

Private Training Corporation Activity Plan

January 1, 2017 - December 31, 2019



Advanced Education, Skills and Labour

CHAIRPERSON'S MESSAGE

March 29, 2017

Honourable Gerry Byrne
Minister of Advanced Education, Skills and Labour
West Block, Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister:

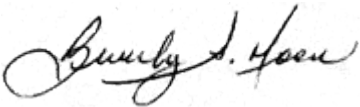
I am pleased to present the Private Training Corporation's 2017-19 Activity Plan. This plan covers the three year period from January 1, 2017 to December 31, 2019 and meets the requirements of the Transparency and Accountability Act as a category three entity.

This activity plan sets forth the Private Training Corporation's objectives for 2017-19 in accordance with its mandate. The strategic directions of the Provincial Government were considered in the development of this plan.

The Corporation is intent on maintaining a financial safety net so that students who enter a course of study at a private training institution are able to complete their training, even in the event of an institution's closure. A constant review of monitoring methods and vigilant collection of fees by the Corporation ensures this financial safety net for students.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Beverly Moore".

BEVERLY MOORE
Chairperson

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Overview

The Private Training Corporation is established under Section 4 of the Private Training Institutions Act (the Act) (Annex 1). Pursuant to subsection 4(2) of the Act, the Private Training Corporation is not a Crown corporation nor is it an agent of the Crown. The Corporation's main function is to collect one per cent of collected tuition revenue from registered private training institutions for the Train Out Fund. The Corporation also monitors private training institutions throughout the province to ensure that they submit their fees in a timely manner and to ensure that it is aware of any institutions that are at risk of closing. The purpose of the Train Out Fund is to ensure that, in the unfortunate event a private training institution closes, appropriate financial resources are available to enable affected students to complete their course of study. Each year financial statements are prepared for the Train Out Fund and audited by an external accounting firm.

Pursuant to section 26.4 of the Private Training Regulations, investment of the Train Out Fund is governed by the Trustee Act. Section 3 of the Trustee Act dictates that a trustee shall exercise care, diligence and skill that a reasonably prudent person would, in comparable circumstances. It further specifies the factors that must be considered when investing funds, including general economic conditions; the possible effect of inflation and deflation; expected tax consequences of any investment decisions; the role of each investment in the portfolio; and, the need for liquidity, regular income and preservation or appreciation of capital. Annex 2 contains information on the fund value, contributions to the Train Out Fund and investment income for the last six years. The Train Out Fund is invested in guaranteed investment certificates with staggering maturity dates to ensure that there are funds available in the event concerns arise with the operation of a private training institution. There is currently no mechanism within the Private Training Institutions Act or Regulations to facilitate the cessation of collection.

During 2016, the private training sector in Newfoundland and Labrador consisted of 21 registered institutions with approximately 1,900 students enrolled in registered programs. A complete listing of the 21 private training institutions can be found in Annex 3. Net tuition revenue expected to be generated by December 31, 2016 by the sector is approximately \$25 million. The Train Out Fund is valued at approximately \$4.9 million as of January 1, 2017.

As listed in Section 3.1 of the Private Training Institutions Regulations, members of the Private Training Corporation are appointed by the Lieutenant-Governor in Council. As of January 1, 2017, the membership was as follows:

- Representative of the Department of Advanced Education, Skills and Labour, Mr. Brendan Hanlon;
- Representative of the Department of Finance or designate, Ms. Sharlene Jones;
- Representative of the NL Association of Career Colleges, vacant - in the process of being filled;
- Owner or operator of a private training institution, Mr. James Loder;
- Student of a private training institution, vacant - in the process of being filled; and
- Two representatives of the community, Ms. Beverly Moore and Mr. Brian Tremblett.

At present, with the exception of Mr. Tremblett, who is based in Gander, the members of the committee are located in St. John's and surrounding area.

Analytical and other support for the Private Training Corporation is provided by the Division of Literacy and Institutional Services or by the Division of Financial Services within the Department of Advanced Education, Skills and Labour. The billing and collection of fees and preparation of correspondence is done on a contractual basis. The Corporation usually meets at the Confederation Building in St. John's.

Correspondence may be forwarded to:

Private Training Corporation
Department of Advanced Education, Skills and Labour
P.O. Box 8700
St. John's, NL A1B 4J6

Mandate

The Private Training Corporation was established in 1999 and pursuant to Section 5.1 of the Private Training Institutions Act, has the mandate to:

- Administer the Train Out Fund established under the Act;
- Where required, make recommendations to the Minister with respect to:
 - the operation of the Act and the Regulations,
 - the financial stability of a private training institution based upon a review of annual audited financial statements of that institution,
 - any other issues that the Minister may require to be reviewed; and
- Perform other duties as required by the Minister.

Lines of Business

Lines of business are the services and programs that a government entity provides to any external client. The Private Training Corporation has the following line of business:

Management of the Train Out Fund

The primary function of the Private Training Corporation is to collect fees from private training institutions throughout the province. The Private Training Corporation collects one per cent of all private training institutions' tuition fees for the Train Out Fund. In the event of an institution's closure, the fund will be used to ensure students receive the training for which they have contracted.

Values

The Private Training Corporation performs its duties within the following set of core values:

| | |
|-------------------------|--|
| Respect: | Each person communicates with stakeholders in a timely fashion and thorough manner. |
| Quality: | Each person performs their tasks to the best of their abilities. |
| Professionalism: | Each person performs assigned duties in a dignified and respectful manner, recognizing that the success of students is the highest priority. |
| Accountability: | Each person is responsible for the achievement of assigned roles and tasks. |

Primary Clients

Primary clients are those groups of individuals who avail of the services or programs offered. The Private Training Corporation has two primary clients:

- private training institutions; and
- students enrolled at private training institutions.

Vision

The vision of the Private Training Corporation is that of students graduating from financially viable private training institutions.

Objectives

The Private Training Corporation was created to ensure the students attending private training institutions are protected in the event of a school closure. To achieve this, the Corporation monitors the fiscal health of institutions and manages a Train Out Fund established in the applicable legislation.

ISSUE 1: Effective Management of the Train Out Fund

The purpose of the Train Out Fund is to ensure, in the unfortunate event a private training institution closes, appropriate financial resources are available to facilitate completion of students' courses of study. Under the Private Training Institutions Act, all institutions are required to submit one per cent of tuition fees collected for the fund. The following objective applies to the 2017, 2018 and 2019 years.

Objective 1: By December 31, 2017, the Private Training Corporation will have collected and confirmed fees from private training institutions.

Indicator 1:

100 per cent of required fees collected from private training institutions.

Indicator 2:

Confirmed the amounts contributed by private training institutions.

ISSUE 2: Effective Monitoring of Financial Data

The Private Training Corporation is tasked with the review of audited financial statements for all registered private training institutions. Under the Private Training Institutions Act, the Corporation is responsible for making recommendations to the Minister regarding the financial stability of registered private training institutions based on review of the audited financial statements. The following objective applies to the 2017, 2018 and 2019 years.

Objective 1: By December 31, 2017, the Private Training Corporation will have continued to maintain an appropriate review and feedback mechanism of the audited financial statements for all registered private training institutions.

Indicator 1:

Reviewed annual audited statements of all registered private training institutions.

Indicator 2:

Where required, made recommendations to the Minister on the financial stability of a registered institution.

Annex 1: Applicable Legislation

Private Training Institutions Act, Sections 4, 5, 5.1, 5.2.

Corporation established

4. (1) There is incorporated a corporation to be known as the Private Training Corporation.
- (2) The corporation is not a Crown corporation and is not an agent of the Crown.
- (3) The board of directors of the corporation shall be appointed by the Lieutenant-Governor in Council and shall consist of no less than 5 and no more than 7 persons, and the membership of the board of directors may be prescribed by the Lieutenant-Governor in Council under paragraph 19(1)(v).
- (4) The minister may designate one member of the board of directors as the chairperson and another as the vice-chairperson.
- (5) A director shall not hold office for more than 3 consecutive years and is eligible for reappointment.

(5.1) A member of the board of directors appointed under this section whose term of office has expired shall continue to be a member of the board until he or she is reappointed or replaced and his or her decisions and actions as a director shall be considered to be valid.
- (6) A majority of the directors, one of whom shall be the chairperson or vice-chairperson constitutes a quorum.
- (7) Where a vacancy occurs on the board of directors, the minister may appoint a person to fill the vacancy for the balance of the term of the director replaced.
- (8) A vacancy on the board of directors does not impair the capacity of the board of directors to act.
- (9) The accounts of the corporation shall be audited at least once a year by an auditor appointed by the corporation.
- (10) The corporation has, subject to this Act, all the rights, powers and privileges of a natural person.

Powers of corporation

5. (1) The Private Training Corporation established under Section 4 shall have the powers vested by law in a corporation.
- (2) In addition to the powers referred to in subsection (1), the corporation may:
 - (a) acquire assets and property both real and personal by purchase, lease, grant, hire, exchange or otherwise and dispose of that property;
 - (b) provide for the management of its property and effects and of its affairs and business;
 - (c) make by-laws concerning the meetings of the board and its transactions as approved by the minister;
 - (d) hold and administer those bank or trust accounts necessary for the administration of the Train Out Fund and the general operations of the corporation;
 - (e) invest the funds of the Train Out Fund in accordance with regulations made under paragraph 19(1)(z); and,
 - (f) do all other matters and things including the employment of staff and other persons that may be necessary or desirable for exercising the powers conferred by this Act.

Duties of corporation

- 5.1 The corporation shall
 - (a) administer the Train Out Fund established under Section 17.1 in the manner that may be prescribed by the regulations;
 - (b) where required, make recommendations to the minister with respect to
 - (i) the operation of this Act and the regulations,
 - (ii) the financial stability of a private training institution based upon annual audited financial statements of that institution as required by the minister, and
 - (iii) any other issues that the minister may require to be reviewed; and,
 - (c) perform those other duties as required by the minister.

Insufficient funds - liability limited

- 5.2 (1) The liability of the corporation with respect to the Train Out Fund is limited to the pay out of funds on deposit and the corporation has no other financial obligations with respect to the Train Out Fund.
- (2) If there is insufficient money in the Train Out Fund to provide compensation as required by the regulations, the compensation provided shall
 - (a) not exceed the amount of money in the fund; and,
 - (b) be provided on a proportional basis.

Private Training Institutions Regulations Sections 26.1, 26.2, 26.3, 26.4.

Funds to be credited

- 26.1 The Train Out Fund established under Section 17.1 of the Act may be credited with funds from the following sources:
- (a) contributions from a private training institution required under subsection 17.1(3) of the Act;
 - (b) any income and earnings from investments of the funds; and,
 - (c) any loans provided to the fund by the minister.

Payment of funds

- 26.2 (1) A private training institution shall pay to the corporation a contribution to the Train Out Fund as required by subsection 17.1(3) of the Act at an annual rate of 1 per cent of collected student tuition fees.
- (2) Money paid under subsection (1) shall be paid on March 31, June 30, September 30 and December 31 in a year, and shall be based on the tuition fees collected by the private training institution for the 3 months of the preceding quarter.
- (3) The corporation shall reconcile the money paid under subsection (1) and shall make any adjustments necessary annually at the end of a private training institution's financial year and those adjustments shall be completed by March 31 following the end of the private training institution's financial year.
- (4) For the purpose of this section, where tuition fees are included in grant money received by an institution on behalf of a student, the superintendent shall determine that portion of the grant which shall be considered to be tuition fees.
- (5) Notwithstanding paragraph 5(4)(c), where a private training institution fails to pay to the corporation the contribution required under this section, the minister may, in his or her discretion, revoke or limit the right of that institution to enrol new students.

Use of Train Out Fund

- 26.3 (1) The Train Out Fund may be used
- (a) where an institution with which a student had a contract fails to fulfill its obligation to that student due to closure to compensate the student in part or in full for the reasonable cost of completing his or her training with another institution, as determined by the corporation;
 - (b) to pay the cost of monitoring the financial operation of a private training institution,
 - (c) including the analysis of audited financial statements as required by these regulations;
 - (d) to pay the expenses of administering and auditing the Train Out Fund; and, to reimburse members of the board of directors of the corporation for expenses incurred in relation to meetings and the work of the corporation in accordance with a scale for expenses that may be approved by the minister.
- (2) Where the Train Out Fund is used to pay out money under paragraph (1)(a), the corporation shall hold back sufficient money to enable it to meet its obligations under paragraphs (1)(b), (c), and (d) and an amount it considers reasonable for the purpose of subsection 26.2(3).

Investments of Train Out Fund

- 26.4 Investments of the Train Out Fund by the corporation shall be investments in which a trustee is authorized to invest under the Trustee Act.

Annex 2: Train Out Fund History 2011-2016

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Fund Value | \$3,255,160 | \$3,588,641 | \$3,950,911 | \$4,331,030 | \$4,683,353 | \$4,999,354 |
| Contributions from Private Training Institutions | \$281,073 | \$283,261 | \$310,471 | \$321,228 | \$297,593 | \$260,598 |
| Investment Revenue | \$33,526 | \$67,821 | \$62,821 | \$68,785 | \$65,807 | \$66,956 |

Annex 3: List of Registered Private Training Institutions

Registered private training institutions in Newfoundland and Labrador as of 31 December 2016.

| Institution | Campus Location |
|--|----------------------|
| Academy Canada | Corner Brook |
| Academy Canada | St. John's |
| BAC Training Centre Inc./BAC Masonry College | Conception Bay South |
| Boilermakers Industrial Training Centre Inc. | Holyrood |
| Canadian Training Institute | Bay Roberts |
| Carpenter Millwright College Inc. | Paradise |
| Central Training Academy | Badger |
| DieTrac Technical Institute | Lewisporte |
| Eastern Academy | St. John's |
| Gander Flight Training | Gander |
| Ironworkers Education & Training Co. Inc. | Mount Pearl |
| Keyin College | Burin |
| Keyin College | Carbonear |
| Keyin College | Gander |
| Keyin College | Grand Falls-Windsor |
| Keyin College | Marystown |
| Keyin College | St. John's |
| Keyin College Western Campus | Stephenville |
| Operating Engineers College | Holyrood |
| U.A. Training Centre | Mount Pearl |
| Woodford Training Centre Inc. | Conception Bay South |



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