



**DIRECTORS
REPORT TO
MEMBERS
2016**

2016 Directors Report to Members

The Directors of Tec-NQ are proud to report to the members of the company on the strategies and successes of 2016.

(The Board of Tec-NQ Ltd)



VISION & MISSION



OUR VISION

Creating employability and success through industry skills, experience and support



OUR MISSION

Tec-NQ is a North Queensland-based vocational education facility that partners with industry and community to deliver trade-based career opportunities through training and education.





CHAIRMAN'S REPORT

On behalf of the Tec-NQ Board of Directors, I am proud to present the 2016 report to the membership group.

2016 was an outstanding and successful year for Tec-NQ, delivering business and community benefits. Our core business is continuously evolving and adapting to changing market demands, without compromise to our uniqueness and delivery of quality education and training. Our future state (Strategic Initiative; "New Beginnings") is being shaped with increasing regional, inter-state and international enrolments experiencing the 'The Tec-NQ way'. Tec-NQ has an exciting future!

We have a unified belief that Tec-NQ can make a difference to our community by engaging with young men and women who are seeking an alternative to traditional schooling and pathways to meaningful employment. Our successes in this area are summarized as;

- employment outcomes for 55% of Year 12 leavers;
- 98% attainment in VET related trade certificates; and
- 96% attainment in QCE.



Employment outcomes for 59 students leaving full time education is a great result in the Townsville economy which is still struggling with 11% unemployment and lack of investment. This is an increase from 35 in 2015 and this may be an early sign of a recovery in the economy and the apprenticeship market. Tec-NQ further affirmed itself as the market leader in school based apprenticeships with 67% market share.

The completion of our year 11 and 12 school program with relevant trade and school certificates prepare our students for the employment market and give a 'competitive work readiness



advantage'. An example of this can be illustrated when we received a letter from one mother whose son completed the Year 12 without an apprenticeship. The family moved to Sydney and her son applied for an apprenticeship in an automotive business and was the stand out candidate and won himself an apprenticeship. They attributed their son's success to the experiences and standards that he gained whilst at Tec-NQ.

We have been in business for 10 years and we continue to celebrate every apprenticeship sign up. We have now enabled and supported 716 students



gain entry in the apprenticeship market - an average of 71 people every year.

External validation is recognition by others for our efforts and achievement and it was great to receive an award for Construction School of the Year at the CSQ Annual State Awards in Brisbane. Well deserved and great recognition by the Queensland Construction Industry Body.

We can do more, and there is an ambition and desire to extend our special and unique programme to as many people locally, regionally, inter-state and internationally as we can without risk and compromise to our quality, our industry partners and communities.

In 2015 we introduced a new 'Year 10' cohort into the school trade education programme called Tec-Prep. The successes in 2015 were built upon in 2016 and our increased enrolments enabled Tec-NQ to record the highest number of school enrolments (August census) since 2007.

In 2015 we enrolled 8 regional students into the Tec-NQ House and following the official opening and focused marketing we increased our market reach in the regions and into Northern Territory to secure 24 enrolments. We now



have greater than 50% of our boarding capacity filled and are now preparing for expansion of beds to be available in the near future.

We are also pleased to report that apprentice sign ups have occurred in Mornington Island and Normanton, Cairns and Ingham (covering plumbing carpentry and engineering trades) and these early successes are very encouraging for these students and their communities.

In 2016 we welcomed our first group of eager learners from PNG. 15 students from two districts within PNG successfully completed their Certificate II in Information Technology. We are proud of their commitment and support they gave each other during the programme. They enjoyed their time and association with Tec-NQ and demonstrated this by wearing our Tec-NQ logo shirts back in PNG (as was reported to us from a third party).

Another major success for Tec-NQ internationally was delivering a paper at the World VET Conference in FIJI. Tec-NQ "Dare to be Different" presentation was a clear demonstration



that education leading to employment is what we are about. One international attendee commented that others were talking about changes whilst Tec-NQ is making it happen. I personally attended the 3-day conference with the team of Julie Hyde, Jennifer Trybula and Shaun Butcher and the Tec-NQ brand was a key talking point.

The business sustainability is paramount as it allows us to do what we do best. Tec-NQ in 2016 delivered it's highest operational surplus since 2010 and our auditor report has highlighted effective financial governance during these changing times. These operational surpluses have enabled us to invest \$360,000 in infra-structure upgrades, refreshing the brand, replacing the vehicle fleet and funding our growth plans. We are pleased that with increasing numbers of staff employed, our cashflows and self funded capital replacement / growth without third party handouts that we are creating our own sustainability.

In January 2016 Mr Mark Roberts (Chairman of the Board) resigned as was noted in last year's report. In May Tom Petterson (CEO since January 2010) advised the Board that he would be resigning at the end of contract in June 2017. In November Debra Burden (Deputy Chair of the Board) resigned. Debra and Tom have been working together and in leadership roles since January 2010 and Mark joined the board and became Chairman in August 2011. Collectively that represents a significant loss of knowledge and experience and energy.

Tom's resignation was unexpected but he gave the board and the business a significant timeframe to find his successor. Tom has been with Tec-NQ for 7.5 years and has helped shape our business and been a major influence on our achievements.

The board is pleased to announce that Julie Hyde will replace Tom Petterson in April 2017. Julie has worked for Tec-NQ for nearly 10 years across all parts of the business in operational and strategic roles. Julie was appointed after an



external search and selection process, which included interests from abroad.

As to the replacement of Board Members, we are currently seeking endorsement from the members on new Director Appointments at the AGM.

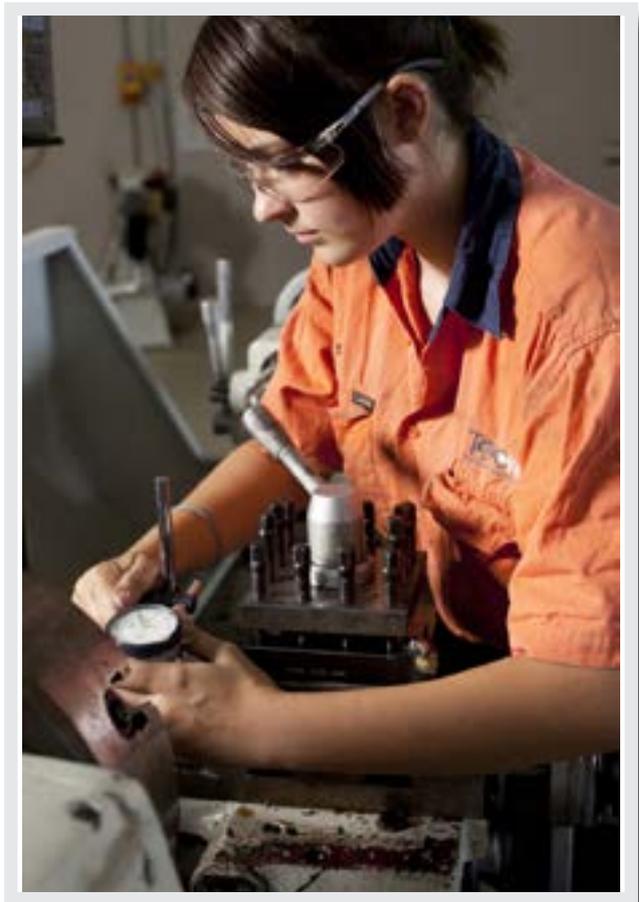
The Board looks to the future with optimism knowing we will have an excellent cross section of new board members and an experienced CEO who has been with and seen the changes to the shape of the business over many years.

The board has addressed these challenges and made changes whilst ensuring an effective governance and strategic focus of the business. Tec-NQ re-registration of the RTO has been successful and is now licensed to operate until 2023 and we expect the re-registration of the school to be approved later in 2017 with an operating license to 2022. The financial audit results confirm Tec-NQ as 'on-going business without qualification'.

The board in it's strategic review of the business reaffirmed the direction of

the future and has redefined our vision;

“Creating employability and success through industry skills, experience and support”.





The new vision is a refinement and reflects the changes necessary for continued success.

Tec-NQ continues to seek out new opportunities including the following:

- Discussion with third parties to engage jointly in Tec-NQ programmes in different Queensland locations. This would enhance our core business capabilities.
- Tec-NQ was selected to be part of a pilot programme (P-Tech) funded by Federal government. Tec-NQ is the only school in Townsville and Queensland to be invited and this is a great recognition for our style and achievements.
- Tec-NQ growth in enrolments and involvement in regional and interstate communities will continue and it is expected that this market reach initiative will become a \$1.5 million business within 2 years.
- Tec-NQ growth in PNG is emerging and 2 groups of PNG government funded students have been

confirmed for 2017 with unconfirmed commitments through to 2020. The PNG government has sought permission from the Board that Julie Hyde be an advisor to their in-country trade training aspirations. A Tec-NQ style education and training facility located in PNG - now that's international.

Finally as Chairman and on behalf of the Board I thank all members of staff for their commitment and support in making Tec-NQ the success it is!!!

David Retallick
Board Chairman



We make
delivering
quality trade
training
possible

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