

**STUDENT LOAN CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

**BUSINESS PLAN
APRIL 1, 2006 - MARCH 31, 2008**

TABLE OF CONTENTS

<i>MESSAGE FROM THE CHAIR</i>	1
<i>PLAN AT A GLANCE</i>	2
<i>OVERVIEW</i>	3
<i>MANDATE</i>	3
<i>LINES OF BUSINESS</i>	3
<i>VALUES</i>	4
<i>PRIMARY CLIENTS</i>	5
<i>VISION</i>	5
<i>MISSION</i>	5
<i>BUSINESS ISSUES</i>	6
<i>CONCLUSION</i>	8
<i>APPENDIX A – STRATEGIC DIRECTIONS</i>	9
<i>APPENDIX B – STUDENT FINANCIAL ASSISTANCE ACT, SECTION 14</i>	10

MESSAGE FROM THE CHAIR

March 14, 2007

Honourable Joan Burke
Minister of Education

Dear Minister:

In accordance with the responsibility of the Student Loan Corporation of Newfoundland and Labrador's Board of Directors under the *Transparency and Accountability Act*, I submit the attached business plan for the corporation covering the two year period from April 1, 2006 to March 31, 2008.

In cooperation with all stakeholders, the corporation will improve service to clients through the included measures and indicators.

The corporation is a category two entity and this business plan was prepared considering the strategic direction, included in appendix A, which was communicated by you on December 8, 2005. This document sets forth in clear language how the corporation will address that strategic direction in accordance with its mandate.

My signature below is indicative of the Board's accountability for the preparation of this plan and the achievement of the specific goals and objectives contained herein.

Sincerely,



Rebecca Roome
Chair

PLAN AT A GLANCE

Vision

The vision of the Student Loan Corporation is students with access to the financial resources to pursue post-secondary education.

Mission

By 2011, the corporation will have improved services to student borrowers and improved corporation processes.

Goals

Issue One: Improved Services to Student Borrowers

Goal: By March 31, 2008 the corporation will have improved payment methods.

Objectives:

1. By March 31, 2007 the corporation will have implemented a new payment method making it easier for students to repay their loans.
2. By March 31, 2008 the corporation will have implemented additional new payment methods making it easier for students to repay their loans.

Issue Two: Improved Corporation Processes

Goal: By March 31, 2008 the corporation will have improved business processes through the implementation of various business resources and increased staff training.

Objectives:

1. By March 31, 2007 the corporation's staff will have access to the resources necessary for effective caseload management.
2. By March 31, 2008, the corporation will have improved procedures and staff training.

OVERVIEW

The Student Loan Corporation of Newfoundland and Labrador (corporation) was established on March 30, 2004 pursuant to the *Student Financial Assistance Act* and is a category two government entity in accordance with the *Transparency and Accountability Act*. The corporation is responsible for financial administration of the Newfoundland and Labrador Student Financial Assistance Program.

The affairs of the corporation are managed by a board of directors responsible to the Minister of Education. The Board of Directors includes:

- The Deputy Minister of Education, who is chair, Ms. Rebecca Roome; and
- The Deputy Minister of Finance, Mr. Terry Paddon.

On April 1, 2006, the corporation employed 20 individuals as per the table below. These staff members are also included with the Department of Education employees under the Advanced Studies Branch.

Staff	Female	Male	Total
Management	2	1	3
Professional	11	3	14
Clerical	3	0	3
Total	16	4	20

The corporation's offices are located on the fourth floor of the West Block of Confederation Building in St. John's.

MANDATE

The corporation was established to provide and facilitate repayment of loans, manage the debt and investment portfolio, and provide financial administration for the Newfoundland and Labrador Student Financial Assistance Program as set out in section 14 of the *Student Financial Assistance Act*. Please see appendix B for the complete text of section 14.

LINES OF BUSINESS

The corporation provides financial administration for the Newfoundland and Labrador Student Financial Assistance Program. Its lines of business include:

1. Portfolio Management:

The corporation acts as the province's "banker" in providing student loans, and in the administration and oversight of financial activities for the program. In

completing these activities, the corporation oversees the work of its service providers which operate the National Student Loan Service Centre in the day-to-day operations of loan administration. In addition, the corporation has partnered with the federal government through an Integration Agreement in the administration of this direct lending program.

2. **Debt and Investment Services:**

The corporation manages all debt-related activities pertaining to the purchase of the loans program in 2004, and short-term investments of the corporation's cash flows during each year.

3. **Repayment Services:**

The corporation provides all repayment services for the province's existing defaulted loans and for the corporation's loans which default. These activities begin at the corporation's offices once a loan is transferred for repayment after it has been 270 days in arrears at the National Student Loan Service Centre.

VALUES

The Board and staff of the corporation perform their duties within the following set of core values:

Respect: Each person recognizes the personal circumstances and dignity of others during the performance of work duties.

Honesty: Each person acts in a truthful and ethical manner recognizing their role in the safeguarding of public assets.

Professionalism: Each person performs their duties without judgment or personal opinion in a conscientious and organized manner.

Quality: Each person strives to perform all tasks to the utmost of their ability in accordance with established policies and processes.

Fairness: Each person is consistent, impartial, and unbiased in the performance of their work activities.

PRIMARY CLIENTS

The corporation has two primary clients:

- students requiring financial assistance to pursue post-secondary education; and
- the Government of Newfoundland and Labrador which established and mandated the corporation to oversee and manage the financial administration of the provincial student loan portfolio.

VISION

Many young people require financial assistance to pursue higher education due to family financial circumstances. Higher levels of education are directly linked to individual economic success. Financially stable individuals are able to contribute to their family and community which, in turn, fuels our success as a province. Hence:

The vision of the Student Loan Corporation is students with access to the financial resources to pursue post-secondary education.

MISSION

The mission statement identifies the priority for the corporation over the next two planning cycles. It represents the key longer-term result the corporation will be working toward in implementing the strategic direction. It identifies the measures and indicators that will assist both the corporation and the public in monitoring and evaluating success.

In keeping with the vision, the corporation is committed to providing economically viable services to students in the area of student financing. This will ensure a sound economic basis on which to support future students in their post-secondary activities and in the achievement of further provincial economic success. Hence:

By 2011, the corporation will have improved services to student borrowers and improved corporation processes.

Measure One:	Improved Services to Student Borrowers.
Indicators:	* Improvements in services available for students as represented by an increased number of payment methods available.
 Measure Two:	Improved Corporation Processes
Indicators:	* Improved business processes facilitated through the implementation of business resources and techniques, and increased staff training.

BUSINESS ISSUES

In consideration of the Minister's strategic directions as well as the mandate and financial resources of the corporation, the following areas have been identified as the key priorities for 2006-2008. The goal identified for each issue reflects the results expected, while the objectives provide an annual focus. Measures and indicators are provided for the goal and objectives to assist both the corporation and public in monitoring and evaluating success.

The two issues identified below reflect the corporation's mission and focus for the next two years. During the next planning process, the corporation will evaluate its progress and set goals to further its mission in line with its vision.

Issue One: Improved Services to Student Borrowers

Creation of the corporation in 2004 was part of a broader plan by the province to improve services to students. The corporation plans to implement multiple new payment methods to assist students repay defaulted loans.

Goal: By March 31, 2008 the corporation will have improved payment methods.

Measure: improved payment methods

Indicator: increased number of payment methods available.

Objectives:

1. By March 31, 2007 the corporation will have implemented a new payment method making it easier for students to repay their loans.

Measure: new payment methods

Indicator: implemented bill payment option availability.

2. By March 31, 2008 the corporation will have implemented additional new payment methods making it easier for students to repay their loans.

Issue Two: Improved Corporation Processes

Recognizing the need for improvements in business processes, the corporation has been working to increase staffing. For the next two years, the corporation will work toward improvements in the business resources, procedures, and training available for its staff. These changes should improve the corporation's business processes.

Goal: By March 31, 2008 the corporation will have improved business processes through the implementation of various business resources and increased staff training.

Measure: improved business processes

Indicators: increased number of business resources;
increased number of training courses provided to staff.

Objectives:

1. By March 31, 2007 the corporation's staff will have access to the business resources necessary for effective caseload management.

Measure: increased business resources available to staff

Indicators: increased number of inter-provincial and inter-departmental agreements to improve tracing of student borrowers;
automated further processes;
reduced time spent on administrative tasks.

2. By March 31, 2008, the corporation will have improved procedures and staff training.

CONCLUSION

The establishment of the Student Loan Corporation of Newfoundland and Labrador reflects government's firm commitment to providing a timely and directly financed student loan program through prompt and effective mechanisms.

The corporation has been given strategic direction from the Minister of Education to enhance collection processes related to provincial student loans. This business plan has been prepared on this foundation, recognizing the benefit to both of the corporation's primary clients.

The assets of the corporation are wholly owned by the Government of Newfoundland and Labrador who is guarantor of all corporation debt. Hence, sound fiscal management contributes to the financial health of the student loan portfolio, ultimately impacting the overall provincial fiscal situation.

Furthermore, students possessing good financial stability in their personal lives are able to positively contribute to their families, communities and the province. Increased and reliable options for student borrowers and improved corporation business processes are important to a borrower's future and to the province's ability to continue delivering an effective student financial assistance program.

The Board of Directors is confident that the indicators referenced in this document are indicative of the corporation's goals, which will in turn assist the corporation in bringing its mission in line with its vision.

Outputs associated with this Business Plan will be reported annually in the corporation's Annual Report published each fall. Copies of this document and past Annual Reports may be accessed on the Student Loan Corporation's website through the Department of Education website at: www.gov.nl.ca/edu.

APPENDIX A – STRATEGIC DIRECTIONS

Title: Financial Support for Learning

Strategic Direction: Funding levels and budgeting priorities are consistent with Government's fiscal policy.

This requires that the Department and its boards and agencies:

Focus Areas of the Strategic Direction	This Direction is/was					
	Not being implemented at this time (rationale included in the plan)	Addressed only in specific sub-areas (rationale included in the plan)	Addressed in the:			
		business plan	operational plan	branch/divisional work-plans		
Enhance collection processes related to Newfoundland and Labrador Student Loans.			X			

APPENDIX B – STUDENT FINANCIAL ASSISTANCE ACT, SECTION 14

Corporation

14.1

- (1) The Student Loan Corporation of Newfoundland and Labrador is established as a corporation.
- (2) The *Corporations Act* shall not apply to the corporation.

Organization

14.2

- (1) The corporation is an agent of the Crown.
- (2) Property of the corporation is the property of the Crown but title to that property shall be held in the name of the corporation.
- (3) The rights and powers granted to the corporation under this Act shall be in addition to the rights and powers conferred on it by section 19 of the *Interpretation Act* and, notwithstanding that it is an agent of the Crown, the corporation may enforce and exercise all of those rights and powers in its own name.
- (4) Legal proceedings in respect of a right or obligation acquired or incurred by the corporation shall be brought by or against it in the name of the corporation.

Lender

14.3 The corporation is a lender and may issue student loans under this Act.

Board of directors

14.4

- (1) There shall be 3 directors on the board of directors of the corporation.
- (2) The directors of the board shall be, by virtue of their positions, the
 - (a) deputy minister of the department who shall be the chairperson of the board;
 - (b) deputy minister of the Department of Finance; and
 - (c) Secretary of the Treasury Board.
- (3) The board shall not be disabled from acting by reason of a temporary vacancy in its numbers.
- (4) The board shall exercise all of the powers and duties of the corporation and shall administer and manage the business of the corporation.

Powers

14.5 The corporation may

- (a) enter into agreements and contracts with a person or a private or public agency or organization considered necessary by the board to carry out the powers and duties of the corporation;
- (b) appoint agents to act on its behalf for the purpose of this Act and on those conditions that the board may determine;
- (c) take for money loaned or otherwise invested, a security of any nature that it considers advisable;

- (d) establish accounts with financial institutions for the deposit of its money and from which money may be paid for the purposes of its powers and duties;
- (e) subject to the approval of the Lieutenant-Governor in Council, establish a line of credit or an overdraft account with a financial institution for the purpose of its powers and duties;
- (f) invest, in accordance with this Act, the money of the corporation that is not immediately required;
- (g) draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, cheques, electronic payments, student loan agreements and other negotiable or transferable instruments;
- (h) acquire by assignment and by purchase, student loans and rights of lenders under student loan agreements, including student loan agreements of lender financial institutions made under the Newfoundland and Labrador Student Loan Program operating before the coming into force of this section;
- (i) assign a student loan made or acquired under this Act to the Crown or a financial institution on terms and conditions that are considered appropriate and guarantee the repayment of that assigned loan including interest or other charges on that loan in accordance with a process approved by the board;
- (j) pay out money by way of student loan and financial assistance to qualifying students on terms established under this Act;
- (k) collect money owed to the corporation or to the Crown as a result of a student loan agreement;
- (l) receive and pay out money required to meet the Crown's obligations under contracts with lenders or others for the operation and administration of a program of financial assistance; and
- (m) generally do all things that the board considers necessary or advisable for or incidental to the exercise of the corporation's powers and for the discharge of its duties and obligations.

Borrowing power

14.6

- (1) Subject to the approval of the Lieutenant-Governor in Council, the corporation may
 - (a) borrow money for its purposes and to carry out its powers and duties; and
 - (b) to secure the repayment of money borrowed,
 - (i) issue bonds, debentures, notes or other securities of the corporation, and
 - (ii) enter into, execute and deliver a trust deed, trust indenture or an agreement with a lender, trustee or depository acting for the holders of bonds and debentures or another person, and the money may be borrowed at the rate of interest and upon the terms and conditions, and the instruments and documents may be issued or executed and delivered in the form, that the Lieutenant-Governor in Council, or, where the authority to do so is delegated to the Minister of Finance by the Lieutenant-Governor in Council, the Minister of Finance, approves.
- (2) The securities of the corporation may be made payable in a currency approved by the Lieutenant-Governor in Council and expressed in the security.

Short term borrowing

14.7

- (1) The corporation may raise short term loans to fulfil its obligations, duties and powers under this Act
 - (a) in the manner and form;
 - (b) in the amounts;
 - (c) in the currencies;
 - (d) for a period not exceeding 2 years;
 - (e) at the rates of interest, including interest on overdue interest; and
 - (f) on the conditions, including conditions related to discounts, premiums, charges and commission, that the corporation may determine.
- (2) The total of short term loans raised under subsection (1) and outstanding shall not exceed a limit to be fixed by the Lieutenant-Governor in Council.

Guarantees

14.8

- (1) The Minister of Finance may, acting for and on behalf of the Crown and with the approval of the Lieutenant-Governor in Council, unconditionally guarantee the repayment of a sum raised under sections 14.6 and 14.7, the payment of interest on the sum, including interest on overdue interest and the payment of a premium.
- (2) A guarantee given under this section shall be in a form approved by the Minister of Finance and the form of guarantee shall be signed on behalf of the province by the Minister of Finance whose signature may be engraved, lithographed or otherwise mechanically reproduced on the bonds, debentures, notes or other securities in respect of which the guarantee is given.
- (3) A payment that the Crown may be required to make pursuant to a guarantee under this Act shall be paid by the Minister of Finance out of the Consolidated Revenue Fund of the province or it may be paid out of funds provided in the manner prescribed by section 55 of the *Financial Administration Act* .

Budget

14.9

The corporation shall, not later than November 30 in each year, provide to the minister a budget containing the estimated capital and operating expenses of the corporation for the next succeeding financial year.

Order of Lieutenant-Governor in Council

14.10

- (1) An order of the Lieutenant-Governor in Council that restricts in whole or in part the powers of the directors of the corporation to manage the business and affairs of the corporation is valid.
- (2) To the extent that an order of the Lieutenant-Governor in Council restricts the discretion of the directors of the corporation to manage the business and affairs of the corporation, the directors are relieved of their duties and liabilities to the same extent.

By-laws and meetings

14.11

- (1) The board may make by-laws generally for the conduct and management of the affairs of the corporation.
- (2) The board shall meet at least once annually and shall, in accordance with the by-laws of the corporation, meet at those other times that the board considers necessary to carry out the duties, powers and obligations of the corporation.

Financial Year

14.12

The financial year of the corporation shall be the same as the financial year of the government of the province.

Audit

14.13

The auditor general shall audit the annual financial statements of the corporation.

Investments

14.14

Money held by the corporation may only be invested in a class or classes of securities authorized for the investment of money in the Consolidated Revenue Fund under section 15 of the *Financial Administration Act*.

Financial assistance

14.15

- (1) The corporation shall, in accordance with this Act provide financial assistance to a qualifying student who has been issued a certificate of eligibility in an amount that shall not exceed the amount stated on that certificate.
- (2) The corporation may, upon the instruction of the minister and in accordance with the regulations, credit or debit a borrower's account with the corporation.
- (3) The corporation may pay all or a portion of financial assistance provided under subsection (1) on behalf of a student to the educational institution attended by the student and the receipt of that educational institution for the payment made is a sufficient discharge to the corporation for the amount set out in that receipt with respect to that student's financial assistance.

Report to minister

14.16

- (1) The board shall, not later than June 30 in each year, prepare and submit to the minister a financial statement setting out the assets and liabilities of the corporation, including a copy of the corporation's audited financial statement, and, in addition, the board shall provide a summary of the amounts used for student loans, grants, bursaries and scholarships and the receipts and expenditures of the corporation for the previous financial year.
- (2) The minister shall include the financial statement referred to in subsection (1) with the report required to be prepared and tabled under section 19.

- (3) The financial statement referred to in this section shall be signed by the chairperson and one member of the board and certified by the auditor general and shall have attached to it the report that the auditor general has made to the corporation.
- (4) The board shall provide to the minister other information that the minister may request for the purpose of his or her report required under section 19.