

TECNO

Training • Education • Careers

Delivering Quality Trades Training for NO

2014 Annual Report



Chairman's Report

On behalf of the Tec-NQ Board of Directors, I am pleased to present the 2014 report to the membership group.

I am pleased to confirm the Board of Directors are satisfied with the business progress towards our strategic long term goal of becoming a sustainable not for profit, community based business.

We have witnessed reforms in the education and training sectors involving both the Federal and State governments. These reforms through the adoption of the Gonski recommendations on education funding proposals and the Queensland Skills and Training Taskforce recommendation on VET delivery have provided a degree of certainty after two years of ambiguity and stagnation within the sector.

These reforms have benefitted Tec-NQ. The Gonski model has defined funding increases through to 2018 and the State reforms in the VET delivery have enabled Tec-NQ to successfully gain approval to deliver VET training into other schools (VETIS). Tec-NQ is the only school in Queensland to receive this VETIS approval. This is recognition by the State Department of Education, Training and Employment to our unique value proposition in the marketplace.

Our industry partners form a critical part of the Tec-NQ model and they continue to support the development of our students through work experience, but employment opportunities remain limited. The lack of investment and market decline in the mining and manufacturing sectors continues to suppress business activity and employment opportunities within the community. This trend is a concern for our business and our communities and we will be lobbying for investment into our region.

The Board of Directors approved the establishment of a Regional Training Accommodation Facility



based in Townsville. This will be jointly funded between Tec-NQ and the Federal Government.

The opportunity to enroll students from regional Queensland (and beyond) is critical to our joint strategy of extending our operational footprint across the region and increasing enrolments into

“industry partners form a critical part of the Tec-NQ model”

our school based programs. We expect regional enrolments to commence in late 2015 for 2016.

The Board of Directors undertook a review of our business performance since our inception as Tec-NQ in 2010. We have achieved:

- an operational surplus for five consecutive years;
- growth in balance sheet over the five year period;
- growth in RTO enrolment numbers for four consecutive years;
- increase in staff retention for five consecutive years;
- increase in staff employed over the five year period.

These are exceptional results during a period of economic uncertainty and I applaud everyone associated with this highly successful business.

Our 2020 strategy has been developed by the Board and Management Team in September 2014.

Our key objective is to promote the Tec-NQ brand (operational footprint) across Queensland and Interstate as appropriate. We will be focused on extending our market presence and increasing enrolments through the establishment of our Regional Training Accommodation Facility.

Barry Holden and Peter Townson resigned as Directors of the business and I acknowledge their contribution to our successes. I welcome Chris Taylor (Taylor Homes) and Alan Newman (Ergon Energy) as new Industry Directors appointed to the Board in 2014.

Many thanks to parents and students for choosing us as their gateway to their career in the trades, to our local industry partners for supporting our school based and full time apprentice education and training and to all staff at Tec-NQ for their efforts in these challenging times.

Mark Roberts
Chairman



CEO Report

On behalf of the Tec-NQ team I present this report on our performance and results for the year ending 31st December 2014.

Our results in 2014 have been satisfactory and reflect a change to our education and training business cycles.

Our Key Successes in 2014

Strategic

- Tec-NQ secured partnership funding (\$2million) from the Federal Government to establish a Tec-NQ Regional Training Accommodation Facility (RTAF) located in Townsville;
- Tec-NQ secured approval from the State Government to deliver VETis (Vocational Educational Training in schools);

Operational

- School based enrolments increased by 2.3%;
- Queensland Certificate of Education (QCE) was achieved by 97% of students;
- House building program was concluded;
- We enhanced our corporate citizenship through the house building project and spending \$1.4million locally;
- Staff retention improved by 2% and we are now recording our lowest turnover since 2010.

Market Conditions and School Performance

The Federal Government has provided some certainty in school funding with adoption of the Gonski model through to 2017/18. Tec-NQ as an Independent School will benefit. Trade training centre funding for state schools continued through 2014 and subsequently increased the competition for VET school based enrolments.

Enrolment into the Year 11 cohort has been the highest since 2011 and we are beginning to see a growth trend in this business division. Enrolments are now 3.8% higher than in 2012.

97% of our Year 12 students were awarded their QCE and the majority of students without an apprenticeship achieved a VET certificate in their chosen trade through the approved VETis program.

Market Conditions and RTO Performance

The RTO sector was impacted by the downturn in demand affecting the trade, manufacturing and mining sectors. This resulted in high level of full-time apprentice cancellations due to downturn in business activities both in Mackay and Townsville.

The RTO enrolments did not meet the budgeted targets. We have had 4 years of continuous growth in RTO enrolment numbers and although our commencements equaled our trade apprentice completions in 2014, the high cancellations of apprenticeships, mainly through a lack of employment opportunities, for the second consecutive year had an impact on overall numbers.

The RTO did exceed the Fee For Service (FFS) revenue through the delivery of VETis to our school based cohort.

Market Conditions and GTO Performance

The number of apprentices employed through our Group Training Organisations (GTO) decreased throughout the year. The Tec-NQ House Building Project was completed and the GTO market was affected by the economic environment resulting in lower employment opportunities.

Consequently this business activity was deemed to have limited scope for growth and Tec-NQ decided that it will continue to offer GTO services to our industry partners through a third party arrangement.



Our People

As a service focused business our staff have a significant influence on our current and future success. The operational achievements detailed are a testimony to the collective efforts of our staff.

Our retention of key people has improved again in 2014 and the retention of “people intellectual property” enables increased consistency and reliability in delivery. Our staff turnover is at the lowest level since we began the journey as an independent education and training business.

Future Developments in 2015

The focus will be on the establishment of the Tec-NQ Regional Training Accommodation Facility located on Bowen Road. Enrolments from the regions will be critical for the business from 2016 to 2020.

The focus for our School is to develop alternative pathways as a strategy for future growth in enrolments. A target of 5-10% increase in enrolments for 2015 has been set.

The focus for our RTO will be to extend our training scope and consider training alliances as a strategy to increase the training delivered to the school based, full-time and post trade skills market.

Conclusion

Tec-NQ will continue to be successful and an influential part of the education, training and employment landscape within North Queensland.

The introduction of the RTAF will enable our unique value proposition to be offered to regionally based students and apprentices, and will enhance our presence in the education and training market.



I would like to extend my appreciation to all of Tec-NQ staff for their commitment and support in 2014. Making a difference to others and adding value to our industry partners through education and training of apprentices is a considerable contribution to our local community.

I would also like to thank all our partners in industry who have provided both work placement and trade apprenticeships to our students. This commitment is often done when no apprenticeships are available and that demonstrates their continued dedication to the development of our future generations.

Finally I would like to thank the Board of Directors for their time and commitment to ensuring we have a sustainable presence in our community.

Tom Petterson

CEO

