



Chief Executive Officer's Report

Paul Green, CEO

It is my honour and privilege to present what is now my 26th Annual Report. I am pleased to report that CVGT has experienced a very solid 12 months with strong job seeker employment outcomes across all of our divisions. The result is that we have delivered on our promise 'to provide employers with work ready people', which leads to delivering on our vision of positive social and economic benefits to the community. Outlook on life changes when people are employed, and the subsequent impact leads to vibrant healthy and prosperous communities. There are many success stories that evidence CVGT's positive impact on communities and the following is a wonderful example.

Yai finds his Australian voice to join the work force

Sometimes it takes an out of the box idea to find the right fit for a job seeker. Look at Yai Malual, 32, a Sudanese refugee who previously had worked in a Dandenong factory for five years, but had become unemployed. Despite his best efforts, he was knocked back for positions time and time again and after four years looking for work, he had become desperate. CVGT, in partnership with Jobs Victoria, recognised that despite being in Australia for 10 years Yai still struggled with the language. Although he was able to talk with his Australian friends, Yai's language fluency and general understanding of technical terms were not good.

When Yai went to a couple of interviews that were organised by CVGT, he was not offered work. Feedback was that he did not understand basic OH&S or safety protocols. One employer could not offer him a position because he failed his bending exercise; a potential OH&S risk. Someone even suggested that he may be carrying an injury. To make matters worse, Yai missed several appointments and interviews because he had not understood what was needed. But on the occasions when he had understood, he had proven to be very reliable and was diligent in everything that CVGT had asked of him.

Although Yai was attending Bendigo TAFE for English lessons, CVGT thought a bit extra was needed. Understanding that he did not want to go to a doctor to check out possible injuries, CVGT approached a local gym and spoke to a personal trainer.

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The trainer explained that he could identify physical injuries and work with Yai on his bending/lifting techniques and general fitness. While this was happening CVGT went to a local manufacturing company and explained the situation Yai was in and he was offered a work trial. From the start it was clear that the gym sessions had paid off. Yai passed his bending and lifting tests with ease and settled quickly into the company routine.

Feedback was that he is a hard worker, reliable and part of the team. Yai has thanked CVGT for supporting him and helping to turn his family's lives around. Yai now works full time, with weekend shifts and averages 38 hours a week. He shows no signs of wanting to leave. He has found his feet, and his Australian voice.

You will find many other fantastic stories throughout the annual report where dedicated and passionate CVGT staff have positively influenced the lives of many people, but best of all, helped them 'get a job'.

The first 12 months of the revised three year strategic plan became operational in 2017, with five priority themes; growth and diversification of CVGT's business taking centre stage. This was supported by promoting our staff engagement to achieve an integrated and customer-centred team culture, and ensuring CVGT has effective, efficient and compliant business systems, which are underpinned by a sound financial base.

Chief Executive Officer's Report *Continued*

Paul Green, CEO

Growth and Diversification

During the year our turnover increased by 16 per cent and we successfully tendered for additional business which will see the company grow significantly from July 2018, as follows;

- Annual total income increased from \$27 million to \$31 million
- Disability Employment Services business will grow from seven service areas to 18 across three states, Victoria, NSW and Tasmania (in both regional and metropolitan areas)
- ParentsNext business will grow from two service areas to four in regional and metropolitan Victoria
- All program performance regions ranked at three, four and five stars
- Proposed turnover for 2018 is \$38 million, a further growth factor of 25 per cent.

Staff Engagement

The company annual climate survey was completed in March 2018 with Best Practice Australia and the results show an overall improvement in our organisational culture, benchmarking norms and staff engagement as follows:

- Organisational culture improved by 9 per cent to 59.1 per cent for staff engagement, which is 0.1 per cent short of being classified as 'success' under the Best Practice Australia scale
- Benchmarking norms improved by 40 per cent to 66 per cent, equal to or above the norm
- 63 per cent of our staff rated the organisation as a 'Truly Great Place to Work'.

Compliance Systems

CVGT has had an outstanding year in relation to compliance, which has delivered an excellent result in that all of our programs have met recertification and compliance standards requirements.

The following are of special note:

jobactive

- Achieved an organisational 99.21 per cent compliance rating
- Quality Assurance Framework recertification was achieved.

Disability Employment Services

- Reaccreditation for National Standards for Disability services

General

- Reaccredited for ISO Quality (ISO9001), WHS (ISO4801), Environmental (ISO14001)

Sound Financial Base

CVGT has maintained a strong financial base with a net members equity of \$16 million which is a strong result and increased by \$946,199, a 3.1 per cent return. However, when you take into account that the company made an investment of \$1.9 million in establishing the new Disability Employment Services and ParentsNext programs in readiness for the July 2018 launch, the true operational surplus was \$2.9 million. The cash position of the company remains strong despite investing \$2.4 million in building our own purpose-built facility in Shepparton which primes the company for future potential mergers or acquisitions.

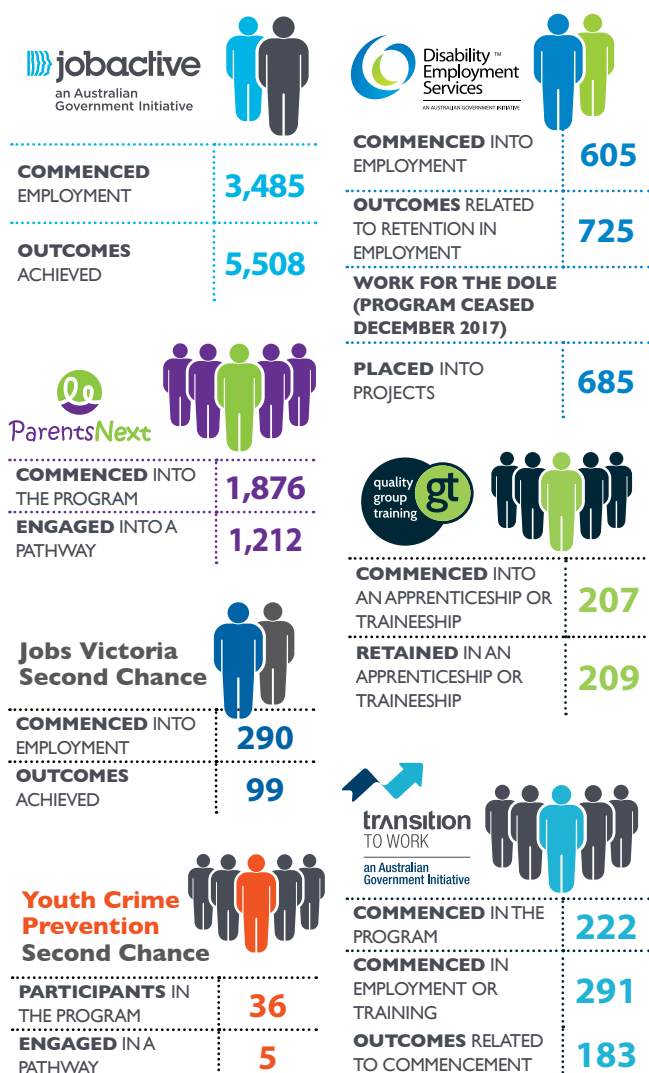
“Disability Employment Services business will grow from seven service areas to 18 across three states, Victoria, NSW and Tasmania.”

Chief Executive Officer's Report *Continued*

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Divisional Update

The following detailed performance results illustrate the strength of our service delivery across the various programs.



The collective placements into employment were 4,878, and 6,515 sustainability outcomes have been achieved. In addition, 4,647 job seekers have been placed into Work for the Dole activities or other pathways that ultimately lead to employment. These results substantiate our ability to 'get people jobs' and deliver on our commitment to employers by providing them with work ready people.

jobactive (employment service)

All key metrics aligned to jobactive have been achieved. Financially the program has returned a margin of 1.68 per cent above forecast, with employment outcomes delivering the majority of the income. In comparison to the 2016 - 17 financial year, placements grew marginally, however outcomes increased by 17.7 per cent. This is indicative of the many strategies that have been implemented at company and site level.

The star rating for the North and North West Tasmania region produced outstanding results with five stars being recorded for the region including all the full time sites of Launceston, Devonport and Burnie. For Goulburn Murray and Murray Riverina, solid star performance was achieved with regional rankings of three stars, and the key sites of Echuca, Cobram, Wangaratta, Griffith and Leeton recording five stars.

These results are further strengthened with the knowledge that our compliance rating remains excellent with a companywide score of 99.21 per cent. Importantly, our Indigenous outcome performance continues to lift with Goulburn Murray and Tasmania achieving bonus points and Murray Riverina improving significantly.

Disability Employment Services - Employment Support Service (ESS) and Disability Management Service (DMS)

Disability Employment Services has recorded a successful year with the program delivering a 3.82 per cent margin above budget. Placements and outcomes across the board exceeded those achieved in the prior year. Improved performance against the key 26 week milestone had the most significant impact on the financial and star rating results.

Critically these results ensured that the company secured an 'Invitation to Treat' in the existing seven operating employment service areas (ESAs) and set the foundation for expansion into an additional 11 ESAs across the three states of Victoria, New South Wales and Tasmania effective from 1 July 2018. The planning and preparatory work necessary to successfully undertake an expansion of this magnitude consumed considerable resources during the second half of the 2017 - 18 financial year making the achievement of key goals even more satisfying.

Chief Executive Officer's Report *Continued*

Group Training (Apprenticeship and Traineeship Employment Service)

Financially the program produced a net result of 2.1 per cent above projection. Key to this success has been the '100 jobs in 100 days' campaign which, through the assistance of major employing partners, has created 104 apprenticeship and traineeship positions. In addition, the general profile of CVGT has been positively enhanced through the project and the potential for it to be a forerunner of other, similar initiatives also exists.

To ensure ongoing success, the focus of the program has been realigned to its more traditional base of Bendigo and Echuca. This change, coupled with a concentration on an annual major promotional campaign has the potential to see continual participant growth.

Transition to Work

Transition to Work recorded a strong performance year and has been innovative in attracting and servicing its participant numbers. The program achieved placement target and exceeded the 26 week outcome contract milestone. Thus demonstrating the quality of the placements secured, and indicating the strength of the follow up support provided by staff to ensure key employment milestones are achieved.

In keeping with the program objective to engage and collaborate within the community, Transition to Work successfully hosted a skateboarding competition in Shepparton. It was a fantastic event that strengthened and built on already strong linkages with local community stakeholders, and at the same time provided an innovative access point for others.

ParentsNext

ParentsNext has completed a highly successful year in both operating regions (Hume and Shepparton) meeting all five key contract key performance indicators.

For the duration of the contract, the program participant referrals from the Department of Human Services were in excess of those forecast, and total caseload numbers were approximately 1,200. The financial results were positive and in line with forecast.

Importantly the success of the program in Hume and Shepparton has provided clear evidence of our ability to deliver in what was a pilot program. This has had a positive impact on our tender application which resulted in the doubling of our operation effective from 1 July 2018. The company will provide the broader ParentsNext suite of services in North West Melbourne (including Hume) and in Goulburn Murray (including Shepparton) and in addition will operate targeted services in the new regions of North East Melbourne and South East Melbourne and Peninsula. As with the Disability Employment Services program, this expansion has a clear alignment to our strategic objective and is indicative of past performance.

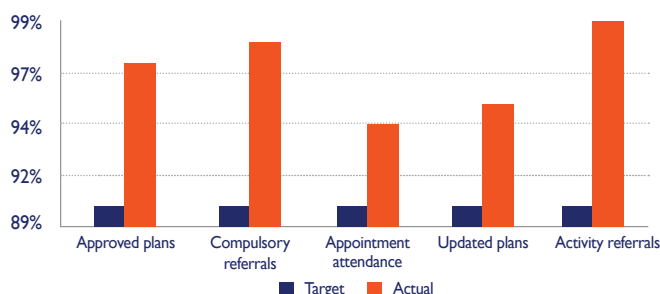
Jobs Victoria.

The three Jobs Victoria programs operating in Bendigo, Hume (Broadmeadows) and Dandenong have all met the required placement and outcome contract targets to date. The statistics shown below.

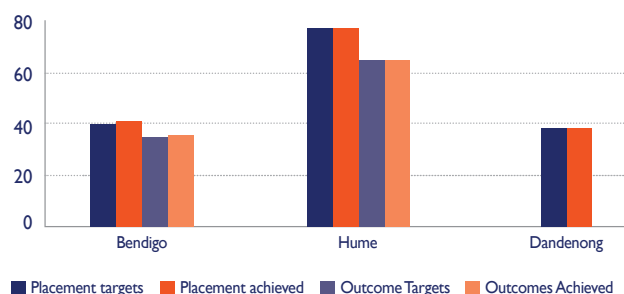
These programs have an intensive service delivery model as the core element to success. As a collective they have achieved significant success in challenging environments, and have been responsible for negating long term unemployment and recidivism with the majority of clients. Two of these programs (Bendigo and Broadmeadows) conclude early in the 2018 - 19 year, with Dandenong finishing in the latter part of the same financial year. Representation has been made to secure funds to continue the delivery of these initiatives post the current contract end dates.

Note: Dandenong commenced August 2017, no outcome data available

CVGT ParentsNext Key Performance Indicators



Jobs Victoria Outcomes and Targets



Chief Executive Officer's Report *Continued*

Youth Crime Prevention

The Youth Crime Prevention program has taken time to gain recognition within the judicial system. Referrals to the program now number 38, and referral rates have risen sharply. On this basis, the participant target will be met. Recent contract variations that recognise the challenges associated with education and employment also give confidence that the contract outcome requirements will be achieved.

Work for the Dole Coordinator program

The Work for the Dole Coordinator program (not to be confused with the Work for the Dole jobseeker participation activity) concluded on 31 December 2017. All deliverables were achieved in accordance with the contract and the financial results were in alignment with projections. The Work for the Dole job seeker activity has now been embedded into the broad jobactive program.

Strategy and Outlook

A key strategic focus for 2017 - 18 was around growth and CVGT has experienced fantastic results through the ITT and grant application processes associated with the Disability Employment Services. All our current regions for the Disability Employment Services program were retained as part of the ITT and our submission through the grant application realised an additional 11 regions.

This puts CVGT in the Western suburbs of Sydney, across the Riverina in New South Wales, North East, Central, Goldfields and Melbourne regions of Victoria and all of Tasmania. Additional growth experienced by CVGT was in the ParentsNext program. Through the tender submission in late 2017, CVGT were pleased to maintain the regions already being operated in and extending that service across the entire Goulburn Murray and North West Melbourne regions and in the new North East and South East and Peninsula regions of Melbourne.

Employment services is our core business and the programs operating in that environment are well placed to realise commercial opportunities that will present within the next two years. The jobactive program will be available for tender in the later part of 2019, along with the Australian Apprenticeship Support Network which will be available under government procurement policies. The escalating crime rate amongst young people is an increasing challenge facing governments and community, and this has provided an opportunity for innovation around special initiatives to address youth truancy and recidivism. CVGT will strengthen our successful programs and continue to provide government with an avenue to address these issues.

Capital Investment

The company property portfolio has expanded within the Shepparton region with CVGT embarking on an ambitious project to develop a purpose-built office facility. As a way of demonstrating our commitment to the region the \$2.4 million facility will house our employees in a state of the art building that provides not only a fantastic level of comfort and safety for our employees and participants but also supports the environmental goals of the organisation through water harvesting, solar power and motion sensing electrics.

We have invested in many of our locations by upgrading facilities and creating a safer environment for staff. The installation of a generator at head office has mitigated the down time faced with an unreliable power source from the main grid. The next 12 months will see further investment in back up battery systems at head office and Shepparton.

Chief Executive Officer's Report *Continued*

Marketing and Public Relations

Marketing and Public Relations has delivered a number of significant and strategic outcomes over this past financial year. These include campaigns to drive the implementation of the new Disability Employment Services contract across both new and existing regions and the tackling of youth unemployment with a successful employer partnership initiative, driven by Group Training, which provided additional apprenticeships and traineeships to the youth of the Bendigo region.

Our Disability Employment Services campaign was the beginning of a larger strategy and focussed on the introduction of CVGT and the reinforcing of our service offering to its target market. The campaign's strategy was centred on elevating those with disability into employment that suited their own individual strengths. This strategic intention was delivered through the use of a 'Super Able' theme; i.e. 'Super Employable', 'Super Doable', 'Super Personable', 'Super Reliable', 'Super Adaptable', 'Super Accountable'. It was broadcast in a cross platform strategy that included traditional, digital and innovative media. The market response was strong with significant enquiries leading to a strong start for our new Disability Employment Services business.

Throughout the 2017 - 18 year, we continued to focus on our digital footprint strategy, with targeted campaigns across the CVGT network that led to the development and growth of our customer base, increased brand awareness, and a strong call to action – 'contact CVGT today'. We significantly increased our audiences across our owned and managed digital platforms with a mix of paid and earned media, on the back of authentic and engaging content.

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In line with our CVGT promise to deliver a strong social and economic benefit to the community, our corporate sponsorship program continued to support many community groups and clubs throughout the 2017-18 financial year. We are proud to have been part of the communities where we operate and through our corporate sponsorship program we have been able to support a range of activities including:

- Local sporting clubs and leagues
- Local business networks
- School awards nights
- Funding to assist local par athletes to compete at international competition
- Funding to establish dance classes for people with disability.

Overall, the 2017 - 18 financial year has been one of growth, consistency and strategic outcomes for the organisation. The creation and implementation of modern and innovative campaigns and marketing practices has resulted in an environment where the CVGT brand has made significant inroads across all markets that it operates in.

Chief Executive Officer's Report *Continued*

Risk Management and Compliance

The company has a comprehensive risk management framework in place which is tiered for priority of risks in accordance with the framework. The Board Audit and Risk committee play an active role in monitoring risk management, constantly reviewing the annual audit schedule which includes not only internal audits but also external audits.

There were 45 internal audits conducted by the audit department during the year, and the plan is to deliver 51 internal audits for 2018 - 19. The audit framework includes company branch managers auditing 391 files (jobactive 152, Disability Employment Services 140, Group Training 37, ParentsNext 50 and Transition to work 12) for the year as a method of ensuring consistency and early identification of any compliance slippage.

The number of audits conducted in the year demonstrates a high level of activity. The results of the audits have verified an improving trend over the year and coupled with the strong well-resourced staff training program, I am confident that we have all the elements in place to maintain a high level of ongoing compliance as demonstrated by this year's results.

People and Culture

The culture performance result mentioned earlier in this report evidences a strong strategic approach to further developing our culture and organisational engagement to a point where we are rated as a company of 'success'. The People and Culture survey conducted during the year identified CVGT as having a culture of ambition. The culture rankings within this survey have rankings ranging from blame, reaction, consolidation, ambition and ultimately success. With 59.1 per cent of staff engaged, we are nudging the classification of success which is set at 60 per cent or above and have exceeded last year's outcome of a consolidation ranking. This represents a 9 per cent increase in engagement.

A total of 63 per cent of staff identified CVGT as a 'Truly Great Place to Work' against the industry benchmark of 59 per cent, an increase of 2 per cent from last year. We aspire to a ranking of success over the coming year and have put in place strategies to address areas for improvement; these are embedded across all

our departmental business plans. The priority will be to implement the cultural code program and align ourselves with industry best practice. There is a strong desire in the company to bring down the attrition rate. In our industry this is historically high at 40 per cent and although we achieved 33 per cent for the year, it is our desire to bring the result down to 25 per cent for the next year.

We have further skilled our staff with an active professional development program which involves internal and external courses and training. There are a number of internal training teams that develop, deliver and assess skills around a competency based framework using electronic platforms, traditional call and one on one coaching and mentoring activities.

The safety of our staff is absolutely paramount and with the increasing compliance requirements we are seeing more and more aggression by some of our program participants. This has lead the company to strengthen our staff training in dealing with anger management, recognising early signs and being in a position to approach and manage the risk associated with high risk situations.

To help improve the safety at our branches with technological aides we have engaged a company to review all of our branches for staff and client safety with the results expected in December 2018.

The revised performance appraisal system has had a significant positive impact on staff performance management and provides clarity around the expectations and removes any ambiguity in key performance indicators. A further refinement of the key result areas and key performance indicators has now linked these more closely with the employment incentive program.

Information Technology

We have committed to securing our business through undertaking security and certification requirements as detailed by the jobactive deed and the Information Security Manual. To achieve this we are undertaking an assessment of the CVGT jobactive pathway to accreditation, Statement of Applicability (SOA) level 3, which is based on 204 security controls. This process will conclude with a final audit in December 2018.

Chief Executive Officer's Report *Continued*

Reliable technology underpins our successful operations across three states. We have invested an increased bandwidth of a minimum of 50 MB for all branches. Whenever possible, we are utilising smart technology through investment in state-of-the-art video conferencing and the latest equipment to enable the transition to a paperless environment.

Document management has been a challenge for the company over the past 12 months and the implementation of a professional off the shelf document management system with Click Cloud Copy, will provide a more secure reliable and accessible system this will complete our move towards a paperless office operation. We have updated mobile devices for all staff and have been trialling the use of iPads and large smart phones to improve efficiency, effectiveness and productivity of our staff, in particular the business development consultants across the programs.

The next 12 months will see the completion of a review into the location of our data and applications. There is considerable evidence that the cloud provides the future reliability and accessibility required for the future, however this will be compared with the creation of our own cloud. Cyber security will require additional attention over the next 12 months and our ability to comply with government regulation and to protect our customer's information. Cyber-attacks are ever present and to mitigate the associated risk we have strengthened our firewall with monitoring and antivirus software, and internal education will be increased to minimise the risk of our staff opening virus gates.

I want to acknowledge all the staff of CVGT for their passion, commitment and determination that has been demonstrated consistently in working with job seekers and others in our community, with the primary goal of helping them make their lives better. The collegiality and team work within the company is impressive and underpins the successful year we have had, and will continue to influence future growth of CVGT.

I would like to thank the executive team for the insightful debate, discussion and ideas that have led to innovation and strength of strategy, negating any sense of 'group think'. The executive team John Lynch, Mark Little, Leanne Mulcahy, Craig Canham, Stephen Dunn, Brett Campbell, Jo Adams, David Hancock, Michael Harrington, Vaughan Adams, Lisa Georgeson, Trish Mortlock and Matt Frecker, have all played a critical role over the past 12 months in demonstrating excellent leadership and management skills reinforced by their enthusiasm for ongoing success.

I would like to place on record my thanks to my Executive Assistant Roslyn Quigley and Assistant Felicity Conroy for their responsiveness, dedication and commitment to the role.

To the Board of Directors, I thank you for your support, guidance and advice. In a year of Board transition, there have been many changes all of which are designed to strengthen our position for the future. I welcome these changes knowing full well that as a collective we are, consequently, stronger in performance, process and compliance. I would like to acknowledge Graham Fountain as Board Chair for the robust conversation and valued support.

I would like to thank our account and contract managers from the Department of Employment, Department of Human Services – Centrelink, Department of Industry, Innovation & Science, Department of Social Services, Department of Prime Minister & Cabinet, Department of Education, Department of Economic Regulation, Department of Education & Training, Jobs Victoria, Registration and Qualifications Authority in Victoria and the Apprenticeship Employment Network for their ongoing confidence in CVGT.

To conclude on behalf of all staff at CVGT our collective thanks to all the thousands of people and businesses who have used and or supported the company services over the past 12 months.