly abnormal.

The first statistical report of the Registry was compiled and covered the 1990 calendar year. More than 4,600 copies have been distributed to participating laboratories and doctors whose patients were entered onto the Registry. An additional statistical analysis showing the results for each participating laboratory was provided back to the participating laboratory; all results were coded with the code being provided only for the laboratory concerned. These statistical reports have been well received and have provided the basis for much useful discussion about the National Programme planned by the Commonwealth Department of Community Services and Health.

Throughout 1990/91 the campaign promoting the Registry to women and health professionals was delivered with enthusiasm by Julie Anne Mitchell and Nicolette Torcello. This community-based program was funded by a grant from the Victorian Health Promotion Foundation.

The Management Committee of the Registry met on three occasions. The major effort of this committee was directed at modifying the follow up and reminder protocols of the Registry in the light of experience.

Epidemiology Unit

During 1990/91, epidemiological research based on the VCS database continued. Major areas of research interest included the role of the endocervical component in the

prevention of cervical cancer, an evaluation of the effectiveness of different strategies for recruiting older women to be screened, a study of the problem of non-attendance at a dysplasia clinic at a major Melbourne hospital and a study of the medium-term outcome of women who receive surgical management for screen-detected abnormalities.

A major report to Government was presented by a committee chaired by Dr Mitchell. The report "Cervical cancer screening in Australia: options for change", has been accepted by the Australian Health Ministers' Advisory Council and has formed the basis for developing a national programme for cervical cancer screening in Australia.

Publications from VCS during 1990-91

Refereed articles

Mitchell H, Medley G Reporting of an endocervical component after a previous cervical biopsy *Cytopathology*, in press

Mitchell H, Hoy J, Temple-Smith M, Quinn M A study of women who appear to default from management of an abnormal Pap smear *Aust NZ J Obs Gyn*, accepted for publication

Mitchell H The potential for the prevention of cancer in Australia *Aust NZ J Med*, accepted for publication

Mitchell H, Irwig L Screening as a strategy for disease control *Med J Aust*, accepted for publication

Mitchell H, Hirst S, Cockburn J, Reading D, Staples M, Medley G Cervical cancer screening: a comparison of recruitment strategies among older women *Med J Aust* 1991, 155, 79-82

Mitchell H, Medley G Longitudinal study of women with negative cervical smears according to endocervical status *Lancet* 1991, **337**, 265-267

Mitchell H, Medley G, Carlin J Risk of subsequent cytological abnormality and cancer among women with a history of cervical intraepithelial neoplasia: a comparative study *Cancer Causes and Control* 1990, **1**, 143-148

Hirst S, Mitchell H, Medley G An evaluation of a campaign to increase cervical screening in rural Victoria *Comm Health Studies*, 1990, **14**, 263-268

Guest C, Mitchell H, Plant A Cancer of the uterine cervix and screening of aboriginal women *Aust NZ J Obs Gyn*, 1990, **30**, 243-247

Other activities

The Director acts as an assessor in the process of registration of cytology laboratories by NATA. Participation in this process requires familiarity with the changing requirements of accreditation of laboratories and allows a useful interchange of information between major cytology centres.

The Director is also an invited member of the Committee on Quality Assurance in the Cervical Cancer Screening Programme which is a committee convened by the Health Strategies Branch of the Commonwealth Department of Community Services and Health to address the issues of quality assurance in all aspects of the programme and to prepare recommendations and strategies for implementation of such recommendations.

Conclusion

Since this will be the final report issued from the site of Prince Henry's Hospital, it is fitting that we should acknowledge the very significant contribution made for the past 25

years by the Board of Management, executive and staff of Prince Henry's Hospital, and latterly the Monash Medical Centre - Prince Henry's Hospital site. A favourable environment was provided for the development and growth of Victorian Cytology Service and this resulted in significant educational and scientific gains for both institutions. It is with sadness that we view the closure of the hospital and the end of our relationship.

Despite the anticipated difficulties of the next few months there is great optimism about the future of VCS at the new location. It is incumbent upon the senior staff to remain responsive to the needs of colleagues and sensitive to the perceptions of staff not only within VCS but at RWH.

Many issues require resolution but, while the successful relocation of VCS is the desired outcome for all parties concerned, patient negotiation remains the management strategy of choice.

VCS must continue to maintain a business-like approach to the development of markets that will maximise performance and cost effectiveness for itself and for the community. Constant watchfulness on standards of scientific achievement and service to consumers is required in the highly competitive commercial climate that prevails.

21 August 1991

VICTORIAN CYTOLOGY SERVICE

CERTIFICATION

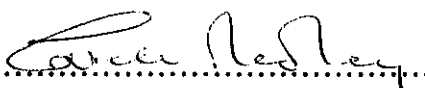
In our opinion the consolidated financial statements of the Victorian Cytology Service comprising statement of sources and application of funds, balance sheet, the statement of changes in equity, revenue and expense statement and notes to the financial statements have been prepared in accordance with the provisions of the *Annual Reporting Act* 1983 and the Annual Reporting (Contributed Income Sector) Regulations 1988 as amended.

In our opinion the consolidated financial statements present fairly the financial transactions for the year ended 30 June 1991 and the financial position as at that date of the Victorian Cytology Service.

At the date of signing the consolidated financial statements we are not aware of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

..... Chairperson

..... Member

..... Chief Executive Officer

..... Principal Accounting Officer

Dated 11th day of September 1991

REVENUE AND EXPENSE STATEMENT

VICTORIAN CYTOLOGY SERVICE

REVENUE AND EXPENSE STATEMENT FOR THE YEAR ENDED 30TH JUNE 1991

	NOTES	TOTAL 1990/91 \$	TOTAL 1989/90 \$
Operating Revenue Providing Fund Inflows			
<u>Health Service Agreement/Budget Sector</u>			
Government Grants	2	3,578,610	3,429,319
Indirect Contributions by Health Department Victoria	3	23,568	2,892
Bank Interest	4	27,107	38,278
Sale of Equipment		8,021	-
Car Parking		280	-
TOTAL OPERATING REVENUE PROVIDING FUNDS		3,637,586	3,470,489
Operating Expenses Requiring Fund Outflows			
<u>Health Service Agreement/Budget Sector</u>			
Diagnostic and Medical Support Services		2,495,461	1,882,152
Administration and Quality Assurance		694,777	1,009,454
Engineering and Maintenance		24,482	19,248
Domestic and Catering Services		12,742	12,315
Corporate Costs Funded By Health Dept. Vic.		23,568	2,892
Workcare and Superannuation		96,076	65,478
Teaching and Research		4,659	5,305
TOTAL OPERATING EXPENSES REQUIRING FUNDS		3,351,765	2,996,844
Operating Surplus (Deficit) Providing Fund Inflows		285,821	473,645
Operating Expenses Not Requiring Fund Outflows			
Depreciation		114,712	76,180
Employee Entitlements		31,234	64,693
		145,946	140,873
Operating (Deficit) Surplus For the Year		139,875	332,772

The accompanying notes form part of these financial statements.

BALANCE SHEET

VICTORIAN CYTOLOGY SERVICE

BALANCE SHEET FOR THE YEAR ENDED 30TH JUNE 1991

	NOTES	TOTAL 1990/91 \$	TOTAL 1989/90 \$
Equity			
Capital			
Contributed Capital		400,329	763,061
Funds held for Restricted Purposes 10		64,084	50,667
Reserves			
Retained Surplus/(Accumulated Deficit)		102,649	(439,292)
Total Equity		567,062	374,436
Current Liabilities			
Bank Overdraft		56,727	46,686
Creditors		3,828	6,562
Accrued Expenses		69,295	43,285
Provision for Employee Entitlements	5	328,719	297,485
Loans		-	-
Total Current Liabilities		458,569	394,018
Total Liabilities		458,569	394,018
<u>Total Equity and Liabilities</u>		<u>1,025,631</u>	<u>768,454</u>
Current Assets			
Cash at Bank and on Hand		23,408	19,353
Stores	6	68,061	42,377
Debtors and Accrued Revenue	7	79,897	126,900
Short-term Investments	8	313,185	107,438
Total Current Assets		484,551	296,068
Non-Current Assets			
Plant and Equipment	9	432,085	439,967
Motor Vehicles	9	108,995	32,419
Total Non-Current Assets		541,080	472,386
<u>Total Assets</u>		<u>1,025,631</u>	<u>768,454</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

VICTORIAN CYTOLOGY SERVICE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 1991

	Notes	Contributed Capital	Funds Held for Restricted Purposes	Retained Surplus/ Accum. Deficit	Total 1990/91	Total 1989/90
Balance at beginning of the year		763,061	50,667	(439,292)	374,436	(317,627)
Surplus/(Deficit) for the year				139,875	139,875	332,772
Capital contribution	2	39,334			39,334	337,920
Transfer to Retained Surplus/ (Accumulated Deficit)	2	(402,066)		402,066		
Surplus for year			13,417		13,417	21,371
Balance at end of year		400,329	64,084	102,649	567,062	374,436

VICTORIAN CYTOLOGY SERVICE

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS FOR THE
YEAR ENDED 30TH JUNE 1991

	NOTES	TOTAL 1990/91 \$	TOTAL 1989/90 \$
Sources of Funds			
Funds from Operations		-	-
Gross Inflows from Operations		3,637,586	3,470,489
Gross Outflows from Operations		3,295,944	2,996,844
Net Funds from Operations	(i)	341,642	473,645
Contributed Equity			
Capital Grants		39,334	337,920
Surplus Specific Purposes		13,417	21,371
		52,751	359,291
Reduction in Assets			
Current Assets			
Stores		-	4,104
Debtors and Accrued Expenses		47,003	9,863
		47,003	13,967
Increase in Liabilities			
Current Liabilities			
Accrued Expenses		26,010	24,774
Bank Overdraft		10,041	-
		36,051	24,774
Total Sources of Funds		477,447	871,677
Applications of Funds			
Increase in Assets			
Current Assets			
Stores		25,684	-
Cash at Bank		4,055	8,997
Short Term Investments		205,747	88,438
Debtors and Accrued Revenue		-	17,832
		235,486	115,267
Non-Current Assets			
Plant and Equipment		89,380	337,920
Motor Vehicles		122,870	-
		212,250	337,920
Decrease in Liabilities			
Current Liabilities			
Bank Overdraft		-	243,067
Creditors		2,734	7,399
Loan		-	164,000
		2,734	414,466
Payment of Employee Entitlements		26,977	4,024
Total Applications of Funds		477,447	871,677

**NOTES TO STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS
FOR THE YEAR ENDED JUNE 30TH 1991**

**NOTE (i)
RECONCILIATION OF FUNDS FROM OPERATIONS WITH OPERATING PROFIT
IS AS FOLLOWS;**

	1990/91	1989/90
	\$	\$
Operating Profit	139,875	332,772
Add Depreciation	114,712	76,180
Employee Entitlements	58,211	64,693
Proceeds From Sale Of Fixed Assets	36,865	-
Less Gain On Sale Of Fixed Assets	(8,021)	-
	<u>341,642</u>	<u>473,645</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1991

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The financial statements of the service have been prepared in accordance with the provisions of the Annual Reporting Act 1983 and the Annual Reporting (Contributed Income Sector) Regulations 1988 as amended. The Accounting Standards issued jointly by the Institute of Chartered Accountants in Australia and the Australian Society of Accountants have been complied with where applicable.

a. Accrual basis

The accrual basis of accounting has been used with revenues and expenses being recognised as they are earned or incurred, and brought to account in the period to which they relate.

b. Historical cost

The financial statements have been prepared on a historical cost basis whereby assets are recorded at cost and do not take into account changing money values nor the current cost of non-current assets (unless specifically stated)

c. Rounding off

All amounts shown in the financial statements are expressed to the nearest dollar.

d. Investments

Investments are valued at cost. Interest revenue from investments is brought to account when it is earned.

e. Depreciation

Depreciable assets with a cost in excess of \$1,000 are brought to account and depreciation has been provided over their estimated useful lives using the straight line method.

f. Stores

Inventories are stated in the Balance Sheet at the lower of cost and net realisable value. Cost is determined principally by first-in, first-out method.

g. Employee Entitlements

Long Service Leave

Provision for long service leave in 1990/91 Statements is made on a pro rata basis for all employees who have completed ten or more years service. Generally, the entitlement under various awards becomes payable upon completion of 15 years service. The proportion of long service leave estimated to be payable within the next financial year is included in the Balance Sheet under Current Liabilities.

Annual Leave

A provision for annual leave is made for all employees based on the hospital's accrued liability for annual leave at 30th June 1991. This provision is included under current liabilities.

Accrued Days Off

A provision is made for liability in respect of days off accrued but not yet taken for eligible employees at 30 June 1991. The whole amount is included under current liabilities.

h. Superannuation

All eligible employees contribute to the Hospitals Superannuation Fund established under section 10 of the Hospital Superannuation Act 1965 (refer Regulation 32)

NOTE 2: GOVERNMENT GRANTS

	1990/91 \$	1989/90 \$
HDV Ordinary Grants	3,516,610	3,404,609
HDV Other Grants Minor Works	62,000	24,715
	<hr/>	<hr/>
Total Operating Grants	3,578,610	3,429,324
	<hr/>	<hr/>
Capital Grants	39,334	337,920
	<hr/>	<hr/>

Grants for capital purposes are included in the Statement of Changes in Equity and are included in the Balance Sheet as Contributed Capital.

Contributed Capital consists of items which have been specifically funded via or through minor works grants, specific capital grants or through external donations or gifts. The transfer of \$402,066 from Contributed Capital to Retained Surplus / Accumulated Deficit has been made to correctly reflect these items.

NOTE 3: INDIRECT CONTRIBUTION BY HEALTH DEPARTMENT VICTORIA

The Health Department Victoria makes certain payments on behalf of the Service which, in accordance with their requirements, have been brought to account in determining the operating result for the year. They are brought to account as non-cash income and offset by expenditure.

	1990/91 \$	1989/90 \$
Insurance Costs	20,644	-
Industrial Relations Service	-	814
Hospital Computing Service Charges	2,924	2,078
	<hr/>	<hr/>
Total	23,568	2,892
	<hr/>	<hr/>

NOTE 4: OTHER REVENUE

	1990/91 \$	1989/90 \$
Interest Received Bank Interest	27,107	38,278
	<hr/>	<hr/>

NOTE 5: PROVISION FOR EMPLOYEE ENTITLEMENTS

	Current \$	Non- Current \$	Total 1990/91 \$	Total 1989/90 \$
Long Service Leave	101,776	-	101,776	102,696
Annual Leave	215,851	-	215,851	183,586
Accrued Days Off	11,092	-	11,092	11,203
Total	<u>328,719</u>	<u>-</u>	<u>328,719</u>	<u>297,485</u>

NOTE 6: STORES

	1990/91 \$	1989/90 \$
Housekeeping Supplies	230	101
Medical & Surgical Lines	34,959	24,211
Administration Stores	32,872	18,065
Total	<u>68,061</u>	<u>42,377</u>

NOTE 7: DEBTORS AND ACCRUED REVENUE

	Less than 1 Year \$	Total 1990/91 \$	Total 1989/90 \$
Additional smears	61,112	61,112	-
Superannuation Deductions	697	697	-
Outstanding HDV Grant	18,088	18,088	126,000
Interest Revenue	-	-	900
Total Debtors and Accrued Revenue	<u>79,897</u>	<u>79,897</u>	<u>126,900</u>

NOTE 8: INVESTMENTS

Types of Investment	Operating Fund \$	Specific Purpose Fund \$	Total 1990/91 \$	Total 1989/90 \$
- Current				
State Bank High Yield	<u>253,400</u>	<u>59,785</u>	<u>313,185</u>	<u>107,438</u>

NOTE 9: NON-CURRENT ASSETS

	At Cost 30.6.91	Deprecia- tion for 1990/91	Accum Deprecia- tion at 30.6.91	Net Assets at 30.6.91	Net Assets at 30.6.90
	\$	\$	\$	\$	\$
Plant & Equipment	738,503	97,262	306,418	432,085	439,967
Motor Vehicles	119,690	17,450	10,695	108,995	32,419
	<u>858,193</u>	<u>114,712</u>	<u>317,113</u>	<u>541,080</u>	<u>472,386</u>

NOTE 10: FUNDS HELD FOR RESTRICTED PURPOSES

	1990/91 \$	1989/90 \$
Education	<u>64,084</u>	<u>50,667</u>

NOTE 11: CONTINGENT LIABILITIES

A contingency for a redeployment allowance and an early retirement has been made for financial year 1991/92 and approved by the Health Department Victoria.

Amounts budgeted for in 1991/92:

(i) Redeployment Allowance	\$ 70,450
(ii) Early Retirement Allowance	\$107,267

The allowances, when paid are claimed and reimbursed by the Placement Secretariat Account which is a Health Department Victoria Account.

HEALTH SERVICES AGREEMENT/BUDGET SECTOR

OPERATING EXPENSES*

FOR THE YEAR ENDED 30 JUNE

	Total 1991	Total 1990
	<hr/>	<hr/>
1. Diagnostic & Medical Support Services	2,495,461	1,882,152
2. Administration (Includes Research & Quality Assurance)	840,723	1,150,327
3. Engineering and Maintenance	24,482	19,248
4. Domestic and Catering Services	12,742	12,315
5. Corporate Costs Funded by HDV	23,568	2,892
6. Workcare & Superannuation	96,076	65,478
7. Teaching Services	4,659	5,305
	<hr/>	<hr/>
	3,497,711	3,137,717
	<hr/>	<hr/>

Less Health Service Agreement/Budget Sector operating expenses not requiring fund outflows during the year.

-Depreciation	114,712	76,180
-Employee Entitlements	31,234	64,693
Total	<hr/>	<hr/>
	145,946	140,873
	<hr/>	<hr/>

**Total Health Service Agreement/
Budget Sector Operating Expenses**

Requiring Fund Outflows	<hr/> <hr/>	<hr/> <hr/>
	3,351,765	2,996,844