

# Investing Today for a Brighter Tomorrow



Cape Breton Growth Fund

REPORT CARD 2002/03

Canada  NOVA SCOTIA



The Honourable  
**GERRY BYRNE**  
Minister of State

As Minister of State responsible for the Cape Breton Growth Fund Corporation (CBGF), I am delighted to participate in this Report Card that highlights some of the remarkable progress being made in terms of economic diversification and job creation on Cape Breton Island.

In the face of significant economic challenges over the last number of years, Cape Bretoners have worked tirelessly to rebuild the economic base of the community. The Government of Canada, through the CBGF, and in collaboration with the local community and the private sector, has contributed to this economic renewal, a renewal that I have previously referred to as the “Cape Breton Tiger.” Through careful investment focusing on long-term sustainable growth and job creation, the Fund has made a measurable impact on the Cape Breton economy. The statistics speak for themselves. Employment on the Island in 2002 remained at one of the highest levels since 1988 and unemployment for 2002 fell to 15.1%, one of the lowest rates in over a decade.

The efforts of the CBGF are ongoing to broaden the economic base with a view to creating a more diversified and sustainable economy. With the guidance of the Board of Directors and its various task forces, plans are underway to strengthen Cape Breton Island’s competitive advantage in a number of emerging sectors and to promote additional investment.

I am proud of the measures that this Government has taken to build a solid economic future for Cape Breton Island. While many challenges remain, I am confident that with local ingenuity, partnerships and strategic investment, the “Cape Breton Tiger” will continue to roar, and the Island will once again take its place as a recognized contributor to the Canadian economy.



The Honourable  
**JOHN HAMM**  
Premier of Nova Scotia

Cape Breton is transforming itself into a diverse, post-industrial economy. Employment is higher than it has ever been. Labour-force participation is at record levels. Unemployment is at new lows. Thousands more people are working today than 30 years ago, and hundreds more new jobs are expected to open up across the sectors in 2003.

At the heart of this success is the Cape Breton Growth Fund, a success story which I invite you to examine in the pages which follow. The Fund is playing a major role in the remarkable progress made over the past two years.

A cooperative effort between the federal and provincial governments and the community at large, the Fund has so far committed roughly \$44 million to new business and diverse types of employment. In addition to the approximately 2,700 jobs created in the call-centre industry over the last two years, in 2002 the job-diversification trend extended into sectors such as the knowledge-based economy, manufacturing, and arts and culture.

The Growth Fund is locally managed and based directly on what Cape Bretoners have said they want. Because it is a true community effort, the Fund is building economic foundations that will serve generations to come. Congratulations to the Fund’s Board of Directors, Advisory Committee, management and staff, and also to the people of Cape Breton for a job well done, with vision and dedication to the long-term needs of Cape Breton.



As Chair of the Board of Directors of the Cape Breton Growth Fund, I am proud to deliver the 2002/03 "Report Card" to the citizens of Cape Breton.

The CBGF is committed to creating long-term sustainable growth and development for the people of Cape Breton. That is why we have been working harder than ever to increase the breadth and depth of our investments, to help foster economic development and to create positive changes in many of our priority sectors.

On behalf of the Board of Directors, I am pleased to report that with sound commitments totalling \$44 million, the CBGF and our partners are responsible for the creation of over 2,800 jobs throughout the Island.

As 2003 moves along, the CBGF will continue with its mission to work with public and private stakeholders and to seek out investment opportunities, ultimately resulting in prosperity for the Island for many years to come.



**JOHN McLENNAN**  
Chairman

The Cape Breton Growth Fund is making a real difference in the lives of Cape Bretoners. Whether it's the Help Wanted signs in local businesses, busy restaurants and downtown shops, or the Cape Breton unemployment rate standing at its lowest in over a decade, Cape Breton has turned the corner.

Working with, and listening to, the people of Cape Breton, the CBGF has gone to great lengths to deliver sound investments that will result in long-term benefits for this Island. We know that there are those who believe that we could invest the money faster, but that is not our mission. We are dedicated to fostering a new economy for the Island and to ensuring a bright and prosperous future for all.

The CBGF will continue to invest strategically, build solid partnerships and foster long-term growth, so that Cape Bretoners will enjoy economic prosperity for many generations to come.



**RICK BEATON**  
CEO

## Background

The Cape Breton Growth Fund is a \$98 million economic adjustment fund. It is comprised of an \$86 million contribution from the Government of Canada and a \$12 million contribution from the Province of Nova Scotia.

The mandate of the CBGF is to use the Fund to promote and assist, either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on Cape Breton Island to provide employment outside the coal-producing industry and to broaden the base of the economy of Cape Breton Island.

### Cape Breton Growth Fund Corporation

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### Mission

To make investments that complement existing government programs to foster sustainable economic growth and job creation on Cape Breton Island.

### Principles for the Fund

Leverage

Focus on Long-term Sustainable Growth

Incremental to Existing Programming

Job Creation

Results Management

### Strategic Objectives

Trade

Research

Development

Commercialization

Access to Capital

Investment

Infrastructure Development

Industrial Benefits

## CBGF GLOBAL TARGETS

	To Date	Target
<b>Jobs Created*</b>	<b>2,814</b>	<b>2,700</b>
<b>New, Incremental Export Sales</b>	<b>\$ 719 M</b>	<b>\$ 500 M</b>
<b>Incremental Direct Investment</b>	<b>\$ 244 M</b>	<b>\$ 350 M</b>
<b>New, Incremental R &amp; D Expenditures</b>	<b>\$ 7.4 M</b>	<b>\$ 30 M</b>
<b>New Sales to Target Industries</b>	<b>\$ 4.5 M</b>	<b>\$ 15 M</b>
<b>New Start-Ups</b>	<b>3</b>	<b>15</b>
<b>New Export-Orientated Businesses</b>	<b>3</b>	<b>10</b>

\* includes EDS Sydney job creation numbers

## FUND ALLOCATION

\$ 7.0 M | 1999/00

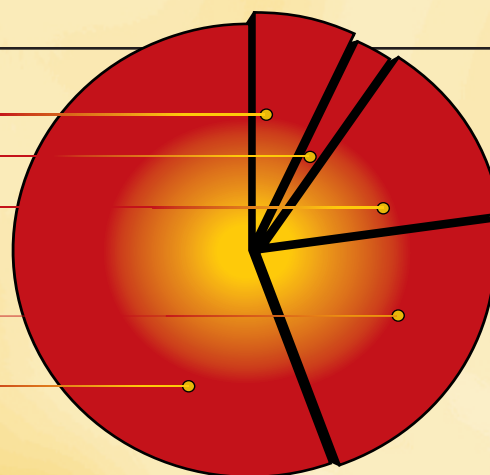
\$ 2.5 M | 2000/01

\$ 13 M | 2001/02

\$ 24 M | 2002/03

\$ 51.5 M | REMAINING FUNDS

(forecast to March 31, 2003)

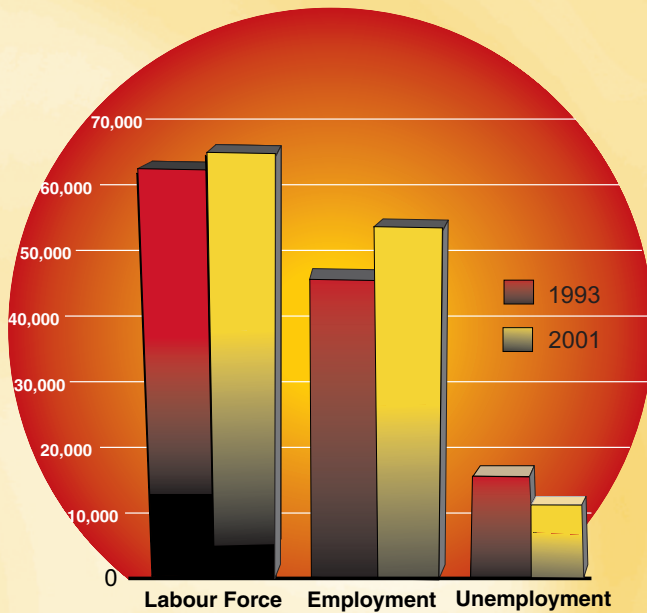


## INVESTMENTS TO DATE BY SECTOR

(includes announced and unannounced)

<b>Strategic Initiatives</b>	<b>\$ 25.6 M</b>
<b>Knowledge-based</b>	<b>\$ 5.5 M</b>
<b>Arts &amp; Culture</b>	<b>\$ 6.6 M</b>
<b>Environmental Remediation</b>	<b>\$ 1.6 M</b>
<b>Oil &amp; Gas Development</b>	<b>\$ 1.2 M</b>
<b>Tourism Development</b>	<b>\$ 5.2 M</b>
<b>TOTAL</b>	<b>\$ 45.7 M</b>

**LABOUR FORCE STATISTICS 1993-2001**



**Did You Know...**

**In 2001**

There were 349 new businesses registrations on Cape Breton Island.

Employment was higher than any year since 1988.

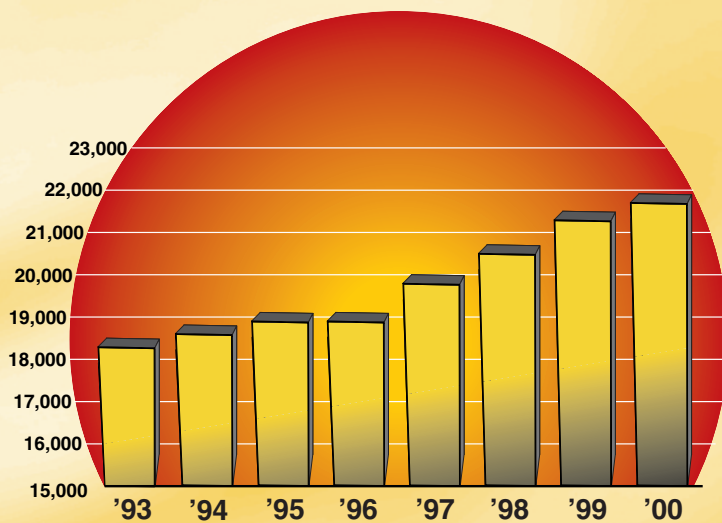
Participation rate was higher than any year since 1987.

**In 2002**

Unemployment in Cape Breton reached an all time low – a rate of 15.1%.

The unemployment rate for November and December stood at 13.1%, the lowest on record.

**AVERAGE INCOME PER WAGE EARNER**





## Arts & Culture Sector

Imagine a Cape Breton that had no fiddles or singing, no story telling, no dancing, no expression of who we are. It is impossible to imagine because arts and culture are embedded in our lives. It is what we are known for and why people come to visit and experience our “living culture”.

The CBGF has identified the arts and culture sector as a priority for investment and is dedicated to helping this sector reach its full potential.

### ● Virtual Media Productions **\$750,000** **25 NEW JOBS**

Virtual Media Productions (VMP) is an award winning media production house specializing in animation, effects, postproduction, and interactive media. In addition to providing production services, VMP produces original content for television and the World Wide Web. VMP offers top quality products and services and achieves excellence through its top-notch employees and through partnerships with world-class firms.

The CBGF's assistance will be used to strengthen VMP's production capacity, improve VMP's market position and recruit additional management expertise.

### ● Professional Development Program **\$750,000**

This program is designed to strengthen the economic viability of the Cape Breton arts and culture community by providing artists with access to an extensive network of professional consulting services related to business and career development that will better prepare them for success in competitive markets.



## Environmental Remediation Sector

We are all aware of the unique environmental issues facing Cape Breton. These issues are of great concern to governments and citizens alike. With challenges such as these comes great opportunity to build expertise and develop export capacity.

### ● Environmental Skills Internship Project **\$1.606 Million** **30 NEW JOBS** 20 SKILL ENHANCEMENT

Funded by the CBGF, the ESI project is designed to facilitate the transition of recent graduates and displaced workers into Cape Breton's emerging environment industry. It will also help build the management capacity required for future remediation projects.

The project is a wage assisted internship program that will create 30 new employment opportunities. It will also provide assistance for customized professional development and training plans. This will assist in increasing capacity when competing for remediation work as employees gain both technical and management expertise.

The CBGF partnered with the Canadian Council for Human Resources in the Environmental Industry (CCHREI) to administer this initiative. A local representative has been hired to manage this project and we are pleased to advise that CCHREI is in the process of establishing an Atlantic Canada regional office in the Sydney area.



## Oil & Gas Development Sector

The \$3 billion Sable Offshore Energy Project has stimulated Nova Scotia's economy and brought investment to parts of Cape Breton Island. The development of this energy source is expected to make the province, particularly those areas serviced by gas, a more viable alternative for investment and business development.

### ● Superport Corporation **\$1.25 Million** **2 NEW JOBS**

The Strait of Canso Superport Corporation Limited (SCSCL) owns and operates the Marine Terminals in Port Hawkesbury and Mulgrave. The SCSCL is responsible for the operation, development and upgrading of the marine facilities, as well as marketing and promotion of the port facilities to increase cargo and vessel traffic in the Strait of Canso.

This CBGF investment will help SCSCL improve the infrastructure necessary to serve the supply base needs of Nova Scotia's offshore oil and gas industry from the Mulgrave Marine Terminal.

### ● Strait of Canso & Sydney Harbour Offshore Positioning Strategy

In June 2002, Gardner Pinfold Consulting Economists completed a study that clearly defined a critical path for economic growth in the Cape Breton Regional Municipality and in the Strait of Canso regions with regard to oil and gas development. A complete version of the findings are available at [www.cbgef.ca](http://www.cbgef.ca) (Select the heading Publications).



## Tourism Development Sector

Voted as the most beautiful Island by Condé Naste Magazine and one of the top three vacation spots by Victoria Magazine, Cape Breton's unsurpassed scenery and rich culture continue to draw visitors from all over the world. In recent years, tourism revenues have reached \$230 million. The CBGF believes that more visitors can be attracted to Cape Breton Island and the duration of their visit can be expanded in the long-term interests of wealth generation and prosperity. As a result, tourism development has been selected as a strategic sector for the CBGF.

The CBGF has set a goal for revenues to reach \$400 million by 2008. The Tourism Road Map is a vision document that includes a comprehensive action plan, a detailed market analysis, a product situational analysis involving the assessment of the existing tourism infrastructure and an assessment of the product base.

With this document now in place, stakeholders in the tourism industry can begin to move towards the common goal of building a strong and more vibrant sustainable industry for Cape Breton. The document can be found at [www.cbgef.ca](http://www.cbgef.ca) (Select the heading Publications).

### ● Inverness Links **\$40,000**

Should the proposed project move forward, the Links of Inverness would be a world-class facility, drawing international tourism to Inverness, Nova Scotia. An aggressive marketing campaign targeting both North American and international audiences would promote the Links of Inverness as a signature golf course in its own right, with its beautiful beaches, Celtic heritage and close proximity to the Cabot and Ceilidh trails.

The CBGF's investment in this project was to undertake an extensive business plan.





## Knowledge-based Sector

The history of the knowledge-based sector, and in particular, information technology (IT), in Cape Breton is very recent. There have been a number of start-ups in this cluster and it is continuing to grow. Along with having the potential to create jobs, it also represents a pathway to new wealth through exports.

### ● **Techlink**    \$706,000    50 NEW JOBS

Techlink Entertainment is a producer of innovative gaming solutions for the regulated video lottery and Internet gaming industries.

With assistance from the GBGF, Techlink will work to achieve product commercialization and will beta test its Performer I video lottery terminal, as well as, its central computer system that manages gaming information for the lotteries.

Techlink's Performer I is expected to be commercially launched in the Fall of 2003.

### ● **4everSports**    \$2 Million    43 NEW JOBS

4eversports has developed customized, real-time golf services and Internet-based information systems that consolidate golf activities, such as scoring, tee-time bookings, and on-course food and beverage ordering into a single, economical system that is easily accessible to golfers. This system is currently operational at the Diamond Players Club in Clermont, Florida and at the Dobson Ranch Golf Course in Mesa, Arizona.

The CBGF's equity investment will provide capital to build a marketing team and provide additional funding to implement a marketing strategy including a United States launch.

### ● **CrossOff Incorporated**    \$1.1 Million    10 NEW JOBS

CrossOff's three primary areas of operation are anti-counterfeiting and brand protection (DNA technologies), property management (Altera Management Services) and technology training and consulting (Polar Bear Corporate Education Solutions).

The CBGF investment will help to establish a Technical Operations Support Centre in Sydney. This knowledge-based Operations Centre will support CrossOff's corporate activities in the areas of information technology, accounts administration, product development, sales and customer service.

## Knowledge-based Economy and Situational Analysis

In May 2002, the CBGF engaged a consulting firm to prepare a situational analysis, as well as a development strategy for the knowledge-based sector. The complete study is available at [www.cbgef.ca](http://www.cbgef.ca) (Select the heading Publications).





