

Enterprise Cape Breton Corporation
Corporate Plan Summary
2005/2006-2009/2010

Summary of Operating and Capital Budgets
2005/2006

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EXECUTIVE SUMMARY

The Cape Breton economy has been undergoing some fundamental economic restructuring with the closure of its two main industries, coal and steel, as well as the closure of the ground fishery.

The Government of Canada has been at the forefront of the restructuring process. In 1988, Enterprise Cape Breton Corporation (ECBC) was established. As a Crown corporation, of the Government of Canada, ECBC is specifically legislated to assist in the development of the Cape Breton economy.

The Cape Breton economy has benefited significantly from the establishment of this unique model for economic development. In 2004/2005, ECBC commissioned the services of Canmac Economics Limited and Dan White and Associates Limited to undertake an examination of the Economic Impact of Federal Development Assistance on Cape Breton Island over the past five years. The study identifies the substantial role that ECBC plays in the Cape Breton economy.

It was determined that over the period 1999/2000 - 2003/2004, ECBC and its subsidiary corporation, the Cape Breton Growth Fund Corporation (CBGF) provided grants and repayable loans to projects with eligible capital cost of \$181.6 million. This assistance leveraged additional project expenditures so that total expenditures over the period amounted to \$783.1 million.

ECBC is now looking to a new five year horizon. It is expected that the Cape Breton Growth Fund Corporation (CBGF) will be winding down operations during 2005/2006, as the majority of economic adjustment funding will be committed. ECBC will play a pivotal role in this wind-down of activities.

For this planning period, the Corporation has established six strategic priorities that relate directly to the mandate and mission established for ECBC. They include:

- Delivery/Service Agent for Government Services;
- Support to Business;
- Support to Communities;
- Investment;
- Advocacy; and
- Policy and Research

1.0 MANDATE

Enterprise Cape Breton Corporation (ECBC) is a Crown corporation established pursuant to Part II of the *Government Organization Act*, Atlantic Canada, 1987 (also known as the *Enterprise Cape Breton Corporation Act*). The *Enterprise Cape Breton Corporation Act* provides the Corporation with a broad legislative mandate which reads:

The objects of the Corporation are 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.

**This definition of Cape Breton includes the Mulgrave area.*

ECBC's small geographic focus, local control and flexible mandate enable the Corporation to devise initiatives that are very specific to local needs and priorities. The Corporation can take a direct or holistic approach to any problem and is able to bring together and involve all stakeholders in the local economy for direction and input.

1.1 Position Within Government

As a Crown corporation, ECBC is a distinct entity which reports to Parliament through the Minister of the Atlantic Canada Opportunities Agency (ACOA), responsible for ECBC, the CBGF and ACOA.

In addition to its own programs, ECBC is responsible for the delivery of the programs of ACOA on Cape Breton Island. In 1995, ECBC and ACOA signed a Memorandum of Understanding (MOU) allowing ECBC to design its programming and economic development strategies to complement ACOA programming. The MOU was renegotiated with ACOA for an additional five-year term effective April 1, 2000. The Corporation is currently renegotiating the terms of the MOU with ACOA.

In August 2000, the CBGF was incorporated as a wholly-owned subsidiary of ECBC with its own Board of Directors. The Governor-in-Council declared that Part X of the *Financial Administration Act* (FAA) applies to the CBGF as if it were a parent Crown corporation. This means that the CBGF reports separately to Parliament through its own Corporate Plan and Annual Report. ECBC, through a MOU with the CBGF, provides program and operational support, thereby minimizing administrative overhead.

In addition to its relationship with the CBGF and ACOA, the Corporation is a member of the Industry Portfolio, ECBC has a history of working in partnership with the Department of Human Resources and Skills Development Canada and the Nova Scotia Department of Economic Development on a number of economic development initiatives. Over the next five years, ECBC will continue to foster working relationships with government at all levels.

2.0 CORPORATE PROFILE

In this section, ECBC's mission statement is highlighted, followed by a discussion of the Corporation's organizational structure and corporate administration.

2.1 Mission

The mission statement focuses the Corporation on the major issues affecting the economy of Cape Breton Island and the Mulgrave area. ECBC's mission statement reads:

Enterprise Cape Breton Corporation (ECBC) is the principal federal government organization for economic development in Cape Breton. ECBC, in partnership with all levels of government, the private sector and other community stakeholders, will use its broad and flexible powers to assist, promote and co-ordinate efforts that foster an environment supportive of the generation of wealth to effect sustainable job creation throughout Cape Breton Island and Mulgrave.

2.2 Organizational Structure

ECBC has a Board of Directors comprised of the President of ACOA, the Vice-President and Chief Operating Officer of ECBC and five outside Directors appointed by the Governor-in-Council. The Chairman and Chief Executive Officer (ex-officio) of ECBC is also the President of ACOA.

The Corporation operates from its main office in Sydney, Nova Scotia, with a satellite office in Port Hawkesbury, Nova Scotia. Internally, ECBC is organized into a number of administrative units that report to the Vice-President, who is also the Chief Operating Officer (COO). The administrative units include: commercial programs, development, internal audit, corporate services, legal, advocacy, operations and communications.

2.3 Corporate Administration

Corporate administration includes a wide array of administrative activities that support ECBC programs and management. These functions include:

- finance;
- legal support;
- communications;
- human resource management;
- systems support;
- secretarial support;
- access to information;
- privacy; and
- administration informatics.

These are all essential for the effective day-to-day management of the Corporation.

2.3.1 Operations

The Corporation has four operations: the Point Edward Resource Centre, the Port Hawkesbury Business Facility, Silicon Island Art and Innovation Centre and MacDonald House.

In March of 2003, ECBC purchased Silicon Island Art and Innovation Centre (for the purchase price of \$1.00) and MacDonald House (for the purchase price of \$208,000). During 2004/2005, the Corporation made a number of capital upgrades to Silicon Island to prepare for the Corporation's relocation during fiscal 2005/2006. It is expected that this relocation will provide annual rental savings to the Government of Canada in the amount of \$300,000.

During 2004/2005 the corporation listed a portion of the Point Edward facility for sale. Although there has been interest expressed in the property, it has not been sold. Over the coming year, the Corporation will continue its efforts to find a buyer for the property. The Corporation will also continue to maximize the value of the remaining Point Edward property, either through better economic utilization of the asset, or through disposal or leasing of the remaining buildings and land.

Over the coming year, the Corporation will explore the possibility of expanding or renovating the Port Hawkesbury Business Facility.

The Corporation maintains four wholly-owned subsidiary companies:

- DARR (Cape Breton) Limited;
- Cape Breton Marine Farming Limited;
- Gulf Bras d'Or Estates Limited; and
- Cape Breton Growth Fund Corporation.

At the present time, the Gulf Bras d'Or Estates Limited and the Cape Breton Marine Farming Limited are inactive and are not incurring any operational expenses.

During 2003/2004, the Corporation reactivated its subsidiary DARR (Cape Breton) Limited, as a real estate holding and development company. One of the main objectives of DARR is the acquisition and disposition of properties that financially benefit Canada and encourage private sector investment.

In 2002/2003, the Corporation entered into an MOU with the Cape Breton Development Corporation (DEVCO) "to enable the development of a decision-making and management framework for the identification, environmental assessment and remediation, and the potential transfer of properties with economic development potential from DEVCO to ECBC in a timely and efficient manner."

In 2005/2006, ECBC will continue to work with DEVCO to transfer other lands with economic development potential.

2.3.2 Corporate Governance

Corporate Governance has been an ongoing priority for the ECBC Board of Directors. In 2001, working in conjunction with the Conference Board of Canada, the Corporation conducted an assessment of its compliance with Guidelines for Corporate Governance in Crown Corporations produced by the Department of Finance and the Treasury Board of Canada. For benchmarking purposes, the Corporation's rating was compared with an aggregate rating of several other

Crown corporations (peer benchmark). In 2002, the Board contracted the services of the Conference Board of Canada to perform a follow-up survey to its 2001 benchmarking exercise to evaluate ECBC's progress in the area of corporate governance. ECBC's overall Board rating went from 67.4% in 2000 to 80.4% in 2002, ranking the Corporation among some of the highest Crown corporations in the country. The Board intends to conduct periodic follow-up assessments from time to time.

2.3.3 Risk Management

The Corporation has been managing risk at various levels for many years.

A system of risk assessment at the project level is part of the project evaluation process. All projects are subject to environmental review pursuant to the *Canadian Environmental Assessment Act* and any mitigation measures identified as a result of this review become part of the terms and conditions of ECBC's contract. The Corporation has in place a framework that assesses the level of risk associated with investment in a given project. Based on the level of risk assigned, a recommendation is made as to the extent of monitoring required.

Mechanisms are also in place to ensure that Corporate loans are sufficiently secured, where appropriate.

The Board is also updated on the Corporation's progress against performance targets as outlined in the Corporation's Performance Management Framework.

The Office of the Auditor General performs an attest audit on the Corporation's annual financial statements and in so doing reviews the business risks and related business implications. In addition to the annual audit, a special examination is also conducted by the Office of the Auditor General every five years pursuant to Section 138 of the FAA.

In the last quarter of 2004/2005 ECBC will issue a request for proposals to develop a risk management framework for the Corporation that incorporates the risk management practices currently in place, as well as identifying additional risk management strategies.

2.3.4 Internal Audit

ECBC's Internal Audit Unit works to:

- assist management in achieving and maintaining efficiency and effectiveness in its operations with due regard to economy;
- report the degree of compliance with established policies, plans and procedures, applicable laws and regulations; and
- review control over assets and expenditures.

The Board of Directors' Audit Committee oversees the Internal Audit Unit. The Audit Committee is comprised of four outside Directors, one of whom acts as Chair.

2.3.5 ECBC Receivables

The Corporation provides a mix of investment instruments to clients. In the first three quarters of 2004/2005 the Corporation committed \$7.2 million in loans to clients, in addition to grants and contributions under the various programs administered by ECBC.

2.3.6 Federal Identity Program (FIP)

ECBC acknowledges the Treasury Board decision to strengthen federal presence and visibility and has incorporated the Canada wordmark into its corporate and promotional materials. ECBC also acknowledges the contributions made by the Government of Canada, where appropriate, through its funding agreements, signage, brochures, promotional material, advertisements and media releases.

2.3.7 Communications

The ECBC Communications Unit is a service provider within the administrative structure of the Corporation.

The Unit's objective is three fold:

- To increase the public's understanding of the Corporation's role;
- To effectively communicate, both internally and externally, the progress being made in the effort to "broaden the economic base" of Cape Breton Island; and
- To work in collaboration with the other units of the Corporation.

2.3.8 Access to Information and Privacy

The Corporation is governed by the federal *Personal Information Protection and Electronic Documents Act* (PIPEDA). The Act sets out the Corporation's obligations governing the collection, use and disclosure of personal information; and recognizes the individual's right of privacy with respect to their personal information.

2.4 Corporate Social Responsibility

2.4.1 Youth and Education

Since its inception, ECBC has committed to partnering with educational institutions and key stakeholders to build an economy that offers opportunities for youth.

Through its scholarship program, ECBC continues to provide financial assistance for post-secondary education to some of the more economically disadvantaged students in Cape Breton.

ECBC will also continue its Youth Summer Employment Initiative by hiring six summer students to work at the Corporation in all areas of economic development.

ECBC will continue to work closely with the Junior Chamber International (JCI) by assisting them in a number of areas.

2.4.2 Sustainable Development

ECBC is committed to promoting sustainable communities and businesses on Cape Breton Island and to setting an example in the environmental management of its operations.

All projects are subject to appropriate environmental assessment. Although not subject to the *Canadian Environmental Assessment Act* (CEAA), ECBC voluntarily follows the process prescribed by the Act.

Through the terms and conditions of future assistance agreements between ECBC and applicants, the Corporation will encourage clients to examine energy costs and sustainability issues when carrying out capital projects.

The Corporation will continue to integrate sustainable development principles into its program delivery and internal operations.

2.4.3 Official Languages Act (OLA)

ECBC works to ensure compliance with the Official Languages Act (OLA). A close working relationship has been developed, and is maintained, with the minority language communities on Cape Breton. The Corporation employs a bilingual officer who specifically serves the two Francophone communities on the Island.

2.4.4 Human Rights

ECBC is committed to creating and maintaining a work and business environment that is free from harassment and discrimination on prohibited grounds. These prohibited grounds include age, race, colour, religion, creed, sex, nationality, ethnic or place of origin, citizenship, language, political belief, marital or family status, pregnancy, sexual orientation and disability. ECBC's policies on human resources matters are regularly reviewed to ensure that ECBC remains an employer of choice on Cape Breton Island.

2.5 Government On-Line

The Corporation is participating in the federal Government On-Line (GOL) initiative and has an active GOL working group consisting of internal representatives from all units of the Corporation.

The Corporation has actively worked with ACOA to implement the Secure Channel on-line services for ACOA clients. It is anticipated the testing will be completed in the near term and will be finished early in 2005/2006.

2.5.1 Information Management and Technology Services

In 2004/2005 ECBC entered into a Memorandum of Understanding with ACOA for the provision of Managed Information Management and Technology Services (IMTS). Under this agreement ACOA assumes the responsibility for the management of IMT Infrastructure services for ECBC.

This partnership in service delivery represents a rationalization of services between both organizations, resulting in cost savings for the Government of Canada.

2.6 Aboriginal Economic Development

Cape Breton has the largest population of First Nations people in Nova Scotia. ECBC works in partnership with a number of First Nation communities on Cape Breton toward the achievement of economic development initiatives. The Corporation, through its programs, makes investments in Aboriginal businesses and communities.

Over the next five years, the Corporation will continue to work in partnership with First Nation Communities on Cape Breton to help ensure the economic viability of these communities.

3.0 OPERATING ENVIRONMENT

Every year, when developing its Corporate Plan, the Corporation considers how the external environment might impact ECBC's operations. An environmental scan (economy, businesses) assists the Corporation in developing and adopting strategies to meet the challenges presented by the external environment.

3.1 Canadian Dollar Appreciation

With international trade making up a large portion of the Canadian economy, changes in the foreign exchange rate carry with it important implications.

The Canadian Dollar (CAD) experienced an appreciation relative to the American Dollar (USD) from \$1.58 CAD/USD to \$1.25 CAD/USD between October 2002 and October 2004 creating increased risk for those that are connected to the international market, which today represents a large and increasing segment of the business community.

Cape Breton has a small internal market for generating economic activity making it necessary to reach other markets through trade. Relatively small domestic markets mean that demand on the Island is insufficient to support the mass production that current technology allows for. In order for companies to achieve the economies of scale to be competitive, they must penetrate other markets, including those outside of Canada. Changes in foreign exchange rates can cause fluctuations in the price of products across borders, which are both unpredictable and sudden.

Another challenge is Cape Breton's ability to attract foreign direct investment.

3.1.1 Canada and the World

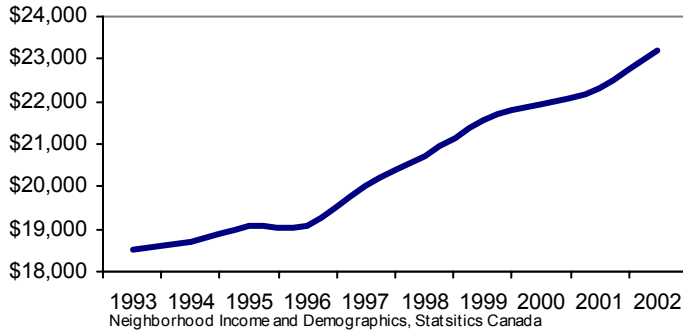
Growth in the world economy is expected to continue creating opportunities for further trade potential. High oil prices, as well as world wide monetary tightening, are expected to slow world growth over the next number of years.

3.1.2 Cape Breton Island

Efforts to develop and diversify Cape Breton have yielded results. Pockets of development have emerged, which build a foundation for further development and growth. The tele-service industry has expanded and employs many people in a number of communities. The employment provided by tele-service centres lends flexibility to the labour market and also provides skills and training for those looking for entry level employment.

Higher paying, specialized jobs are also emerging. The automotive industry has been establishing a presence on the Island. Two companies that form part of the automotive supply chain have established within the CBRM providing the region with an injection of investment and a number of high paying jobs. A pharmaceutical manufacturer is also establishing in the area. With the recent growth in the tele-service industry entry level positions, the Corporation will focus on the creation of higher paying jobs.

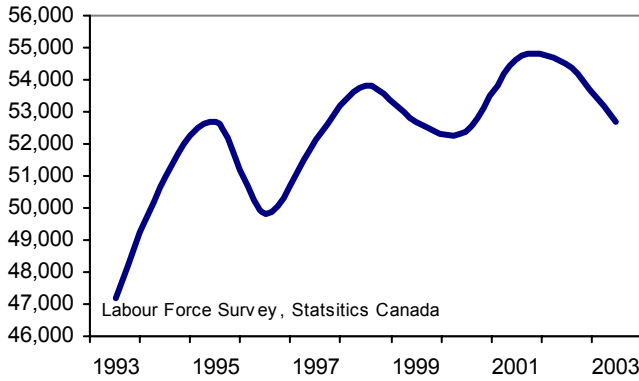
Employment Income per Earner, Cape Breton



The most recent income data available for the Island show growth in employment income per earner at a steady pace. In 2002, employment incomes per earner grew by approximately 4%. Comparable numbers for Nova Scotia and Canada indicate that incomes grew by approximately 3% and 2% respectively in 2002. Although still below provincial and national averages, the rising income averages on Cape Breton indicate an increased

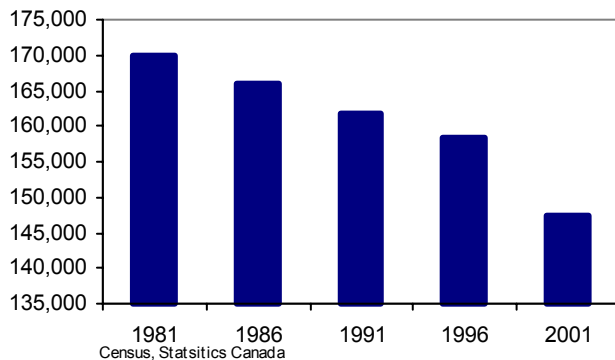
amount of economic activity as a result of increased disposable income.

Employment, Cape Breton



Employment figures continue to show resiliency, exhibiting long term growth over the past 10 years, albeit volatile. There were a number of shocks in 2003 that affected Canada as a whole. In Cape Breton this resulted in a difficult seasonal downturn that lasted into the first quarter of 2004. In spite of the shaky start in 2004, average employment for the year is expected to be higher than 2003 as the Island's employment resumes its upward trend. It is anticipated that 2005 will result in normal employment growth for the Island.

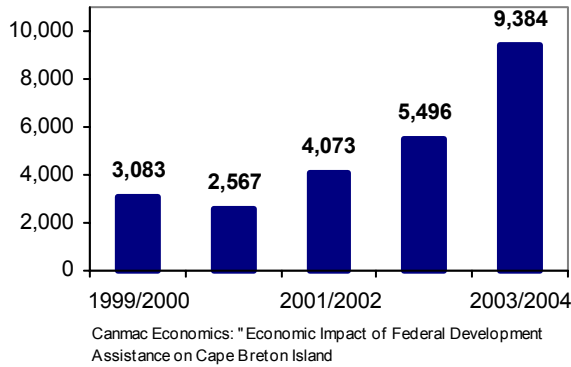
Population, Cape Breton



The population of Cape Breton experienced a decline of 7% between census years 1996 and 2001. Population estimates from the Labour Force Survey show that this decline continued after the 2001 census. Unless this trend stabilizes or is reversed, another population decline can be expected for the 2006 census. This problem is not unique to Cape Breton, as the majority of counties within Nova Scotia experienced population decline between census years 1996 and 2001. Having an

excess labour supply and lower incomes often results in people migrating to find other opportunities. Efforts to provide those opportunities on the Island are fundamental to reversing out migration. Policies geared towards encouraging immigration from outside Canada to Cape Breton could also assist in slowing population loss.

Total Employment Created from ECBC Sponsored Projects



The success of economic development on Cape Breton Island is outlined in a recent study conducted by Canmac Economics. The goal was to review the economic impact of development assistance allocated to Cape Breton over the last five years. The report, entitled "Economic Impact of Federal Development Assistance on Cape Breton Island", shows the "significant role that ECBC plays in the Cape Breton economy."

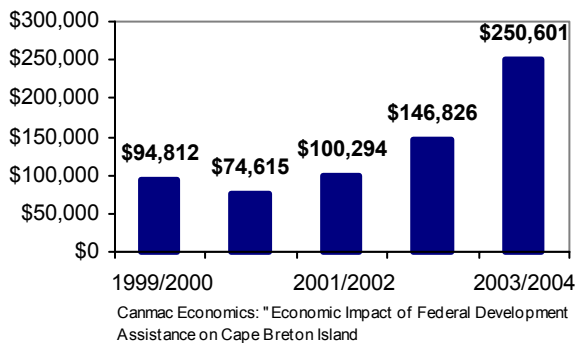
The study found that 24,603 sustainable and short term jobs were created over the reference period, or 4,921 jobs per year. These numbers highlight the importance of ECBC as a generator of sustainable job creation as well as a provider

of short term economic stimulus.

Complementing the amount of employment generated on Cape Breton from ECBC sponsored projects is the amount of labour income provided to households. A total of \$667.1 million was generated over the five year period, or \$133.4 million per year according to the study. According to Statistics Canada, employment income in 2002 totaled \$1,644.8 million.

The study concluded that for every dollar committed by ECBC in the Cape Breton economy, an

Total Labour Income Created from ECBC Sponsored Projects (000's of \$'s)



extra \$5 was generated in household income. Comparing the costs to sustainable household income generation, the study found the benefit/cost ratio to be 4 to 1.

Fiscal benefits are also generated from the economic development funding, creating a return for the Government of Canada on the investments made on Cape Breton. The added economic activity generated over \$91 million in tax revenues.

Government of Canada intervention through ECBC. Labour force surveys conducted by Statistics Canada estimate employment at 52,700 with an unemployment rate of 16.2% for 2003. Without ECBC, the study estimates that employment would have been as low as 43,316 in 2003 with an unemployment rate of 21.7%, a significant change.

The analysis of the study extended to an estimation of what the Cape Breton economy would have looked like without

3.1.3 Macro Economic Objectives for Economic Development

The Corporation will work towards bringing about a level of convergence for macro economic indicators including employment income and net-migration between the counties on Cape Breton, and the counties of Nova Scotia by 2014.

3.2 The Planning Process

The consultation process to develop the 2005/2006-2009/2010 Corporate Plan consisted of:

- an environmental scan carried out by the ECBC Policy Unit;
- a review of ECBC's quarterly performance reports;
- consultation with ECBC's Board of Directors to provide input on the Corporation's strategic priorities;
- internal meetings to develop and finalize the Corporate Plan;
- a review of research carried out by the Corporation and the CBGF; and
- meetings with the public and private sectors.

Community consultations are an ongoing process for ECBC. Meetings and consultations, both formal and informal, have taken place with a wide variety of stakeholders in the Cape Breton economy in order to determine the best direction for the Corporation.

4.0 SECTORS OF INTEREST

ECBC will undertake a variety of activities in its sectors of interest.

4.1 Tourism

In recent years, the tourism industry has matured significantly and is recognized as one of the more viable and growing sectors of the Cape Breton economy.

ECBC's direction in the tourism sector is guided by a number of studies commissioned by the Corporation and the CBGF. In 2003/2004 the CBGF completed a tourism "road map" for Cape Breton. The "road map" is an aggressive strategy to grow the tourism industry to \$400 million per year in revenues by 2008. The "Road Map" serves as a guide for ECBC in terms of its involvement in the tourism sector.

In 2002/2003 ECBC commissioned a trail development strategy for Cape Breton. The strategy provides criteria that assist the Corporation in the evaluation of new trail developments in terms of what they add to the Cape Breton tourism mix and to the economy. It also provides a priority-ranked list of trails for potential development.

In 2003/2004 ECBC initiated an accommodations needs assessment which provides a number of recommendations for future investments in this area.

During the planning process, it was decided that while tourism remains a sector of interest for the Corporation, the majority of tourism related projects will be carried out with the assistance of ACOA funding, through the Business Development Program. ECBC will continue initiatives such as the Convention and Sporting Events Initiative and the Festival and Events Initiative. It will also continue to support the sector through the E-commerce Initiative.

4.2 Knowledge-based Industry

The knowledge-based industry sector, in particular, information technology and multimedia, is relatively new to Cape Breton.

Over the next five years, the Corporation will concentrate on the following activities.

Support to Business

- support opportunities for cluster development in automotive manufacturing;
- facilitate continuous improvements in infrastructure that enable and strengthen product development and commercialization (e.g. incubation facilities);
- leverage and support private sector investment for start-ups and expansions;
- leverage and support private sector investment in e-commerce and wireless initiatives;
- leverage and support private sector investment in software development, animation, data storage, the service industry and broadband;
- provide support to educational and best management practice initiatives;
- assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals;
- support opportunities in the area of life sciences; and
- assist knowledge-based businesses in e-business initiatives.

Advocacy

- support industry networks to bring together individuals and companies, educational institutions, government and other partners with similar interests.

4.3 Manufacturing and Processing

The manufacturing and processing sector continues to play a major role in Cape Breton Island's economy and opportunity exists for growth, particularly through value-added initiatives and the commercialization of new products.

Over the next five years, the Corporation will focus its attention on the following activities.

Support to Business

- support manufacturing in the area of pharmaceuticals, metal, composites and mineral products;
- assist businesses in e-business initiatives;

- assist companies in hiring senior management personnel;
- target higher end jobs (i.e. \$35,000 and higher).

4.4 Natural Resources

Established resource industries such as agriculture and aquaculture continue to play a major role in Cape Breton Island's economy. In addition to the more traditional resource-based industries, a relatively new area of resource development for Cape Breton is oil and gas. As the industry grows, there will be opportunities for Cape Breton companies to participate.

Environmental Remediation presents a relatively new area of opportunity. Three major projects, the Muggah Creek Watershed Clean-up Project, the DEVCO decommissioning and the SYSCO decommissioning, account for the vast majority of environmental remediation work. Over the next five years, by way of an advocacy role, the Corporation will promote opportunities for ECBC in the environmental cleanup of these sites.

The Corporation will focus its attention on the following activities:

Support to Business

- leverage and support private sector investment related to potato and other product grading, cold storage and irrigation systems, shellfish and finfish initiatives, as well as infrastructure development in the oil and gas sector;
- support companies in the oil and gas industry to obtain ISO 9000 certification so they can be eligible for contracts;
- assist businesses in e-business initiatives;
- assist companies in hiring senior management personnel; and,
- support opportunities for value-added food, wood and other products.

Advocacy

- promote Cape Breton Island in an effort to attract oil and gas industry proponents;
- foster co-operation/collaboration between government, research institutions, educational institutions and the private sector;
- work with private sector and labour to help them become more active participants in the emerging oil and gas sector;
- provide information about Cape Breton Island to firms interested in the development of Nova Scotia's offshore oil and gas reserves and the utilization of natural gas; and
- promote opportunities for ECBC in the environmental cleanup of the Tar Ponds and Coke Ovens Sites.

5.0 STRATEGIC PRIORITIES

ECBC has identified six strategic priorities on which it will focus its efforts in 2005/2006-2009/2010. They include Delivery/Service Agent for Government Services, Support to Business, Support to Communities, Investment, Advocacy, and Policy and Research. Each of the six strategic priorities is discussed in turn. The discussion sets out the key objective, the plans and activities and the expected results.

5.1 Delivery/Service Agent for Government Services

The following has been established as the key objective for the Delivery/Service Agent for Government Services:

To deliver programs and services, on behalf of government organizations, in an effort to increase the opportunity for a coordinated approach to economic development on Cape Breton Island and, specifically, to enhance the growth of both earned incomes and employment opportunities in the region.

5.1.1 Plans and Priorities

Each of the programs expected to be delivered or supported by ECBC over the coming years are summarized below.

5.1.1.1 Atlantic Canada Opportunities Agency (ACOA)

In addition to its own programs, ECBC is responsible for the delivery of the programs of ACOA on Cape Breton Island.

The following programs and services are delivered by ECBC on behalf of ACOA.

- Business Development Program (BDP)
- Consultant Advisory Services (CAS)
- Infrastructure Works Canada
- Community Futures Program
- Atlantic Investment Partnership (AIP)

As a delivery agent for ACOA on Cape Breton Island, ECBC supports ACOA's strategic priorities.

5.1.1.2 Cape Breton Growth Fund Corporation (CBGF)

The CBGF was incorporated in August 2000. While a subsidiary of ECBC, the CBGF has its own Board of Directors and is required to report separately to Parliament through its own Corporate Plan and Annual Report.

It is anticipated that the CBGF will be winding down its activities over the coming year. ECBC will play a critical role in the wind-down process. The CBGF Articles of Incorporation specifically provide that any assets or liabilities outstanding when the Corporation is wound down will become the responsibility of ECBC, the sole shareholder. This will include any surplus funds or receivables generated by the Corporation's investments. This ensures that these monies can be reinvested in the Cape Breton community, thus maximizing the potential impact of the Fund.

Expected Results

The CBGF results are reported separately to Parliament and are not included as part of ECBC's Corporate Plan.

5.1.1.3 Alternative Service Delivery

Alternative Service Delivery Model: Pilot Project for Canada

As a Crown corporation, ECBC has broad powers and a flexible mandate that make it ideally suited to provide services for government departments and agencies.

Over the past five years the Corporation has undergone a significant internal transformation. These changes have allowed the Corporation to recruit a highly talented staff that has an impressive array of competencies that could be easily put to use for the delivery of services for other government partners.

One of the main objectives for alternative service delivery is cost effectiveness that strives to avoid duplication and overlap in program delivery. To this end, over the next five years the Corporation will investigate a number of opportunities to expand its role to deliver other programs and services while at the same time ensuring that the Corporation is moving in a responsible direction toward increased self sufficiency.

The alternative delivery model proposed by ECBC could be advanced as a pilot project for the Government of Canada, as a means to explore the possibility of implementing similar models in other regions of Canada. Alternatively, individual projects could be explored with a host of federal and provincial departments and agencies. The current mechanism/structure already exists. No legislative changes are required.

The Corporation believes that it has the capacities to deliver services in the economic development field including:

- program delivery and monitoring;
- project assessment and program evaluation;
- payments and compliance;
- marketing and communications;
- planning, policy and research;
- corporate administrative services; and
- property and asset management.

Given that a number of federal agencies and departments have a limited presence on Cape Breton, ECBC is well suited to deliver services or to be an agent.

Decentralization

Decentralizing government services away from Ottawa provides some opportunity to spread the benefits of government expenditure to other regions in Canada. Cape Breton Island possesses many qualities that could make it a suitable location for various government offices and services to relocate.

Over the next number of years, ECBC will pursue opportunities to decentralize services to Cape Breton.

5.2 Support to Business

The following has been established as the key objective for Support to Business:

To grow the economy by encouraging private sector investment in projects that enhance the competitiveness of commercial enterprises and increase trade opportunities to produce long-term, sustainable jobs.

5.2.1 Plans and Priorities

5.2.1.1 Access to Capital

Access to capital remains an impediment to business growth on Cape Breton. A weak economic environment has dictated a market value for assets that is lower than most regions of Nova Scotia, presenting a higher level of risk for banks and other financial institutions. This has in turn led them to limit their capital support. In recognition of this on-going impediment, the Corporation will divert more resources into supporting commercial activity through Support to Business.

Over the next five years, the Corporation will provide commercial enterprises with access to capital in various forms including but not limited to equity, secured and unsecured loans. The Corporation will use its resources to leverage other investment dollars. Assistance will be targeted at new start-ups, new entrepreneurs and at establishments, expansions and modernizations that have an export focus.

5.2.1.2 Human Resource Initiative

Lack of management experience accounts for nearly all small business failures. In an effort to address this problem, the Corporation will assist companies in hiring senior management personnel such as chief financial officers, in order to bring financial management expertise to new and growing companies. This initiative enhances the likelihood of firms succeeding in the medium to long-term, targeting companies with annual sales potential over \$1 million.

5.2.1.3 E-Commerce Initiative

One of the key recommendations in the Knowledge-based Economy Situational Analysis, commissioned by the Cape Breton Growth Fund Corporation, was that "the CBGF should establish an initiative to assist entrepreneurs or small businesses, to conduct e-business."

Over the next five years, the Corporation will broaden its e-commerce initiative to include a number of sectors. The Corporation will also dedicate a staff member full time to the implementation of this initiative.

The E-Commerce Initiative is to assist local businesses adopt an internet presence in the form of an informational web site and/or fully functional e-commerce web site. The web sites will allow business to do more sophisticated marketing and merchandising, ultimately resulting in more revenues and jobs.

Expected Results – Support to Business

Annual Targets 2005/2006	Five-year targets 2005-2006/2009-2010
100 full-time equivalent (FTE) jobs*	500 full-time equivalent (FTE) jobs*
\$5 million in leveraged funds	\$25 million in leveraged funds
\$2 million in new export sales	\$10 million in new export sales
Assist 20 companies through the e-commerce initiative	Assist 50 companies through the e-commerce initiative

* This includes FTEs created as a result of ECBC activities under Support to Business and Support to Communities.

5.3 Support to Communities

The following has been established as the key objective for Support to Communities:

To help communities plan and implement community development projects that have a direct link to long-term, self-sustaining economic activity.

5.3.1 Plans and Priorities

The driving force behind ECBC's support to communities is to encourage sustainable economic activity within communities. ECBC continues to maintain a presence in many communities around the Island through its rural visits and its satellite office in Port Hawkesbury.

5.3.1.1 Community Capacity Building

The Corporation works closely with a number of community economic development organizations to achieve the specific economic development goals identified and spearheaded by the communities. Activities range from developing and implementing overall strategies for economic development to supporting new business ventures as well as new and improved community infrastructure.

ECBC will also partner with a number of communication companies to hold information sessions introducing communities to the opportunities that broadband access can bring to both commercial and non-commercial enterprises.

During 2005-2006, the Corporation will also be involved in a cable television series that will promote the Cape Breton economy by focussing on the many business and community success stories on Cape Breton, as well as inform the public about some of the broader economic issues facing the Island's economy.

5.3.1.2 Festival and Events Initiative

The Corporation recognizes the importance of the tourism industry as an economic driver for the Cape Breton economy. In an effort to increase tourism revenues in the peak and shoulder seasons the Corporation will implement a number of initiatives that target the tourism sector over the next five years. One such initiative is the Festivals and Events Initiative that is designed to

build capacity and provide a quality tourism product enhancing both the tourism and arts and culture sectors on the Island. The Corporation will target 50 Festival and Events during 2005/2006.

5.3.1.3 Convention and Sporting Events Initiative

Areas that provide potential for growth during the “off season” include the meetings and conventions travel market as well as sporting events. The Corporation will continue to provide support to sporting and convention events that demonstrate potential to generate significant economic benefits for the area, particularly in the off season. Preference will be given to those activities that are attracting registrants from national and international markets.

5.3.1.4 Cape Breton Business Partnership

The Cape Breton Business Partnership is a private sector led initiative that will focus on issues related to image and tourism marketing, youth entrepreneurship, immigration, community development and investment promotion for the benefit of strengthening the economy of Cape Breton.

Over the next five years the Corporation will continue to support the efforts of the Cape Breton Business Partnership.

Expected Results – Support to Communities

Annual Targets 2005/2006	Five-year targets 2005-2006/2009-2010
\$500,000 in leveraged funds	\$2.5 million in leveraged funds
Through the Festivals and Events Initiative, increase the number of off-Island visitors and assist in increasing overall tourism revenue	Through the Festivals and Events Initiative, increase the number of off-Island visitors and assist in increasing overall tourism revenue
Through the Convention and Sporting Events Initiative, increase the number of off-Island visitors and assist in increasing overall tourism revenue	Through the Convention and Sporting Events Initiative, increase the number of off-Island visitors and assist in increasing overall tourism revenue

5.4 Investment

The following has been established as the key objective for Investment:

To attract new business investment to Cape Breton Island.

5.4.1 Plans and Priorities

While local enterprises have an important role to play in the generation of wealth through exports, other complementary avenues, such as new business investment, can bring much needed economic benefits and skills to the area.

5.4.1.1 Promotional Activities

Over the next five years, the Corporation will provide support to investment activities, primarily through targeted promotional campaigns and the production of investment-related promotional material.

ECBC will also organize investment attraction missions to Cape Breton that will target specific economic sectors.

5.4.1.2 Business Class Immigrants

As in many regions of Atlantic Canada, population decline and out-migration continue to present concerns for long-term economic prospects.

In 2003/2004, ECBC initiated the development of an immigration strategy for Cape Breton. The strategy looks at a five-year model that outlines expectations for the short, medium and long term. The strategy asserts that, in an effort to attract immigrants to the region, Cape Breton must ensure that prospective immigrants have access to key information and community profiles.

During 2005/2006 the Corporation will work in conjunction with the Province of Nova Scotia, and the Cape Breton Business Partnership to explore avenues to attract immigrant categories that can make a contribution to the economic development of the Island.

Expected Results – Investment

Annual Target 2005/2006	Five-year target 2005-2006/2009-2010
\$2 million in new investment on Cape Breton Island	\$10 million in new investment on Cape Breton Island
	Attract 200 business class immigrants

5.5 Advocacy

The following has been established as the key objective for Advocacy:

To advocate for Cape Breton Island interests priorities and concerns in government decisions.

5.5.1 Plans and Priorities

Advocacy continues to be a strategic activity for ECBC and the Corporation recognizes that it must ensure that the particular needs of this region are forefront in the minds of officials when looking at province-wide or region-wide programs.

The functions of Advocacy are as follows:

- provide advice on issues that can affect the opportunities for economic development on Cape Breton Island;

- ensure awareness of the interests, priorities and concerns of Cape Breton Island on the part of other government departments and agencies through partnerships/networking;
- ensure an effective two-way process of information sharing and bring insight and knowledge of policies, perspectives and priorities on and off the Island; and
- work co-operatively with other government departments on mainland Nova Scotia and in Ottawa.

During the 2004/2005 planning process, it was decided that, although Advocacy continues to be a strategic activity for the Corporation, ECBC will no longer operate the Advocacy office from its Halifax location.

Expected Results – Advocacy

Annual Targets 2005/2006	Five-year targets 2005-2006/2009-2010
Enhanced Information Exchange/Opportunity Identification	Enhanced Information Exchange/Opportunity Identification
Decisions and Actions sensitive to the needs of Cape Breton Island	Decisions and Actions sensitive to the needs of Cape Breton Island

5.6 Policy and Research

The following has been established as the key objective for Policy and Research:

To help provide a sound basis for the Corporation's policy priorities and programs.

5.6.1 Plans and Priorities

ECBC's activities, under the Policy and Research strategic activity, will be formulated based on input from economic development stakeholders and on findings and knowledge from an accumulation of completed research and consultations.

ECBC maintains a forward-looking research plan that encourages the participation of outside interests on working groups. This approach will reflect and support:

- emerging local economic issues;
- structural challenges and opportunities;
- sector specific considerations;
- federal policies;
- ECBC's program and development initiatives; and
- the need for ongoing performance management and evaluation.

Activities related to Policy and Research will include research that is internally driven, research that is carried out with external partners, and attendance at various seminars relating to economic development policy. In the coming year, it is expected that research will be carried out in a number of areas including economic analysis, sector and issue analysis, and planning and performance management.

Specific initiatives include:

- The Policy Unit will update its customized data purchased from Statistics Canada including Labour Force Data, Small Area and Administrative Data, Business Register Data, Population Projections and other data as it is required.
- Research that is identified throughout the year and is necessary to support the Corporation's mandate.

Expected Results – Policy and Research

Annual Targets 2005/2006	Five-year targets 2005-2006/2009-2010
4-6 research studies (dependent upon individual study costs) that help provide a sound basis for the Corporation's policy priorities and programs	20-30 research studies (relative to individual study costs) that help provide a sound basis for the Corporation's policy priorities and programs

6.0 PROGRAM MONITORING AND EVALUATION

6.1 Project Monitoring

Project monitoring is intended to objectively assess and record the client's progress towards achieving expected results. It enables the Corporation to assess the overall financial and economic progress of a project to ensure that the Government of Canada is receiving value for its money. Increased awareness of the project status enables the Corporation to introduce whatever means or interventions might be necessary in order to ensure that the project achieves its greatest success.

6.2 Performance Management

A performance management framework was developed by ECBC, in consultation with the Treasury Board Secretariat, in fiscal year 2000/2001.

ECBC has in place, a results-based, performance-evaluation framework. Establishing plans and priorities and expected results for the Corporation's strategic activities through the planning process is the necessary first step to a results-based evaluation. The performance monitoring and evaluation exercise serves to:

- verify that the Corporation is achieving what it set out to achieve;
- provide feedback on corporate goals and outcomes for management planning; and
- provide a basis for public reporting and accountability.

6.2.1 Reporting

ECBC will use two methods to report performance outcomes.

- A quarterly report to the Board of Directors will provide an account of how the organization is achieving its performance objectives to date. The third quarter report for 2004/2005 is provided as Appendix B.

- An annual report of the Corporation's performance will be measured against its performance objectives.

Information, with respect to where program support is being directed, is tracked and reported against the following:

- number of projects funded and the average project size;
- number of jobs created and the average amount of assistance per job created;
- amount of other monies leveraged as a result of program support;
- ratio of commercial to non-commercial projects;
- ratio of repayable contributions to non-repayable contributions;
- number of projects with an export focus;
- number of new start-ups;
- number of new entrepreneurs; and
- value of total commitments by industry sector.

In its quarterly reporting, ECBC includes a section that describes the non-quantifiable activities undertaken by the Corporation as they relate to each of the strategic activities.

Enterprise Cape Breton Corporation
Corporate Plan Summary
Operating Revenue Budget
2005/2006 - 2009/2010

	Actual	Budget						
	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	
Revenue								
Interest income	\$ 158	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
Loans, Equity & Repayable Contributions	660	250	250	250	200	150	150	150
Loans & Equity CBGF			-	1,550	250	250	250	250
Disposal of assets	51	525	475					
	869	925	875	1,950	600	550	550	550
Rental facilities	418	450	300	300	300	300	300	300
Total	\$ 1,287	\$ 1,375	\$ 1,175	\$ 2,250	\$ 900	\$ 850	\$ 850	

**Enterprise Cape Breton Corporation
Corporate Plan Summary
Operating Expenditure Budget
2005/2006 - 2009/2010**

	Actual	Budget						
	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	
Program Funding								
Support to Business	\$ 1,939	\$ 1,425	\$ 5,160	\$ 6,535	\$ 5,180	\$ 5,130	\$ 5,130	
Support to Communities	1,964	2,135	750	750	750	750	750	
Investment	-	500	250	250	250	250	250	
Policy & Research	311	400	250	250	250	250	250	
Community Adjustment Fund	7,902	2,000	-	-				
Cape Breton Growth Fund	14,000	2,000	-	-				
	26,116	8,460	6,410	7,785	6,430	6,380	6,380	
Program Support	777	1,450	1,200	1,200	1,200	1,200	1,200	
Total Program Funding	26,893	9,910	7,610	8,985	7,630	7,580	7,580	
Administrative Expenses								
General Administration	1,654	1,300	1,050	1,050	1,050	1,050	1,050	
Operating Expenses of Corporate-Owned Facilities								
Rental Facilities	591	410	435	435	440	440	440	
Total Operating Expenditures	\$ 29,138	\$ 11,620	\$ 9,095	\$ 10,470	\$ 9,120	\$ 9,070	\$ 9,070	

Enterprise Cape Breton Corporation
Corporate Plan Summary
Source & Application of Funds
2005/2006 - 2009/2010

	Actual	Budget					
	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Source of Funds							
Parliamentary appropriation	\$ 14,258	\$ 10,645	\$ 8,645	\$ 8,645	\$ 8,645	\$ 8,645	\$ 8,645
Cape Breton Growth Fund Corp	14,000	2,000	-	-	-	-	-
Loans, Equity & Repayable Contributions	660	250	250	250	200	150	150
Loans & equity CBGF	-	-	-	1,550	250	250	250
Interest income	158	150	150	150	150	150	150
Rental facilities	418	450	300	300	300	300	300
Disposal of assets	51	525	475	-	-	-	-
Total Source of Funds	29,545	14,020	9,820	10,895	9,545	9,495	9,495
Application of Funds							
Operating Expenditures							
Rental Facilities	591	410	435	435	440	440	440
General Administration Costs	1,654	1,300	1,050	1,050	1,050	1,050	1,050
Total Operating Expenditures	2,245	1,710	1,485	1,485	1,490	1,490	1,490
Program Funding							
Support to Business	1,939	1,425	5,160	6,535	5,180	5,130	5,130
Support to Communities	1,964	2,135	750	750	750	750	750
Investment	-	500	250	250	250	250	250
Policy & Research	311	400	250	250	250	250	250
Community Adjustment Fund	7,902	2,000	-	-	-	-	-
Cape Breton Growth Fund	14,000	2,000	-	-	-	-	-
	26,116	8,460	6,410	7,785	6,430	6,380	6,380
Program Support	777	1,450	1,200	1,200	1,200	1,200	1,200
Total Program Funding	26,893	9,910	7,610	8,985	7,630	7,580	7,580
Capital Expenditures							
Furniture, equipment & vehicles	36	200	275	275	275	275	275
Rental property improvements	338	500	150	50	50	50	50
Property Construction	-	1,200	-	-	-	-	-
Property Acquisition	33	500	300	100	100	100	100
Total Capital Expenditures	407	2,400	725	425	425	425	425
Total Application of Funds	\$ 29,545	\$ 14,020	\$ 9,820	\$ 10,895	\$ 9,545	\$ 9,495	\$ 9,495

**Enterprise Cape Breton Corporation
Corporate Plan Summary
Capital Expenditure Budget
2005/2006 - 2009/2010**

	Actual 2003/2004	Budget 2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
Corporate Owned Facilities							
Furniture, equipment & vehicles	\$ 36	\$ 200	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275
Rental property improvements	338	500	150	50	50	50	50
Property construction		1,200					
Property acquisition	33	500	300	100	100	100	100
Total	\$ 407	\$ 2,400	\$ 725	\$ 425	\$ 425	\$ 425	\$ 425