

CHAIRMAN'S REPORT

INNER NORTHERN GROUP TRAINING LTD.

I am pleased to present my Annual Report for Inner Northern Group Training Ltd. (INGT) for the 2009-2010 financial year.

INGT Ltd. and its group of businesses have continued to make steady progress in 2009-2010. The INGT parent board completed its second full year of independent operation in the financial year. Its role has been to govern the parent entity and lead, oversee and coordinate the INGT group of businesses comprised of the following:

- INGT parent entity, a provider of shared services to businesses in the INGT group
- Apprenticeships Plus; a Group Training Organisation (GTO) and Registered Training Organisation (RTO) located in the inner north of Melbourne
- Process Plus; formerly known as MAS Administration Services, an outsourced provider of administrative services for Government and private sector programmes
- MAS National; an operator of Australian Apprenticeship Centres in New South Wales and Country South Australia contracted by the Federal Government
- Work & Training; a GTO, RTO, recruitment agency and e-learning provider operating throughout Tasmania

The secretariat of the INGT parent entity became fully operational this financial year providing shared services to the INGT group in the areas of financial management, building management, human resources management and information and communication technology. The INGT Board decided at the end of the financial year to expand these services by engaging a marketing and communications coordinator cost-shared with the Inner North Community Foundation. The INGT secretariat has worked closely with the Chief Executive Officers of the businesses in the INGT group to form an Executive Team that met in Hobart in March, 2010.

INGT's first annual business plan linked to the INGT's new three-year strategic plan for INGT Ltd. was approved and implemented to further realise the corporate vision of the INGT group to become a recognised national leader in the vocational education, training and employment sector. By operating more as a group, synergies have been identified. For example, the first full year of insurance policies negotiated for the INGT group generated substantial savings of over \$80,000 and increased coverage for all the businesses.

INGT reinforced its links to the inner north of Melbourne by re-locating its headquarters and some of our group's business operations to a two-storey office building it purchased in Preston. This decision is consistent with INGT's policy of financially securing the future of the group by housing, where appropriate, businesses in the INGT group in buildings owned by INGT. On this basis, INGT purchased at the end of the financial year a two-storey building in central Launceston to provide an upgraded office and training facility for Work & Training's Northern Tasmania region.

INGT has deep roots in the inner north of Melbourne. One important way it contributes to the region is by maintaining its commitment to the Inner North Community Foundation, which it founded in February, 2008 to support the communities of the inner north of Melbourne. In 2009-10, INGT donated an additional \$1 million to the Foundation's endowment and continued to meet the Foundation's annual operating costs. By July, 2010, the Foundation will have allocated \$250,000 in grants to 'pathways to employment' projects in the inner north, especially helping disadvantaged young people get their start in the workforce.

The INGT group as a whole performed well both operationally and financially in 2009-10 with a combined turnover of \$48.05 million, virtually the same as last year's figure which is an excellent result considering that Process Plus's Tools For Your Trade contract was operationally closed on 31 December, 2009.

Apprenticeships Plus ended the year with 702 apprentices and trainees employed with commencements a healthy 12% over budget for the year. A number of these were living and/or working in the three municipalities of the inner north. Many host employers were located in the inner north as well. Apprenticeships Plus achieved a large net financial surplus of \$748,934, a 31% increase over budget for the year.

Work & Training ended the year with 350 apprentices and trainees despite a slowing of the Tasmanian economy and remains the largest employer of apprentices and trainees in the State. It further diversified its service lines by branching out into e-learning which is an exciting new direction for the INGT group.

Apprenticeships Plus and Work & Training, the two GTOs in the INGT group were together employing and training over 1,000 apprentices and trainees in Victoria and Tasmania at year end which is a remarkable achievement. In particular, young people and the indigenous are greatly benefiting from the employment and training opportunities provided by these businesses in both States.

Canberra's decision to discontinue the Tools For Your Trade (TFYT) voucher programme resulted in the Government's contract with MAS Administration Services to administer TFYT ending during the year. The INGT group should feel very proud that since TFYT's launch in 2005, MAS Administration Services has enabled over 240,000 apprentices to purchase Government-funded toolkits with a total value in excess of \$150 million to help them get started in their apprenticeships.

In order to re-brand MAS Administration Services and better reflect its business mission, the company was re-named 'Process Plus' in March, 2010. Under its new name, Process Plus continued to administer the Victorian Government's Apprentice Completion and Trade Bonuses as well as the national apprenticeship programmes of Coles and Kmart Tyre & Auto Service. Process Plus concluded the year with a profit of \$511,229 after donating \$1 million to INGT during the year.

The 2009/10 financial year proved to be very challenging for the Australian Apprenticeship Centre industry in general and MAS National in particular. Despite these difficulties, MAS National consistently exceeded contractual quality benchmarks and ended the year with a modest profit after judiciously cutting costs in previous months.

The year concluded on a positive note with the Department of Education, Employment and Workplace Relations awarding 'Kickstart Mentoring' contracts to MAS National which aim to support young apprentices and increase retention rates. MAS National is also now providing Australian Apprenticeship Services to its sister Group Training Organisations in the INGT group; Apprenticeships Plus and Work & Training. Even so, MAS National faces an uncertain future as its principal contract to administer Australian Apprenticeships Centres expires in September, 2011 and the Federal Government has yet to announce its plans for the future.

The INGT group will face a range of challenges and opportunities in 2010-11. For this reason, the group needs to continue to contain costs, grow the business and diversify the group's services and clients to minimise risk. Building on the solid foundations of committed staff and strong finances, INGT is therefore well-placed to promote workforce participation in the years ahead.

I would like to thank my fellow Board members for their support and dedication, and acknowledge the support of the three members – the Cities of Darebin, Moreland and Yarra. Deputy Chairman, Michael Francis, continued to provide excellent support, which was greatly appreciated.

The Board highly valued the hard work and dedication of the management and staff of the four businesses in the INGT group during the year. I also wish to thank the staff of the INGT parent entity led by David Eizenberg, our Group Executive Officer and David Bell, our Chief Financial Officer, for their efforts throughout the year.

I am confident that 2010-2011 will be another year of significant achievement for the INGT group.

Hon. Alan Brown
Chairman of the Board
September, 2010