


28 February 2014

Ms Marie Dalins
Director, Adjudication Branch
Australian Competition & Consumer Commission
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CANBERRA ACT 2601



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Dear Ms Dalins

Application for authorisation A91402

We refer to your letter dated 12 February 2014 in which you enclosed submissions from various interested parties in relation to our application for authorisation pursuant to sections 88(1) and 88(1A) of the Competition and Consumer Act 2010.

We now provide our comments in response to the submissions from interested parties as follows:

Department of Immigration and Border Protection (DIBP)

2. Effect on Competition

a. Limitation on availability of competitors to TIS National

DIBP has expressed concern that APESMA's proposed "arrangements" may result in an improvement in pay and conditions for interpreters and translators which in turn may require DIBP to absorb additional costs. DIBP is concerned that its competitors such as Oncall Operations Pty Ltd (Oncall) and Victorian Interpreting and Translating Service (VITS) may not be required, (or able), to absorb such additional costs. DIBP notes that an increase in cost may provide TIS National (DIBP's agency) with an unfair competitive advantage "if only TIS National were able to absorb these additional costs".

In response we say, the objective of our application is to obtain the authority to engage in a negotiation process on behalf of our members and it is not a forgone conclusion that such negotiations will result in an improvement in pay and conditions and / or additional costs for principal contractors.

Further, we refer to the submission from Oncall dated 29 January 2014 which confirms that Oncall engages practitioners as casual employees and not as independent contractors. The granting of this authority will therefore have no direct effect upon Oncall in terms of creating additional costs.

We attach a copy of VITS' Annual Report 2012 – 2013 in which the CEO confirms on page 6 that VITS had over the reporting period “one of the best years of trading the company has ever achieved” and “At June 30, we report total revenue in excess of \$10 million for the first time in the history of the company”. In our submission VITS appears to be financially well placed to absorb any additional costs that may flow from improved pay and conditions for interpreters and it is unlikely that the authorisation will lead to VITS' demise (causing an unfair competitive advantage for TIS National as foreshadowed by DIBP).

b. Reduction in the Department's opportunity to undertake procurement to ensure that it achieves value for money in accordance with its responsibility under federal financial management legislation.

DIBP is concerned a collective bargaining determination (we assume authorisation is meant) will reduce the capacity of the Department to undertake such value for money procurement in its delivery of services to the community.

In response we say, the objective of our application is to obtain the authority to engage in a negotiation process on behalf of our members and it is not a forgone conclusion that such negotiations will result in an improvement in pay and conditions and / or additional costs for principal contractors.

DIBP notes 'value for money' is determined taking into consideration factors including experience and qualification of interpreters and translators. There is no reason why collective bargaining necessitates a generic or standard rate of pay that does not take account of the varying level of experience and qualifications of the parties to the agreement. Enterprise agreements that become certified in accordance with the Fair Work Act 2009 typically contain tables that stipulate differing rates of pay for large numbers of employees dependent upon their differing levels of experience and qualifications.

3. Other Public Detriment

a. Deviation from Commonwealth policies and adopted provisions

DIBP is concerned that a contract that may result from a collective bargaining process “may not incorporate the standard provisions in government contracts which reflect Commonwealth policies”.

In response we say, should our members be granted an authorisation to engage in collective bargaining with TIS National, such an authorisation will in no way change or diminish TIS National's or DIBP's ability to seek to have its standard provisions incorporated into contracts with interpreters and translators. Currently if standard provisions are incorporated into contracts between TIS National and interpreters and translators it is because both parties to the contract agreed that they be included and that situation (ie whereby all parties must agree to any proposed terms and conditions) will remain unchanged if the authority is granted.

b. Reduction of interpretation services available to the community on a fee-free basis.

DIBP is concerned there is a risk the level of free interpreting services to non-English speakers will not be available following a collective bargaining process given the significant increase in costs that may result to the Department in utilising the services of the interpreters and translators.

In response we say that while the free interpreting services are being provided by DIBP to approved groups and individuals for free, the services are actually being provided by interpreters and translators in accordance with contracts that stipulate a fee for service (the interpreters and contractors are not working on a volunteer basis). The fees payable (and other conditions) will be determined according to factors such as how many interpreters or translators with the necessary qualifications are available to provide the services and what if any bargaining power the parties have during the negotiation process. DIBP cannot have terms and conditions imposed upon it during a negotiation process. The matter of whether DIBP will continue to devote resources to the provision of free interpreting services is of course a policy decision and it will also be a matter of choice for DIBP as to whether it enters into any agreements with interpreters and translators in the event an authorisation is granted.

Victorian Interpreting & Translating Service

6. and 7.

A.J. Macken & Co. have made reference in paragraphs 6 and 7 to sections 93AB of the Competition and Consumer Act 2010 and expressed concern around “what conduct is to be engaged in by APESMA and its members in order to persuade agencies such as VITS to collectively bargain with it and them”.

In response we say that APESMA’s application is made pursuant to sections 88(1) and 88(1A) of the Act and not section 93AB of the Act.

Further, APESMA is required to only engage in conduct that complies with all relevant Federal and State laws and we have no intention to do otherwise should our application for an authorisation be granted.

14.

VITS have expressed concern that “If costs (or some of them) are in fact required to be absorbed by the agency rather than the end user, the potential for further lessening of competition in the market for the supply of contract interpreting services is at least an equally possible outcome from a grant of the authorisation application.”

In response we refer to our comments made above in response to the submission from DIBP, (paragraph 1 of page 3 of this letter), and note that VITS’ Annual Report 2012 – 2013 confirms it is unlikely that the grant of an authorisation will lead to VITS’ demise.

We advise that we agree for this letter and our letter of the 20 February 2014, (emailed 21 February 2014), to be placed on the public register.

Should you require further information or documentation in order to grant the authorisation sought please do not hesitate to contact our Michelle Anthony on (03) 9695 8809 or on 0401 935 064 or by return email.

Yours faithfully,



Michelle Anthony
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Association of Professional Engineers,
Scientists and Managers, Australia
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'Lets talk'

A GOVERNMENT
BUSINESS ENTERPRISE

ANNUAL REPORT

2012-13





OUR VALUES.

At VITS we:

- are proud to deliver a proactive and quality service
- embrace and drive change
- create an enjoyable workplace and celebrate success
- are adventurous, creative, and open-minded
- support each other and pursue growth and learning
- build open and honest relationships with communication
- build a professional, positive team
- treat our clients, colleagues and contractors at all times fairly, and with respect and dignity.
- are passionate, committed and determined
- reward and recognise achievement

VISION:

To be a leading provider of quality language services

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OUR MISSION:

To provide Non-English speakers with high quality language services, delivered efficiently and cost-competitively by accredited professionals.

We value and support the profession, and contribute to its development, by working with industry stakeholders, setting practice standards and providing leadership for Victoria and Australia.

Our work supports access and equity for Non-English speakers, and the richness of Australia's cultural diversity.

- Our total sales for the year increased 13.8%, led by a 54% increase in revenue from telephone interpreting sales.
- We report a net profit of \$581,030 which represents a significant 69% improvement on the previous financial year and our best result in 7 years.
- Total annual revenue of \$10,261,101 is the highest ever achieved by the business.
- We achieved a record result for our translation services with over 4 million words translated this year. The first time we have achieved this figure which is 34% higher than the previous financial year.
- > 94.5% of all translations were completed by NAATI Professional Level or above.
- > The first full year operation of our new, state of the art telephone interpreting system resulted in record figures for this service. We report a significant 38% increase on the number of interpreter connected calls when compared with the previous financial year.
- 94% of all telephone interpreting calls were connected in under 3 minutes and just under 99% were connected in 5 minutes
- > Demand for our on-site interpreting services increased for the fourth consecutive year. We achieved a 3.5% increase on last year.
- > We registered an additional 106 new clients with VITS.
- We successfully retained significant translation contracts with the Federal Department of Immigration and Citizenship.
- > We recruited a full time Contractor Management Coordinator to oversee the recruitment and performance management of our language professional workforce. An additional 289 language professionals joined VITS.
- We moved to our new modern, central CBD corporate offices in Bourke Street Melbourne.
- We launched our new branding and redeveloped all promotional and marketing materials.
- > Our new website built to the latest technical insights went live in November 2012.
- > A number of enhancements to the operational booking system improved functionality and ease of use.
- Our commitment to the industry continued with sponsorships and support for key community based initiatives.
- > All staff participated in the performance review process linked to professional development outcomes and organisational values that are the guiding principles for the company.



2012/13

KEY ACHIEVEMENTS

CHAIRMAN'S REPORT



THE THREE YEAR STRATEGY OF RETURNING VITS TO A SOUND BUSINESS MODEL WHILE ENHANCING QUALITY ASSURANCE AND COMMUNITY SERVICE OBLIGATIONS IS EVIDENCED IN THIS 2012/13 REPORT.

In financial terms, the past twelve months have produced an outstanding result. With total sales exceeding \$ 10 million for the first time, and a net profit improvement of 69% compared to the 2011/2012 result, the company is well positioned for the future.

However, outstanding financial results are not achieved in isolation from other factors. Key decisions made in previous years to invest in new technology, undertake an organisational restructure and make firm commitments to improving the expertise and skills set of our staff are now being vindicated. The VITS Board extends its appreciation to both the Minister for Multicultural Affairs and Citizenship, Hon Nicholas Kotsiras MP, and the Department of Treasury for ensuring that the company had the backing to see this reform agenda through.

The past year also involved a challenging relocation for VITS staff to a new corporate headquarters in Bourke Street. The Board took the opportunity of having the Minister in attendance at our official opening, to also launch our updated branding, logo and new web site.

Testimony to the strength of multiculturalism in Victoria, and across Australia, is the fact that VITS engaged over 289 new language contractors in the past year. Many of these have been employed to meet the demand of languages that were not spoken in Australia twenty or even ten years ago.

VITS takes very seriously the need to service our CALD communities' language requirements in a timely and professional manner. In this regard, the Board was delighted that our staff were able to exceed all service targets across the translations, telephone and on-site interpreting sectors. We believe that the retention of our contract with the Federal Department of Immigration and Citizenship (DIAC) was underpinned by our performance in these key service delivery areas.

In all of this, VITS has also maintained a strong commitment to enhancing the interpreting and translating profession while supporting small recently arrived communities. In this context, the company has continued to provide scholarships for university level interpreting and translation studies, and has sponsored a number of conferences and professional development opportunities for language professionals. In the past year we have also supported the Ethnic Communities Council of Victoria, Victoria's Cultural Diversity Week and the Australian Institute of Interpreters and Translators (AUSIT) conferences.

None of these achievements would have been possible without the unflinching efforts and professionalism of our CEO, George Bisas and his hardworking staff. Many of our staff have been with VITS for a considerable number of years and have shown loyalty to the organisation through many changes. Our contracted language professionals also provide strong support to our company. My thanks are also extended to my fellow Board members who have shown a genuine commitment to supporting the wider community.

I commend the VITS 2012/13 Annual Report to you.

Hon Phil Honeywood
CHAIRMAN, VITS

TESTIMONY TO THE
STRENGTH OF
MULTICULTURALISM
IN VICTORIA, AND
ACROSS AUSTRALIA,
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PAST YEAR.



I AM PLEASED TO PRESENT MY REPORT FOR THE 2012/13 FINANCIAL YEAR.

Three years ago VITS began a process of transition which sought to revitalize the company. Since then a number of key initiatives were introduced to improve the efficiency and reliability of the services we provide.

A new business model and pricing framework were introduced, substantial investment in technological enhancements and an organisational restructure were implemented. VITS also made a commitment to the professional development of its workforce.

In the last 12 months further significant changes have occurred at VITS.

After 17 years at our Spencer Street offices the company moved to new, corporate headquarters in Bourke Street, Melbourne. We launched a new website utilizing the latest available technologies with the aim of meeting the increasing demands of the audience – our client base and our contractor workforce.

A key part of revitalising the company was the introduction of a new logo and branding which allowed us to completely overhaul our marketing and communications resources. In the financial year just completed we began to realize the results of these important changes.

I am pleased to report one of the best years of trading the company has ever achieved.

At June 30, we report total revenue in excess of \$10 million for the first time in the history of the company. Year on

year we achieved a 13.8% increase in revenue from sales of our services.

Total net profit at the end of FY 12/13 was \$581,030. This is our best result since 2005/06 and a 69% improvement on last year's result. This is a great result given the costs incurred with the move to new offices.

This excellent result has been driven by a marked improvement in the demand for telephone interpreting services. We finished the year 54% above last year's telephone interpreting revenue result and for the first time achieved more than \$1 million in revenue in this area.

Sales for translations services were also very pleasing. Total revenue from translation was 23% higher than 2011/12. A new pricing framework, increased targeted marketing and the introduction of important quality management measures has proven to be popular in the market.

VITS was also pleased to have tendered and retained the Department of Immigration and Citizenship contract to undertake fee-free translating services for eligible citizens and permanent residents of Australia. It is a service we have successfully delivered for over 10 years.

Finally onsite interpreting sales also improved in the financial year. We achieved a result that was 8.7% above last year's outcome. Increased demand came from the health sector.

Operationally we can report the highest demand ever achieved for all of our three core services; translations, telephone and onsite interpreting.

For the first time we have translated more than 4 million words in the one financial year. Our previous best figure of just over 3.8 million words was achieved nearly a decade ago.

Telephone interpreting has also achieved its best result ever. We connected 38% more calls this year than last year. More importantly the connection times for this service have remained very high with 94.3% of calls being connected to an interpreter in 3 minutes. The significant increase to the demand for this service has not

CEO'S REPORT

impacted on the efficiency of the service in any way.

Finally on site interpreting has also achieved a new high. We achieved a 3.5% increase when compared to the previous financial year. We have seen a 48% increase in demand for this service over the last three years.

Servicing the increased demand effectively was a key priority for the company.

A significant investment was made in the recruitment and management of our contractor workforce. We created a new position in the company's management structure, Coordinator, Contractor Management. This full time role has responsibility for the recruitment, training, development and performance management of our language professional workforce.

We now promote a structured approach to this area which has already begun to provide positive results with significant improvements to our processes and the recruitment of 289 new language professionals, the most in any one year.

Technology continues to underpin the success of VITS. Our industry-leading booking system and automated telephone interpreting system, including our exclusive pre-recorded multilingual lines, drive efficiencies in service delivery while maintaining repeatable quality and performance standards.

Again this year investment was made to technology enhancements including an upgrade to our video interpreting systems and further enhancements to our booking system.

The second phase of our comprehensive technology roadmap is also underway. Plans are in place for further operational improvements in the next 12 months with the commissioning of a new financial management package and Enterprise Resource Planning (ERP) software, a major technology infrastructure upgrade and a raft of enhancements to our operational booking system. These improvements will enable us to meet

the changing demands of the diverse client groups utilizing our services.

We continued our support of key industry organisations and initiatives. VITS sponsored the Office of Multicultural Affairs and Citizenship Interpreter Scholarship Program, the Australian Institute of Interpreters and Translators (AUSIT) annual conference in Sydney and the Victorian Ethnic Communities Council annual conference. We also maintained our support of the Victorian Multicultural Commission's Cultural Diversity Week.

I would like to take this opportunity to thank our Chairperson the Hon Phil Honeywood and the VITS Board of Directors for their advice and support throughout a challenging but very successful year for VITS.

We have experienced very little staff turnover during the last 12 months which I believe is a reflection of the supportive work culture we have here at VITS. I want to thank the Leadership team at VITS that provides me with a great deal of assistance in managing the agency particularly during a year where we have experienced great change. My thanks also to all VITS staff who have contributed to the excellent results that I am able to report.

Finally, I wish to offer my appreciation to the language contractors, who deliver VITS' services within the community. Their efforts ensure Victorians from culturally and linguistically diverse backgrounds are able to access their basic human rights; suitable and effective health care, meaningful involvement in their child's education and just treatment under the law.

Quality, effective language services is the means by which Victorians from culturally and linguistically diverse backgrounds are able to access these critical services.

George Bisas
CEO, VITS



A KEY PART OF
REVITALISING THE
COMPANY WAS THE
INTRODUCTION OF
A NEW LOGO AND
BRANDING WHICH
ALLOWED US TO
COMPLETELY
OVERHAUL OUR
MARKETING AND
COMMUNICATIONS
RESOURCES.



BOARD OF DIRECTORS

CHAIRPERSON HON PHIL HONEYWOOD

Phil Honeywood was elected to State Parliament in 1988 and retired from politics at the 2006 election. He served as Minister for Tertiary Education and Training and Minister Assisting the Premier on Multicultural Affairs from 1996 to 1999. From the time Mr Honeywood was a Rotary Exchange student for 12 months in Tokyo, Japan, he has maintained a strong interest and involvement in CALD community issues and foreign languages. As Parliamentary Secretary for Multicultural Affairs from 1992 to 1996 he was also instrumental in establishing VITS. Phil has maintained his involvement in CALD communities through his current volunteer membership of the Bennelong Foundation. He is also currently the National Executive Director of the International Education Association of Australia (IEAA), the peak industry association for international education.

DEPUTY CHAIRPERSON MR JOHN WILLIAMS PSM

John retired from the Australian Public Service in December 2008 after 44 years of service in the Department of Immigration and Citizenship. He held senior positions in the Department in Canberra, other parts of Australia and overseas. John was awarded a Public Service Medal (PSM) in the Queen's Birthday Honours list in 2008, for his outstanding contribution to the successful settlement of established and emerging migrant communities in Australia. Since retirement John continues to be involved in working with multicultural communities.

GEOFFREY GOUGH (B FD, GDSE, DIP T)

Geoff has extensive experience in Education and Local Government being a councillor at Manningham for 16 years and mayor for 4 terms. He is Vice President of the Municipal Association of Victoria and member of the Australian Local Government Association Board. As a special education professional he worked in areas of integration and social /emotional disorders running intervention units and specialist services for schools in the Eastern Metropolitan Region of Melbourne. He currently runs his own education consultancy and professional development business. He has experience on a range of community boards and government advisory committees and boards.

MS KATRIN WILLS FM, BACHELOR OF BUSINESS (MANAGEMENT)

Katrin Aladjova-Wills is the co-founder and Director of All Australia Imports Pty Ltd and StreetStar Cosmetics. She continues in executive roles at these companies and maintains business activities in Europe and Asia. She has over 20 years experience in international trade and the retail and fashion industries. Katrin is a former dual World Champion of chess. She is also triple Australian Champion. In 1986 she was awarded the International title of FIDE Master by the World Chess Federation, FIDE (Fédération Internationale des Échecs). Her passion for the game of chess is shown in her commitment as a former Hon President of Chess Victoria (CV) and continues support as an Ambassador to CV. Her achievements in chess are also recognised around the world. In Bulgaria she was awarded recognition as one of the top 100 most famous sportspeople from Bulgaria in the last century. Katrin looks forward to providing the Board her management and business expertise, underlined by her commitment to Multicultural affairs.

MR ARTHUR APOS

Arthur is a partner of global law firm Ashurst, practicing corporate and commercial law. Arthur heads Ashurst's Melbourne and Perth corporate teams and is a member of Ashurst's audit and risk committee. He has acted as general counsel for a large multinational, gaining first hand insights into the broad range of issues which confront businesses. Arthur undertakes extensive pro bono legal work for a range of non for profit organizations.

VOULA MESSIMERI AM

Voula is Executive Director of Australian Greek Welfare Society (AGWS), immediate past Chair and now Hon President of the Federation of Ethnic Communities' Councils of Australia (FECCA). She has served in leadership positions on a number of community management bodies and on Boards such as RMIT University Council and RMIT Training and is a current Board member on the Rockwell Foundation. She has been appointed on Ministerial State and Federal advisory structures across diverse areas, including health, ageing, income support, and media and more recently as a member on the Australian Multicultural Advisory Council (AMAC) until 2011. Voula was inducted into the Victorian Honour Roll of Women and recognised under the Order of Australia for her contribution to refugees, migrants and women.

WHO ARE WE?

VITS is a Victorian Government owned Government Business Enterprise, with over 30 years experience as a specialist language service provider. We have a long history of providing language services to culturally and linguistically diverse (CALD) Victorians, having evolved from the Victorian Ethnic Affairs Commission, established in 1978.

We compete in an open market with other commercial language service providers for both clients and specialist language service practitioners.

As a government owned business enterprise we are managed by a government appointed Board of Directors that oversees the governance structure.

Our key business principles:

- > We will continue to be a profitable, self-funding organisation committed to responsible financial management and ethical business practice
- > We will maintain and wherever possible enhance existing services and develop and market new products
- > We will continue to grow our business by diversifying our client base and creating new markets for our whole suite of services
- > We will continuously realign our organisation's capabilities to meet new service demands and achieve new growth targets
- > We will continue to be an employer of choice by providing fair remuneration and a safe working environment

Employing information technology as our key business driver is critical for VITS' innovation strategy. Our use of IT to date has resulted in a unique range of solutions, all designed to assist clients deliver premium services to CALD consumers in an effective and efficient manner.

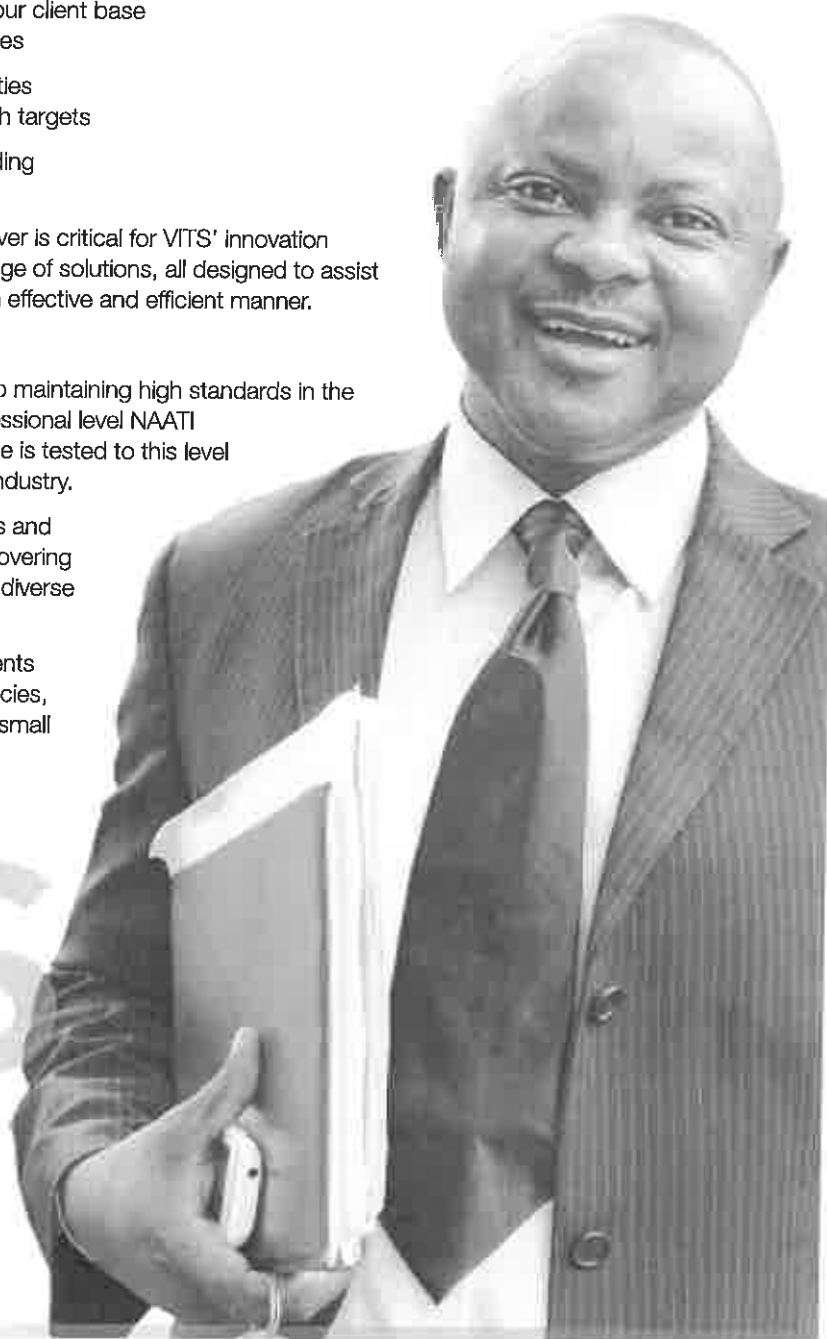
However our greatest resource is our people.

A measure of our disciplined focus and our commitment to maintaining high standards in the delivery of our services is that we recruit and provide Professional level NAATI accredited interpreters and translators wherever a language is tested to this level – an increasingly important competitive edge in a growth industry.

An established database of over 2000 contract interpreters and translators across Australia (over 80% based in Victoria), covering over 140 languages, ensures that VITS is able to meet the diverse needs of its many clients.

Our current clients include Victorian Government departments and agencies, Federal Government departments and agencies, non-profit and community based organisations, as well as small to large commercial entities.

VITS
IN PROFILE



OUR BUSINESS

VITS' core business is interpreting and translating. However we have a diverse range of services that can assist our clients to communicate effectively with culturally and linguistically diverse Australians.

Our current services include:

ON-SITE INTERPRETING

Reliable service which operates 24 hours a day, 7 days a week including public holidays.

PRE-RECORDED MULTILINGUAL INFORMATION SERVICES

VITS is the market leader in pre-recorded information services which allow our clients to have their own pre-recorded information in over 100 languages with direct access to an interpreter if required at any point of the call.

TELEPHONE INTERPRETING

Sophisticated Interactive Voice Response technology providing telephone interpreters in over 100 languages.

VIDEO INTERPRETING

A full premises based solution that provides high quality video/audio interpreting services.

TRANSLATIONS - PROJECT

Competency in highly specialised and technical areas including Health, Mental Health, Legal/Justice, Government, Education, Community and Not-For-Profit.

TRANSLATIONS - PERSONAL DOCUMENTS

We provide a comprehensive service in the translation of personal documents.

DESKTOP PUBLISHING

Provision of design services in over 100 languages for print or web.

FOCUS TESTING

Facilitator of community focus testing of content pre and post translation.

CROSS CULTURAL TRAINING AND CONSULTANCY

Delivery of training specific to client requirements and consultancy services.

TRANSCRIPTIONS

Expert translation of multilingual audio and video material.

GOOD GOVERNANCE

VITS is currently governed by a 6-member Board of Directors, appointed by the State Government, which reports to the Minister for Multicultural Affairs and Citizenship as well as the Treasurer.

Two Committees support the Board:

- (a) Risk Management and Audit Committee, comprising three members of the Board, meets regularly to ensure the financial integrity and probity of all strategic directions and key business decisions, and
- (b) Human Resources and Remuneration Committee meets regularly to consider a range of human resources and staff related issues. The committee also undertakes an annual review of the Chief Executive Officer's performance and make recommendations to the Board on appropriate remuneration.

Board Member	BOARD MEETINGS		COMMITTEES	
	Eligible to attend	Attended	Eligible to Attend	Attended
Phil Honeywood	11	10	1	1
John Williams	11	11	4	4
Arthur Apos	11	11	4	3
Geoff Gough	11	9	1	1
Katrin Wills	11	11	4	4
Voula Messimeris	11	11	1	1

A NEW ERA BEGINS ON BOURKE STREET

In August 2012 VITS moved its headquarters to new offices in Bourke Street Melbourne, on the corner of King Street.

The company had spent over 17 years at its Spencer Street address and the building and location no longer suited the needs of a growing and expanding company.

The new building provides VITS with an enhanced corporate image whilst locating us closer to the legal sector and international colleges catering for overseas students who are large users of our retail services. It was launched by the Honourable Nicholas Kotsiras, Minister for Multicultural Affairs and Citizenship, in November 2012.

Our move to the new building enabled us to launch a new branding, our first in over a decade, and develop and disseminate a range of new promotional and marketing materials.

A final but important step in the creation of the new VITS brand was the development of a new corporate website. The new website was built according to latest technical insights, such as manageability, search engine optimization and availability requirements that include mobile phones and iPads. The infrastructure also includes email marketing integration and is hosted externally and guarantees high availability of services.

The website format was aligned with VITS' new corporate branding and it maximises the availability of information on the company's profile, resources, tools and the latest company news.

Other key features include a recruitment component for prospective language service professionals wanting to join VITS and streamlined contact options for interpreting requests, translation quotes and retail customers. We have seen a significant increase in traffic to the website since its launch.



The Hon Nicholas Kotsiras MP, Minister for Multicultural Affairs and Citizenship, opens VITS' new corporate headquarters accompanied by the VITS Chairman Hon Phil Honeywood and the two longest serving staff members, Penny Hawke and Sophia Koutas.

VITS SERVICE QUALITY & RELIABILITY

At VITS we aim to provide the highest possible quality of language services to our clients each and every time. Everyone has an individual responsibility for ensuring the quality and reliability of our services, so that our clients can have confidence in our services.

To achieve this, VITS is committed to:

- > An effective Quality Management System which meets the requirements of established international standards and is communicated, understood and used throughout our organisation
- > Continual improvement of all aspects of our system, including continual skills development and quality methods and practice
- > Fully documenting our standards and work practices
- > Ensuring suitably qualified, skilled and experienced people
- > Identifying, reporting and resolving all service failures or issues and taking action to prevent them recurring, and
- > Regular reviews of our system and identifying issues of strategic importance for the ongoing consideration of the Board of Directors and management.

In the 2012/13 we continued to implement a range of initiatives to enhance our reliability and the VITS Quality System. We:

1. Completed a booking process review for a major client that led to a range of broader systems enhancements
2. Created a test and development environment for our telephone interpreting services
3. Implemented a quality assurance process for dedicated translation processes
4. Created a dedicated client feedback resource within Operations
5. Enhanced our contractor workforce performance management life cycle process
6. Created and developed our branded contractor training framework, VITS KIT (Knowledge Base for Interpreters & Translators)
7. Maintained a Risk Strategy Framework and Register
8. Further integrated our after hours support processes
9. Undertook external auditing by Victorian Auditor General's Office.

CUSTOMER FEEDBACK

Over the past three years VITS, as part of its renewed focus on quality service delivery, has actively encouraged and responded to feedback from users and other key stakeholders. This was identified as a priority in the last 12 months and led to the introduction of a new role in our customer service team, that of Interpreting Feedback and Support Officer.

Feedback, good and bad, is a key source of information that helps fuel our continuous improvement process. We welcome and encourage feedback at any time that a client feels they have something they want to say about any aspect of our service.

As part of our quality management plan, VITS maintains a complaints register and corrective action log. Our complaints procedure has been developed using AS ISO 10002-2006 Customer satisfaction – Guidelines for complaint handling in organisations.

We record complaints received, investigate in line with our documented complaints handling procedure, report the results back to the client in a timely manner, and enter the results into the corrective action log, which feeds back into our continuous improvement process.

During the last financial year we recorded 112 complaints from customers relating to a number of aspects of our business. This represents a significant improvement on the previous financial year.

Complaints related to the attendance and performance of interpreters, the responsiveness of our internal staff and the quality of our telephone interpreting services.

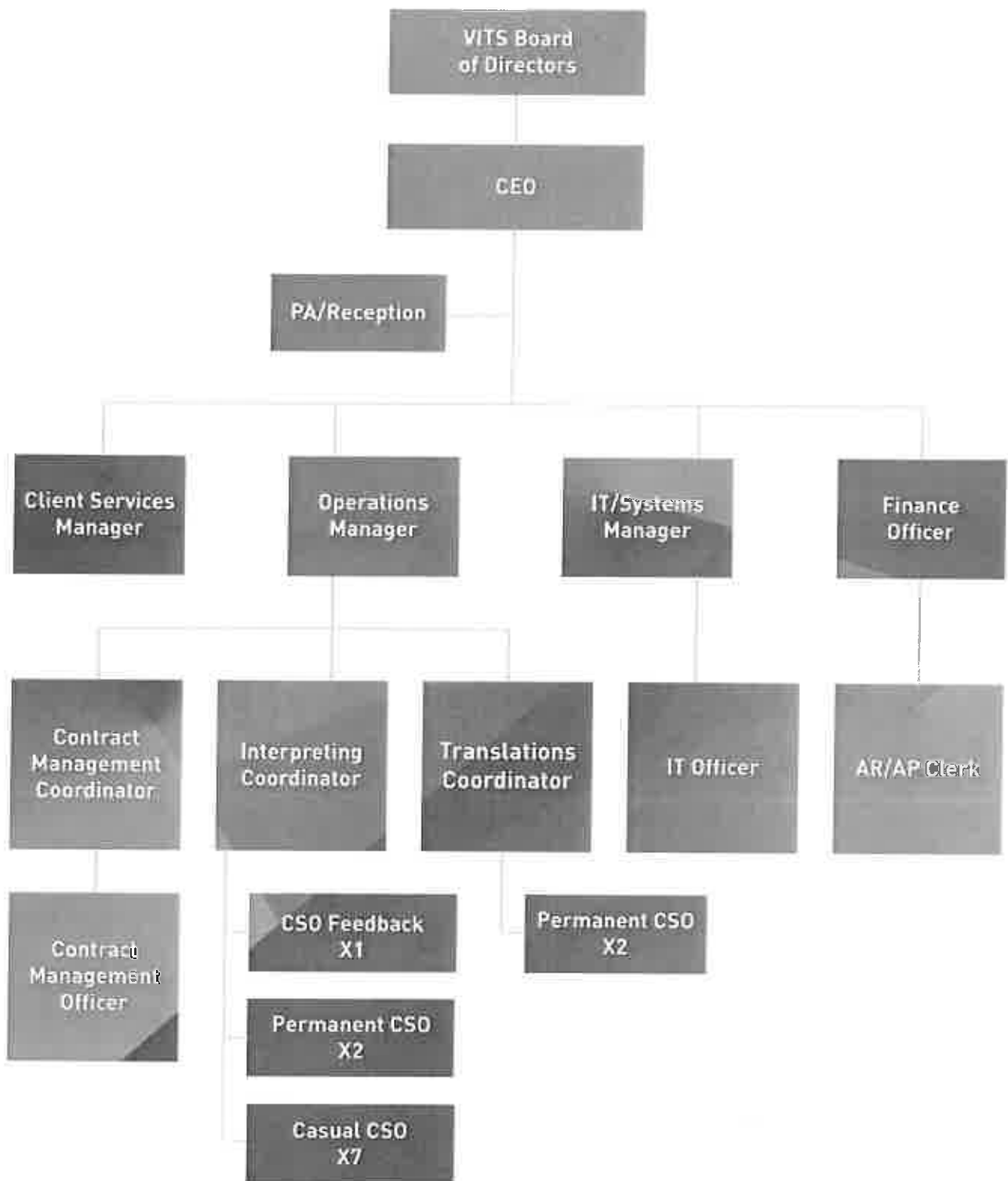
Our Client Complaint Policy aims to encourage clients to raise concerns with us. A copy of the policy is available to the general public.

FINANCIAL MANAGEMENT

We report as required under the State Owned Enterprises Act and provide ongoing reports to the Commercial Advisory Services Group within Treasury. Our annual accounts are audited by the Auditor General to ensure that they comply with the relevant accounting standards required by the professional accounting bodies, as well as the Victorian Government.

As well as submitting annual corporate and business planning documents, VITS also reports regularly throughout the year to both the Minister for Multicultural Affairs and Citizenship and the Treasurer on progress towards meeting the financial and productivity targets set in the agreed plans.





ORGANISATIONAL STRUCTURE

OPERATIONAL PERFORMANCE

KEY PERFORMANCE INDICATORS

It has been a very successful year for VITS. In 2012/13 demand for the three key services delivered by VITS were at historic highs.

It comes at the end of a three year transition period where the company's organisational structure, technology and business model have all been reviewed to create a more responsive, quality managed service.

The number of telephone interpreting connections, onsite interpreting assignments and words translated were the highest the company has ever reported.

RESULTS AT A GLANCE

Telephone Interpreting

- > 94% of all telephone interpreting calls connected in under 3 minutes and just under 99% connected in 5 minutes
- > Total telephone interpreter calls were 38% higher than the previous financial year
- > Total calls in FY 12/13 were the highest ever recorded by the company.

Two years ago VITS implemented a new telephony infrastructure that has greatly enhanced the efficiency of our telephone interpreting services. As a result VITS responded effectively to a significant increase in demand for this service during this financial year.

During the second half of 2012 the national telephone interpreter service experienced a lengthy disruption to its services. VITS was able to support and service many of its clients in Victoria and across Australia with their telephone interpreting needs. This sudden increase in demand was easily

managed by our new, state of the art telephony infrastructure.

Top ten languages requested for telephone interpreting as a total of all jobs were: Mandarin (19% of the total telephone interpreter services), Vietnamese (16%), Arabic (12%), Cantonese (9%), Greek (8%), Italian (4%), Persian (3%), Russian (3%), Turkish (3%) and Korean (2%).

Translations

- > The total words translated in 2012/13 were 4,061,280, an increase of 34% on last year
- > 94.5% of all translations were undertaken by NAATI level 3 or above.

VITS experienced a significant increase in the demand for our translation services. The introduction of a more competitive pricing framework and quality management systems has resulted in a record level of demand for this service.

We also experienced a 20% increase in translations funded under the Department of Immigration and Citizenship Fee Free service.

Top ten languages requested for translations as a total of all jobs were: Persian (16% of the total translation requests), Chinese (14%), Arabic (12%), Dari (8%), Vietnamese (6%), Russian (4%), Spanish (3%), Malay (3%) and Italian (2%).

On-Site Interpreting

- > 3.5% increase in demand for this service producing our best result ever
- > Just under 94% of all requests received were successfully serviced across all languages

- > Over 64% of all interpreting requests were self-allocated by contractors using our PUSH notification system, a 2% improvement on last year
- > 47% of all new interpreting requests were lodged by clients using our Online Client Portal compared to 40% last year representing a significant resource saving for the company.

We have seen significant increased demand for on-site interpreting in a number of languages, many of them from new and emerging communities. The two languages with the most significant increase in demand are Persian, now the fourth highest language demanded and Hazaragi at number nine.

Other languages to experience increased demand were Greek, Burmese, Tamil, Chin Hakka, Hakka, Macedonian, Somali, Oromo, Chaldean, Kurdish, Sudanese and Swahili.

Top ten languages requested for on-site interpreting as a total of all jobs were: Vietnamese (12% of total onsite services), Mandarin (9%), Arabic (7%), Persian (6%), Dari (6%), Greek (5%), Turkish (5%), Italian (4%), Hazaragi (4%) and Cantonese (3%).

BUSINESS GROWTH

For the third consecutive year we experienced significant growth in sales across all three service delivery areas. We achieved year on year a 13.8% increase in revenue from sales. At June 30 we are very pleased to report total revenue in excess of \$10 million for the first time in the history of the company.

This result has been led by sales of telephone interpreting services which improved markedly. We finished the year 54% above last year's revenue result and achieved more than \$1 million in revenue in this area for the first time.

Translations revenue was also very pleasing. Total revenue from translation was 23% higher than 2011/12. Important initiatives introduced this year including a new approach to pricing, targeted marketing and enhanced quality management measures were well received by our clients.

VITS had a number of successful tendering successes including retention of the Department of Immigration and Citizenship translation contract. We have delivered this free service to new Australian residents for over ten years.

We were also pleased to win the tender to provide translation services of personal documents to assist identity assessments of irregular maritime arrivals.

Finally onsite interpreting sales were 8.7% above last year's outcome. Increased demand came from the health sector.

Servicing the increased demand at the company was a key business priority in this financial year. VITS recruited a full time position to manage the recruitment and performance of our language professional workforce. Active recruitment and a more structured performance management of our workforce enabled us to meet higher service targets.

Profitability was very strong for this financial year. Total net profit at the end of FY 12/13 was \$581,030. This is our best result since 2005/06 and a 69% improvement on last year.

Managing costs associated with servicing an increased demand as well as the move to and fit out of new CBD headquarters was challenging. Total expenses incurred in this financial year were only 6.2% higher than the previous financial year which we believe reflects sound fiscal management within the company.

In 2012/13 we registered 106 new clients. These clients were a mix of State & Federal Government departments as well as not-for-profit and commercial/private clients. State Government agencies represented 31% of new clients and the commercial sector 27%.

Our key business activities included:

- > Retention of a major Commonwealth Government translation contract
- > Extension of Federal Government translation contract for irregular maritime arrivals
- > A focus on promoting our exclusive Multilingual Telephone Pre Recorded Lines
- > Targeted promotions with key national industries
- > Extensive preparation for large Victorian Government tender processes
- > Strengthened relationships with all major clients.

We launched a new logo and branding in late 2012. All promotional materials and our website were updated to reflect the new corporate look for the company.

A particular focus for this year was the promotion of our services to key markets across Australia. Regular users of translation and telephone interpreting services were targeted for promotion throughout the year.



BUSINESS GROWTH

TRAINING

VITS provided training sessions across three core service areas. These included Local Government, Legal and Health/Mental Health.

Training requests were for our two top training programs with increased interest in our latest training course 'Effective Use of Bi-lingual Skills'.

This training is designed to assist language aides in defining their bilingual role within their organisation with a clear differentiation between the role of an interpreter and language aide. The program aims to assist language aides in assessing their own level of effective bilingualism and create awareness of the appropriate parameters within which language aides are engaged.

The two main types of training programs delivered were:

An Introduction to Working with Interpreters

This training assists participants to work more effectively with interpreters by employing appropriate skills and techniques when dealing with people from linguistically diverse backgrounds.

An Introduction to Cross Cultural Communication

The training assists participants to work more effectively within a cross cultural communication setting by employing appropriate knowledge and various communication strategies for engaging with people or clients from culturally and linguistically diverse backgrounds.

In 2012-13, the strategic decision was made to develop an in-house fully qualified trainer with Cert IV in Training and Assessment in order to meet government training guidelines and complement externally qualified Cert IV Trainers.

Sessions were provided predominantly under Service Agreements and tailored across each service area to ensure that clients learning objectives were met and knowledge of interpreter services enhanced.

Extensive training was also conducted for clients to enhance their understanding of the VITS' operational systems and processes.



WORKFORCE MANAGEMENT

STAFF

As VITS continued to experience increased demand for all of its services in the 2012/13 financial year, the company needed to ensure, that it had sufficient contracted language professionals and internal staff resources to respond effectively.

The most important change to the company's management structure this year was the creation and recruitment to, the position of Contractor Management Coordinator. This new role has responsibility for the recruitment, induction, performance management and development of our large contractor workforce.

Another important new role introduced this year was that of Interpreting Feedback & Support Officer. This role manages incoming feedback from both clients and contractors via the dedicated feedback channels. They aim to resolve any feedback issues related to service delivery within set timelines and, where required, escalate to the relevant manager. This new position plays an important part in identifying issues related to our contractors and/or clients which feed directly into our continuous improvement processes.

Our staffing remained very stable during this financial year with minimal turnover reflecting, we believe, a positive and supportive work environment at VITS.

We maintained regular performance development meetings with staff as well as structured one-on-one meetings between supervisors and employees. VITS continues to recognise the importance of staff development and training to enable us to continue to keep pace with the changes and growth of the language services industry.

CONTRACTORS

Contractor Recruitment and Management

Servicing the increasing demand across all service areas required VITS to actively recruit, manage and assist with the development of our language professional workforce.

A Contractor Management Coordinator was recruited which enabled us to implement a holistic approach to the management of our interpreter and translator workforce. Our team of independent contractors are an integral part of this business and the company remains committed to providing the necessary support and remaining responsive to the needs of our large contractor base.

New initiatives were introduced to support and enhance the contractor recruitment process. A large number of applications were processed, an internal recruitment tracker was created and a "Refer a Colleague" program was promoted on our website.

We continued to target recruitment and will increasingly link it to unmet demand. Strong relationships have also been formed with key industry and community stakeholder to assist with identifying new contractors.

We continued to ensure that our contractors were provided with the information and training required to carry out their roles effectively.

We saw the creation and development of our branded contractor training framework, VITS KIT (Knowledge Base for Interpreters & Translators). The framework covers topics such as VITS' clients, processes and technology. Contractors are regularly informed by VITS about its policies, technology and processes.

VITS contractors continued to have access to debriefing and professional support services provided by an external agency.

The annual contractor survey was distributed to all independent contractors. We use the information from this survey to better understand and respond to the needs of our contractor workforce and ultimately improve the nature of our products, our customer service and processes on an ongoing basis.

VITS remains committed to ensuring fair and equitable conditions and identifying professional development opportunities for our independent contractors. We believe these are

critical components to attracting and retaining appropriate contractors to the profession.

In 2012/13 we recruited a total of 289 new contractors where 203 undertake interpreting, 17 are translators and 69 are accredited in both disciplines. They worked in 77 languages. This compares to 272 in the previous financial year. Of the new recruits, many were rare and emerging language practitioners.

The following languages were targeted for recruitment:

Akan, Albanian, Amharic, Arabic, Armenian, Assyrian, Azerbaijani, Bengali, Bosnian, Burmese, Cantonese, Chaldean, Chin (Falam), Chin (Hakha), Chin (Mindat), Chin (Mizo), Chin (Tedit), Chin (Zomi), Chinese, Croatian, Czech, Danish, Dari, Dinka, Estonian, Fanti, Filipino, French, Fujian, German, Greek, Gujarati, Hazaragi, Hindi, Hakkien, Hungarian, Indonesian, Italian, Japanese, Karen, Karen (S'gaw), Karenni, Kayah, Kinyarwanda, Kirundi, Kiswahili, Korean, Kurdish, Macedonian, Mandarin, Nepali, Norwegian, Nuer, Oromo, Pashto, Persian, Polish, Punjabi, Russian, Serbian, Shanghaiese, Sinhalese, Slovak, Somali, Spanish, Sudanese, Swahili, Swedish, Tamil, Thai, Tigre, Tigrigna, Turkish, Turkmen, Twi, Urdu and Vietnamese.

We recruit contractors through a range of channels which include (but are not limited to):

- > Partnership arrangements with vocational and tertiary institutions
- > Referrals and leads
- > Contact with industry associations including NAATI and AUSIT
- > Community engagement
- > Media advertising

The recruitment of language professionals from older, established languages continues to be a challenge for VITS.

TECHNOLOGY IN BUSINESS

Today VITS operates within a highly sophisticated, transactional environment that allows for continual information exchange via a range of technologies.

It is important to note that a significant amount of business logic has been invested in these automated systems. Years of industry and business experience have helped create what we believe to be one of the most sophisticated systems in the market with our clients and contractors being the beneficiaries of such a superior system. Our mindset for innovation helps our clients develop better ways to reach culturally and linguistically diverse communities.

Our industry leading booking system and automated telephone interpreting system, including our exclusive pre-recorded multilingual lines, drive efficiencies in service delivery while maintaining repeatable quality and performance standards. They are clear evidence of VITS' innovation in the industry.

But we cannot be complacent. Our transactional architecture is in continual development, striving for greater efficiency for both VITS and our clients.

This was true again in the financial year 2012/13.

Some key innovations and enhancements to our technology infrastructure in the last 12 months included:

The move to our new Bourke Street offices enabled improved facilities and environment for the network and telephony servers as well as enhanced security via a secure dedicated location.

A number of enhancements to the Booking system improved functionality and ease of use:

- > for operations staff to assist with day to day roles
- > additional features now available to clients via the client portal
- > increase in use of the portal by clients.
- > increased allocation of bookings by push and via contractor portal
- > improved management and client reporting
- > change to reports, etc to include new VITS branding

A great deal of research and planning was undertaken to finalise three significant upgrades which will be fully implemented in the next financial year. Each of these was a key component of Stage 2 of the Technology Roadmap developed by VITS in 2011/12.

We have selected new ERP and HRM systems to replace our existing Finance and Payroll systems. This will provide significant improvement in management information across the company.

An upgrade to the Network server environment is underway and due for completion in 2013-14.

The creation of a development environment for our Telephone Interpreting and Multilingual Information Lines systems which will provide a platform for future system upgrades separated from the production servers.

UPGRADE TO OUR VIDEO INTERPRETING SERVICE

We made a decision in 2012/13 to change the way in which we deliver video interpreting.

VITS was utilising website based video interpreting but due to a demand for higher quality audio/video interpreting, we shifted to a premises based solution that was standard device based video interpreting. This approach provides higher quality video/audio and is able to communicate with standard and mobile devices.

VITS works with a specialist technical partner who is expert in video conferencing and has now successfully installed and started servicing our clients with high quality video/audio interpreting services.

Benefits gained from this enhancement include:

- > Clients with standard video device can utilise video interpreting seamlessly
- > Clients with mobile device can also use our services as well (license required)
- > Increased quality in audio/video has resulted in better customer service
- > Travelling cost reduced for servicing rural clients
- > Higher encrypted video/audio provides enhanced security for our clients
- > Easy to use and more accessible.



In 2012/13 VITS remained committed to a strong and robust language services industry and the broader community promoting the value of our diverse population.

We maintained very close relationships with the key educational institutions that support our industry. Our CEO continued his membership of the RMIT Program Advisory Committee that provides advice and guidance on the development of Language Services programs at RMIT.

VITS sponsored the Office of Multicultural Affairs and Citizenship Interpreter Scholarship Program. The scholarships are offered to students enrolled in the Diploma of Interpreting at RMIT University and usually within communities where there is a shortage of interpreters. The languages are determined following consultation with a range of community stakeholders including VITS.

VITS staff continued to present regularly at both Monash and RMIT universities, increasing awareness among interpreting and translation students of important issues within the industry as well as future employment opportunities.

VITS continued to support a number of key peak industry bodies by sponsoring the Australian Institute of Interpreters and Translators (AUSIT) annual conference in Sydney and the Victorian Ethnic Communities Council annual conference.

We remained an active member of the Office of Multicultural Affairs and Citizenship language services industry advisory committee.

Once again, VITS was proud to be a key supporter of the Victorian Multicultural Commission's Cultural Diversity Week and continued its membership of the National Accreditation Authority for Translators and Interpreters (NAATI) Regional Advisory Committee. We participated in the consultations undertaken as a part of a review of the NAATI accreditation system.

We continued our sponsorship of the International Student Welcome Desk at Melbourne airport. An important initiative of the City of Melbourne, the program distributes important settlement information to arriving international students.

Our CEO continued his participation in the Victorian Skilled Migration Program which assesses and evaluates state-sponsorship applications for residence.



INVESTING
**IN OUR INDUSTRY
& THE COMMUNITY**

FINANCIAL REPORT SUMMARY

VITS FINANCIAL STATEMENT 2012/2013 FOR THE YEAR ENDED 30 JUNE 2013

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VITS COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note(s)	2013 \$	2012 \$
INCOME FROM TRANSACTIONS			
Sale of services	2	10,261,101	9,006,292
Interest		21,009	22,621
Total income from transactions		10,282,109	9,028,914
EXPENSES FROM TRANSACTIONS			
Cost of services		7,495,038	6,614,083
Employee expenses	3	1,249,964	1,167,815
Supplies and services		795,872	768,759
Depreciation and amortisation	6	119,127	95,014
Interest expense		11,329	12,570
Other operating expenses	4	29,849	26,095
Total Expenses from transactions		9,701,179	8,684,336
Net result from transaction (net operating balance)		580,930	344,578
OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT			
Net gain/(loss) on non-financial asset		100	140
Total other economic flows included in net result		100	140
Net result		581,030	344,718
COMPREHENSIVE RESULT		581,030	344,718

The comprehensive operating statement should be read in conjunction with the accompanying notes.

VITS BALANCE SHEET

AS AT 30 JUNE 2013

	Note(s)	2013 \$	2012 \$
ASSETS			
Financial Assets			
Cash		1,127,698	543,656
Receivables	5	1,590,321	1,671,245
Total financial assets		2,718,019	2,214,901
NON-FINANCIAL ASSETS			
Prepayments		26,266	40,043
Plant, equipment & intangible assets	6	783,647	751,126
Total non-financial assets		809,913	791,169
Total assets		3,527,932	3,006,070
LIABILITIES			
Payables	7	745,647	586,113
Unearned Income		15,567	51,870
Provisions	9	232,010	166,873
Borrowings	8	231,824	307,361
Total liabilities		1,225,048	1,112,216
Net Assets		2,302,884	1,893,854
EQUITY			
Contributed capital		400,000	400,000
Accumulated surplus		1,902,884	1,493,854
Net worth		2,302,884	1,893,854

The balance sheet should be read in conjunction with the accompanying notes.

VITS STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus	Contributions by Owner	Total
Balance at 1 July 2011	1,228,506	400,000	1,628,506
Net result for the year	344,578		344,578
Other comprehensive income for the year	140		140
Dividend paid	(79,370)		(79,370)
Balance at 30 June 2012	1,493,854	400,000	1,893,854
Net result for the year	580,930		580,930
Other comprehensive income for the year	100		100
Dividend paid	(172,000)		(172,000)
Balance at 30 June 2013	1,902,884	400,000	2,302,884

The statement of changes in equity should be read in conjunction with the accompanying notes.

VITS CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note(s)	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,305,830	8,597,147
Payments to suppliers & employees		(8,559,007)	(7,761,640)
GST paid to the ATO		(773,275)	(650,988)
Interest received		21,009	22,621
Interest paid		(11,329)	(12,570)
Net cash inflow from operating activities	11	983,228	194,570
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Infrastructure		(2,856)	(93,933)
Payments for Telecommunication/IVR System		(18,341)	(293,796)
Payments for Booking System		(78,222)	(45,136)
Payments for Office equipment and Furniture		(52,230)	(4,527)
Net cash used in investing activities		(151,649)	(437,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayment of) TCV Loan		(75,537)	217,361
Dividend paid		(172,000)	(79,370)
Net cash used in financing activities		(247,537)	137,991
NET INCREASE/(DECREASE) IN CASH HELD		584,042	(104,830)
Cash at the beginning of financial year		543,656	648,486
Cash at the end of financial year		1,127,698	543,656

The cash flow statement should be read in conjunction with the accompanying notes.



VICTORIAN INTERPRETING
& TRANSLATING SERVICE

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