

Enterprise Cape Breton Corporation
Corporate Plan Summary
2003/2004-2007/2008

Summary of Operating and Capital Budgets
2003/2004

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Executive Summary

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 and 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.*

The mission statement focusses 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.

Strategic Priorities

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

- Provision of Services for the Government of Canada;
- Community Adjustment Fund;
- Support to Business;
- Support to Communities;
- Investment;
- Advocacy; and
- Policy and Research.

Changes Relative to the 2002/2003-2006/2007 Corporate Plan

Relative to last year's Corporate Plan, the 2003/2004-2007/2008 Corporate Plan differs in the following ways:

Strategic Priorities

- Trade, as a strategic priority, has been phased out in the current Corporate Plan. This will now be carried as part of the Atlantic Canada Opportunities Agency (ACOA) trade strategy, which is funded through the trade component of the Atlantic Investment Partnership.
- Two new initiatives will be undertaken by the Corporation under the Support to Business strategic priority. The first is a human resource initiative to 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 to succeed in the medium to long term. A second is an e-commerce initiative to assist tourism-related enterprises in developing commercially transactional Web sites.
- Two new initiatives relating to community infrastructure will be undertaken by the Corporation under the Support to Communities strategic priority. They are a Community Facilities

Enhancement Initiative and a Mainstreet Revitalization Initiative. Specific tourism-related initiatives have also been identified. They include: a Festivals and Events Initiative; a Sporting and Convention Events Initiative; support for a Cape Breton cruise ship destination area; support to the Congrès mondial acadien de 2004 celebrations; and support for the Port Hawkesbury Trade Complex.

- Specific initiatives under the Community Adjustment Fund have been identified. They include a revitalization initiative to be implemented in the communities of North Sydney and New Waterford, as well as the establishment of an incubator building in New Waterford.
- In addition to its current functions, the Advocacy Office will expand its role to include an increased emphasis on improving the image of Cape Breton as well as more active promotion of Cape Breton to companies located outside of Cape Breton Island. The Advocacy Office, in partnership with Aboriginal communities in Cape Breton, will also undertake an Aboriginal Youth Business Summit in the 2003/2004 fiscal year.

Priority Sectors

- The priority sectors Oil and Gas, Agriculture, and Aquaculture have been combined and included under the heading of Natural Resources. Also, Life Sciences will be included as an area of focus under the Manufacturing and Processing sector.

Global Targets

- The target for the funding allocation of 70% commercial and 30% non-commercial has been changed to 50% commercial and 50% non-commercial.
- The job creation target under Support to Business has been changed. The overall five-year target (2000/2001-2004/2005) has been increased to 600 with annual targets for 2003/2004-2004/2005 being established at 50.
- Where appropriate, the baseline years for all targets will now be 2000/2001 to 2004/2005. For instance, although new export sales and new investment and research projects were introduced in 2001/2002, the baseline years for the five-year target will be 2000/2001 to 2004/2005.
- The advocacy target for incremental spending on Cape Breton Island has been eliminated and a new target has been included to measure operational cost efficiencies for ECBC.

1.0 CORPORATE PROFILE

1.1 Position Within Government

As a Crown corporation, ECBC is a distinct entity which reports to Parliament through the Minister of Industry via the Minister of State responsible for Enterprise Cape Breton Corporation, the Cape Breton Growth Fund Corporation (CBGF) and the Atlantic Canada Opportunities Agency (ACOA).

In addition to its own programs, ECBC is responsible for the delivery of the programs of the Atlantic Canada Opportunities Agency 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.

In August 2000, the Cape Breton Growth Fund Corporation 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 Memorandum of Understanding (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 Human Resource Development Canada (HRDC) 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.

1.2 Organizational Structure

ECBC has a Board of Directors comprised of the President of ACOA, the Vice-President of ECBC and five outside Directors appointed by the Governor-in-Council. The Chairman and Chief Executive Officer (ex-officio) of ECBC is 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 programs, development, internal audit, corporate services, legal, advocacy, major projects and communications.

1.3 Corporate Administration

The primary function of corporate administration is to ensure that resources are used effectively and efficiently and that administrative systems and services are in place to enhance management decision-making, managerial accountability and operational control.

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.

1.3.1 Operations

- The Corporation has two operations: the Point Edward Resource Centre and the Port Hawkesbury Business Facility. Over the coming year the Corporation will make an active effort to increase the occupancy rate of the Port Hawkesbury Business Facility to 100%. This may require renovations to accommodate either storage or office usage, depending on potential client needs. The Corporation will also make an active effort to maximize the value of the Point Edward Resource Centre either through better utilization of the asset or through disposal or lease of parts or all of the buildings and land.
- The Corporation maintains four wholly-owned subsidiary companies:
 - S DARR (Cape Breton) Limited - a real estate company;
 - S Gulf Bras d'Or Estates Limited - a resort;
 - S Cape Breton Marine Farming Limited - an aquaculture operation; and
 - S Cape Breton Growth Fund Corporation.
- During 2002/2003, the Corporation entered into a Memorandum of Understanding (MOU) with the Cape Breton Development Corporation (DEVCO). The overall purpose of the MOU was "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 2003/2004, ECBC will begin negotiations to establish interest in acquiring and administering the DEVCO lands, except those with known coal reserves.
- In early 2003/2004, ECBC examined options for the purchase of the Silicon Island and the MacDonald House. During 2003/2004, assessments will be made for capital upgrades to the facility and options will be explored for increasing the occupancy rate.

1.3.2 Operating Cost Efficiency

ECBC will continue to address ways to reduce its operational costs and to reinvest those savings into program funding. In the 2000/2001 Corporate Plan, ECBC set a target to reduce operating costs by 10% over a five-year period; as of December 2002, the Corporation is ahead of the five-year target, with actual operational costs reduced by 9.5%. To help reduce travel costs for the Corporation, ECBC incorporated a video-conferencing system in its Sydney and Port Hawkesbury offices in 2002/2003.

1.3.3 Internal Audit

ECBC's internal audit unit works in conjunction with the Office of the Auditor General of Canada, which is the official auditor for the Corporation. As part of ECBC's commitment to improve the internal functioning of the Corporation, ECBC continues to incorporate an internal audit function. The principal objectives of the audit function are to:

- assist management in achieving and maintaining efficiency and effectiveness in its operations with due regard to the economy;
- report the degree of compliance with establishing 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, comprised of two outside directors and the Chief Operating Officer, is chaired by an outside director. An annual operational plan, which outlines the major audit work to be completed in each year, is presented to the committee for approval. Regular updates on the status of the plan are made to the committee throughout the year.

The Audit Committee reviews quarterly and year-end financial statements prepared by Management, and carries out an annual review of the internal control and trial balance.

Part of the *Financial Administration Act* applies to ECBC and prescribes a framework of fiscal management to which the Corporation adheres.

1.3.4 Performance Management/Monitoring

A performance management framework was put in place for the Corporation in 2000/2001. The framework was developed internally by ECBC in consultation with the Treasury Board Secretariat. The primary objective of the framework is to ensure that there is a consistent basis for presenting results-oriented information from year to year, which permits meaningful scrutiny and dialogue. The performance management framework will be reviewed and updated as required on a yearly basis.

1.4 Federal Identity Program (FIP)

In complying with the Treasury Board decision to strengthen federal presence and visibility, ECBC has incorporated the Canada wordmark into its corporate and promotional materials. ECBC consults with government officials involved in the Federal Identity Program (FIP) on necessary modifications to ensure the Canada wordmark is displayed prominently and in accordance with FIP policy requirements. The Corporation also works to ensure acknowledgment of the contributions made by the Government of Canada, where appropriate, through its funding agreements and media releases.

1.5 Corporate Social Responsibility

1.5.1 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 will continue to provide scholarships to some of the more economically disadvantaged students in Cape Breton, who demonstrate academic excellence, to assist them in their post-secondary educational pursuits.

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. In addition, ECBC will hire six students to work in various community organizations in Cape Breton.

The historical reliance on large employers in Cape Breton has resulted in a less-than-desired level of entrepreneurial spirit on the Island. ECBC recognizes that youth are the future of the Island and that entrepreneurship is something that must be instilled at an early age. In 2003/2004, ECBC will develop an entrepreneurial initiative with the schools on Cape Breton Island. The Corporation will initiate an essay contest that will motivate students to think about the future of their Island and how they would like to assist in its growth through economic development. Through this contest, students will be asked to identify initiatives that they would undertake to develop the economy of Cape Breton if they were in a position of authority to affect the economic direction of the Island in any of ECBC's primary sectors.

1.5.2 Sustainable Development

ECBC is helping to transform Cape Breton's economy to ensure that there are sustainable, healthy communities for future generations. 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. For ECBC, sustainable development is aimed at achieving social and economic goals without harming the environment on which present and future generations depend. Sustainable development involves the creation of more competitive, resource-efficient and sustainable businesses on Cape Breton Island.

ECBC ensures that all projects it supports are subject to appropriate environmental assessment. ECBC follows the process defined by the *Canadian Environmental Assessment Act* (CEAA). Although not subject to the CEAA, ECBC voluntarily follows the process prescribed by the *Act* in order to ensure the protection of the environment. Through the services of Public Works and Government Services Canada, projects are assessed for environmental impacts and, if required, mitigation measures are identified. Any identified mitigation measures are incorporated into the terms and conditions of the assistance agreement between ECBC and the applicant.

ECBC continues to do its part to ensure a healthier environment for the future through its paper and beverage container recycling program and the elimination of Styrofoam products. The use of corporate vehicles encourages car pooling. ECBC is currently looking at the viability of alternate-fuel vehicles. The Corporation is also committed to the reduction of paper consumption through double-sided copying and printing. ECBC recognizes the importance of economic, social and environmental factors that may impact on the future of the Island. ECBC will continue to integrate sustainable development principles into its program delivery and internal operations.

1.5.3 Official Languages Act (OLA)

ECBC works to ensure compliance with the *Official Languages Act* (OLA) and has developed a close working relationship with minority language communities on Cape Breton Island. The Corporation has recently engaged a bilingual development officer who serves the two Francophone communities on the Island. With specific regard to Section 41 of the OLA, the Corporation participates in the development of ACOA Action Plans that are implemented co-operatively with local community groups and province-wide Francophone associations. The Corporation has assigned an OLA champion who liaises with other Crown corporation champions working on the OLA file.

1.5.4 Human Rights

ECBC employees, representatives and other stakeholders are entitled to have their dignity as human beings respected and to work in an environment free from intimidation, hostility or offensiveness. ECBC is, therefore, 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.

The Corporation has a harassment policy and two non-management employees trained as harassment advisors, through whom employees may file complaints.

1.5.5 Volunteer Appreciation

According to Volunteer Canada, over 6.5 million Canadians volunteer annually. Out of their own free will, volunteers offer their time, energy and skills, impacting on virtually all aspects of community life. While volunteers make invaluable contributions to community life, they are very seldom recognized for their efforts. Therefore, in 2003/2004, ECBC will sponsor an awards night for Cape Breton volunteers in the area of economic development to thank them for their contributions.

1.6 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 working group has representation on the Industry Canada Regional Development Agency (RDA) Government On-Line Committee. The ECBC GOL working group participated with the RDA/GOL group on a number of initiatives including analysis and documentation of the common service delivery mode, common progress reporting formats and methods for acquiring baseline and progress counts of clients and services as well as the evaluation of pilot on-line, multi-media applications called E-tools. ECBC also participated with ACOA in performing a client survey to determine client use of existing Web sites and future on-line service requirements.

ECBC developed a pilot E-tool project to present information for potential exporters. The e-Tools project uses text, graphics and streaming video to present information from the Team Canada Guide for Exporters.

The initial phase of a new corporate system, which will integrate well with future client access on-line, was implemented in 2002/2003. Implementation of the next phase is scheduled for 2003/2004 and will contribute to meeting the Government of Canada's target of December 31, 2005 for providing client services on-line.

Through partnership with the RDA group and ACOA, the Corporation will keep costs at a level that can be met through normal operational and capital budgets.

2.0 OPERATING ENVIRONMENT

Every year, when developing its Corporate Plan, the Corporation considers how the external environment might impact ECBC's operations. This was particularly relevant during this planning period, given the global events that occurred during the past year. An environmental scan (economy, businesses) assists the Corporation in developing and adopting strategies to meet the challenges presented by the external environment.

2.1 Economic Environment

Canada's monetary policy has contributed to strong economic growth in Canada as the country rebounds from the downturn of 2001 and the terrorist attacks of September 11, 2001. Canada experienced an annual GDP growth rate of 6% in the first half of 2002.

Nova Scotia is expected to grow by only 2.6% for 2002 as gas production is expected to level off during the year. Economic growth is expected to increase in 2003, as the second phase of the Sable Island project and the Deep Panuke project are scheduled to get under way within the next 12 months. Potential exploration within the Laurentian Channel could create some future benefits for Nova Scotia. Exploration in this area could be beneficial to Cape Breton as the Island lies closest to the exploration areas.

2.1.1 Cape Breton

Cape Breton continues to face fundamental structural adjustments due to the closure of the coal and steel industries, ending over a century of coal mining and steel production on the Island. For years, the economy of Cape Breton Island has been dominated by both these industries. In 1961, 24% of the workforce was employed in either coal or steel. Today, that number has been reduced to zero. Over the past three decades, approximately 7,000 jobs have been lost in the coal and steel industries, and an estimated 2,300 people have been impacted by the closure of the groundfish fishery. The loss and decline in these industries has had a tremendous impact on the economy of the Island. One potential result of these closures is the potential loss of the rail line servicing Cape Breton industry. The loss of the rail line could create difficulties for new business start-ups or expansions as well as existing businesses.

Labour Force

While labour force numbers were slightly down in the first quarter of 2002, the second quarter saw a rebound as labour force numbers grew to levels similar to those observed in the second quarter of 2001. Since 1993, in spite of losses totalling 3,170 in the coal and steel industry, the Island of Cape Breton has posted a net job gain of 7,440 jobs.

The unemployment rate in Cape Breton fell considerably during the second half of 2001, when the number of unemployed persons fell below 10,000 in October and continued to decline throughout 2002. Unemployment initially declined in the second half of 2001.

During the last half of 2001, the size of the labour force began shrinking, with significant declines taking place in January 2002 following the closure of the Prince Mine. The shrinking of the labour force, for this time period, contributed to the decline in the unemployment rate because of an increased number of

discouraged people who withdrew from the workforce. It is important to note, however, that recent increases in the labour force have not led to increases in the unemployment rate as the level of employment has been increasing.

The first three quarters of 2002 produced positive labour force data for the Island. The unemployment rate for the first nine months of 2002 averaged 15.8%. It is predicted that this rate will be maintained for the remainder of the year, giving an annual average below 16%. There has never been a lower reported annual average unemployment rate on the Island while ECBC has been in operation.

Further analysis of the components of the unemployment rate indicate other positive trends. The falling unemployment rate is directly attributable to a decline in the number of unemployed persons. The average number of people unemployed for the first three quarters of 2002 is 10,200. It is predicted that at the end of 2002, this number will be below any other recorded while ECBC has been operating on the Island.

The other component of the unemployment rate, the size of the labour force, has shown some positive trends as well. The labour force for the Island has averaged 64,300 for the first three quarters of 2002. This is one of the highest labour force numbers recently recorded. When one considers that the Island has been steadily losing its working age population, the labour force numbers produce a positive story.

Labour Force	Cape Breton	Nova Scotia	Canada
Participation Rate	51.9%	62.7%	66.6 %
Unemployment Rate	15.8%	9.8 %	7.7 %
Employment Rate	43.8%	56.6 %	61.4 %
Labour Force Survey, First half of 2002			

Recent data implies that the labour force has become more stable on a monthly basis. Employment throughout past years has been subject to wide fluctuations due to seasonal effects. While these fluctuations are a reality in the Cape Breton economy, the effects are becoming less pronounced. Trends in the fourth quarter of the calendar year have traditionally seen an increase in the number of unemployed and a sharp decrease in the number employed. Employment stayed relatively high in the fourth quarter of 2001 and unemployment remained relatively low. Preliminary data for 2002 indicate the same trend observed in 2001. Taking into consideration that the Island has been losing some of its labour force through out-migration, the fact that the labour force is increasing is a positive trend.

Population

Demographics continue to be a challenge for the Island. The 2001 Census reveals that the population of the Island declined to 147,454 from 158,271 reported in the 1996 Census. This represents a fall of 10,817 persons (a 7% decline). The 1986 Census reported a decline in population from the previous census of only 3,972, while the 1991 Census and that of 1996 reported declines of 4,430 and 3,415 respectively. Between 1981 and 1996, the population of the Island fell a total of 11,817. That is only a 1,000 more than the population decrease observed between 1996 and 2001. The population of Cape Breton Island declined about 13% between census years 1981 and 2001. This decline is attributable mainly to net out-migration, which has substantially exceeded the annual rate of natural increase.

Census Area	1971	1981	1991	2001
Cape Breton Island	170007	170088	161,686	147,454
Cape Breton County	129075	127035	120,098	109,330
Richmond County	12734	12284	11,260	10,225
Inverness County	20375	22337	21,620	19,937
Victoria County	7823	8432	8,708	7962

The working age population on the Island stood at 124,710 in 1996, according to the census of that year. Estimates for the working age population, based on the labour force survey, put the average for 2001 at 121,900. This represents a decline of about 2,810 in the working age population over that five-year period, or an average of about 562 working age persons per year. The estimated decline since the 1996 Census represents only 2.3% of the working age population.

A major concern for Cape Breton is the decline its 25 - 44 year-old population, and the fact that many of those who leave tend to be well educated. According to the 2001 Census, this population segment represents one-fourth (26.0%) of Cape Breton Island's total population. A declining population in this age group has significant implications for the economy of Cape Breton Island. At this age, people are starting families and setting up households and, therefore, spending their money in the local economy. It is interesting to note that losses in the 25 - 44 year age group correspond to a proportionate loss in the under-five-years-of-age group, with a resulting decline in school enrolment.

Since the 1996 Census, Cape Breton has lost 2,095 persons under the age of five, which represents about one-fifth of the net loss in population. Fewer Cape Breton children attending schools would mean that in the future there would not be as many potentially well-educated adults who would want to stay on the Island.

Cape Breton Island	2001	1996	Change %	Change
Age 0-4	7160	9255	-23%	-2095
Age 5-14	19480	22490	-13%	-3010
Age 15-19	11110	12385	-10%	-1275
Age 20-24	8400	10640	-21%	-2240
Age 25-44	37755	44440	-15%	-6685
Age 45-54	23435	20990	12%	2445
Age 55-64	16615	15130	10%	1485
Age 65-74	12350	12435	-1%	-85
Age 75-84	8300	8185	1%	115
Age 85 and over	2850	2310	23%	540
Total -All persons	147450	158260	-7%	-10810

Although these demographic changes are challenges for the Cape Breton economy, it should be noted that Canada, as a whole, is experiencing similar problems. Statistics Canada reports that a declining birth rate has contributed to an aging population. The median age in Canada has risen by more than 10 years since 1966. Since the 1996 Census, the population of Canada has grown by approximately 1.2 million people. This is approximately the number of immigrants that Canada took into the country over the same time period, meaning that population growth in Canada has stagnated.

Exports

The long-term economic health of Cape Breton Island depends on the creation of wealth through export sales or through production of goods and services for the local population that would otherwise be imported. For a number of years, only a small percentage of Cape Breton companies have been exporting products other than traditional resource products. Recently, exports to the United States have begun to increase, particularly in paper products, auto parts and seafood. New products in new sector exports include the sale of wood flooring to Germany and the United Kingdom as well as housing packages to Spain, Germany and Iceland. Food products are experiencing export growth to the United States in smoked fish, cheesecakes and produce. In the past year, several customer interactive centres have created a significant amount of export revenue. Other areas experiencing growth include steel fabrication, construction, plastics, windows, IT, as well as arts and culture.

2.2 The Planning Process

This section describes the planning process for the current Corporate Plan and identifies shifts from the 2002/2003-2006/2007 Corporate Plan.

In an effort to engage stakeholders in the Corporation's strategic planning process, the ECBC Board of Directors initiated a community-based consultation process. As part of that consultation process, the ECBC Board undertook consultations in the communities of Port Hawkesbury, Sydney and Baddeck. During the consultation process, specific themes became apparent: the importance of the tourism sector to the Island's economy; the need to assist business, particularly in the initial stages of growth; the need to retain youth on the Island; the need for the appropriate economic infrastructure; the need to instill an entrepreneurial spirit in the Island's youth; and, the need to attract more business investment. In general, all sessions were

supportive of the current strategic direction undertaken by the Corporation. As a result, there are few changes with regard to the Corporation's strategic priorities and priority sectors. In an effort to address the major themes that emerged from the consultation process, the 2003/2004-2007/2008 Corporate Plan highlights specific initiatives to be undertaken by the Corporation within the planning period.

As part of the planning process, ECBC also consulted relevant research that could potentially influence the strategic direction of the Corporation. In 2002/2003, the CBGF commissioned sector strategies for the Oil and Gas, Tourism and the Knowledge-based sectors. While the strategies provide a focus for the CBGF, in terms of the interventions that the Corporation will take to assist in the development of the sectors, they will also serve as a guide for ECBC in terms of its involvement in these sectors. Over the next five years, where appropriate, ECBC will initiate some of the recommendations that have emerged from these sector strategies. In the 2003/2004-2007/2008 Corporate Plan, ECBC highlights some of these initiatives.

During the planning period, ECBC Senior Management reviewed the 2001/2002 performance report, and 2002/2003 quarterly reports. Senior Management also reviewed an environmental scan prepared by the Policy Unit.

The ECBC Board of Directors was engaged during the planning process to lead the community consultation process and to review the Corporation's strategic priorities. One-on-one meetings also took place with the ECBC Board of Directors to review the proposed Corporate Plan changes from 2002/2003.

3.0 PRIORITY SECTORS

ECBC will undertake a variety of activities in its priority sectors. These activities are described in detail in the next section. As each sector is at a different level of development; not all activities will be undertaken in each sector. In 2002/2003, the CBGF commissioned sector strategies for the oil and gas, tourism and the knowledge-based sectors. While the strategies provide a focus for the CBGF in terms of the interventions that the Corporation will take to assist in the development of the sector, they will also serve as a guide for ECBC in terms of its involvement in these sectors. Over the next five years, where appropriate, ECBC will initiate some of the recommendations that have emerged from these sector strategies.

3.1 Tourism

Thirty years ago, the tourism industry on Cape Breton Island was underdeveloped, with few attractions and little choice of accommodation. In recent years, the tourism industry in Cape Breton has matured significantly and is recognized as one of the more viable and growing sectors of the Cape Breton economy. The challenge is to help ensure that Cape Breton Island continues to grow as a tourism destination by meeting the needs of national and international travellers.

Over the next five years, the Corporation will focus its attention on the following activities with respect to tourism:

- **Support to Business**
 - S work with private operators and industry to leverage and support more private sector involvement and investment in Cape Breton's tourism marketing activities;
 - S work with private operators and industry to leverage and support further private sector investment in high-end tourism accommodations;
 - S leverage and support private sector investment in all aspects of tourism infrastructure;
 - S facilitate training for tourism operators; and
 - S implement an initiative to assist the tourism industry in e-business.

- **Support to Communities**
 - S assist communities in the development of tourism infrastructure;
 - S implement a Festivals and Events Initiative;
 - S implement an initiative to assist sporting and convention events;
 - S assist in the development of a cruise ship destination site;
 - S through infrastructure improvement, assist Acadian communities to prepare for the Congrès mondial acadien de 2004;
 - S support the development of the Port Hawkesbury Trade Centre Complex; and

- S initiate a Community Facilities Enhancement Initiative directed at upgrading the quality of community infrastructure to enhance community festivals and events, venues for Celtic Colours and such similar events.

3.2 Knowledge-based Industry

The knowledge-based industry sector and, in particular, information technology and multimedia, are relatively new to Cape Breton. Over the past decade, it has shown promising prospects. ECBC has been involved with the sector from the beginning, supporting the start-up and expansion of firms as well as investing in infrastructure to foster the development of the sector.

Over the next five years, the Corporation will concentrate on the following activities with respect to the knowledge-based sector.

- **Support to Business**
 - S facilitate continuous improvements in the infrastructure that enable and strengthen the level of product development and commercialization (e.g. incubation facilities);
 - S leverage and support private sector investment for start-ups and expansions;
 - S leverage and support private sector investment in e-commerce and wireless initiatives, software development, animation, data storage and the service industry;
 - S provide support to educational and best management practice initiatives; and
 - S assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals.
- **Advocacy**
 - S support industry networks to bring together individuals and companies, educational institutions, government and other partners with similar interests.
- **Policy and Research**
 - S commission a study to develop a long-term strategy for the commercialization of the wireless sector research; and
 - S undertake a study to examine both the local workforce available to the Information Technology sector as well as the expatriate workforce, examining various initiatives to attract specific skill sets to the Island.

3.3 Manufacturing and Processing

The manufacturing and processing sector continues to play a major role in Cape Breton Island's economy. Many businesses on Cape Breton Island are currently employing new technologies to help adapt to change and create new capacity. There remains opportunity for growth in this sector, 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 with respect to the manufacturing sector.

- **Support to Business**
 - S support opportunities for value-added food, wood and other products;
 - S support manufacturing in the area of metal, composites and mineral products;
 - S support opportunities in the area of Life Sciences; and
 - S assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals.
- **Policy and Research**
 - S commission a study to examine the opportunities available in the area of life sciences.

3.4 Natural Resources

Established resource industries such as Agriculture and Aquaculture continue to play a major role in Cape Breton Island's economy. Many of these industries are currently employing new technologies to help adapt to change and to create new capacity.

In addition to the more traditional resource-based industries, a relatively new area of resource development for Cape Breton is oil and gas. Nova Scotia's offshore is viewed as holding significant potential with respect to Oil and Gas development, as demonstrated by the Sable Offshore Energy Project. As the industry grows, there will be opportunities for Cape Breton companies to participate in this sector through conventional contracting and supply, through support functions such as engineering and project management, through offshore supply-base activities and the possible development of a petrochemical industry.

Over the next five years, the Corporation will focus its attention on the following activities with respect to the resource sector which includes agriculture, aquaculture, and oil and gas:

- **Support to Business**

- S leverage and support private sector investment related to potato/other product grading, cold storage and irrigation systems, shellfish and finfish initiatives, as well as infrastructure development in the oil and gas sector;
- S support companies in the oil and gas industry in obtaining ISO 9000 certification so they can be eligible for contracts; and
- S assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals.

- **Advocacy**

- S promote Cape Breton Island in an effort to attract oil and gas industry proponents including producers, suppliers and fabricators;
- S foster co-operation/collaboration between government, research institutions, educational institutions and the private sector;
- S work with private sector and labour to help them become more active participants in the emerging oil and gas sector; and
- S 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.

4.0 STRATEGIC PRIORITIES

ECBC has identified seven strategic priorities on which it will focus its efforts in 2003/2004-2007/2008. They include: Provision of Services for the Government of Canada; Support to Business; Support to Communities; Investment; Advocacy; Policy and Research; and, the Community Adjustment Fund.

Additional information on ECBC's activities can be found on the Corporation's Web site: www.ecbc.ca.

Each of the seven strategic priorities is discussed in turn. The discussion sets out the key objective, the plans and activities and the expected results.

4.1 Provision of Services for the Government of Canada

The following has been established as the key objective for the Provision of Services for the Government of Canada:

To deliver programs and services for the Government of Canada, including ACOA, in an effort to increase the opportunity for economic development on Cape Breton Island and, specifically, to enhance the growth of both earned incomes and employment opportunities in the region.

4.1.1 Plans and Priorities

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

4.1.2 Atlantic Canada Opportunities Agency (ACOA)

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

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

As a delivery agent for ACOA on Cape Breton Island, ECBC supports ACOA's strategic priorities. A more detailed account of ACOA's Plans and Priorities can be found in the Atlantic Canada Opportunities Agency 2003/2004 Estimates: Report on Plans and Priorities, at the following Web site: www.acoa-apeca.gc.ca.

4.1.3 Cape Breton Growth Fund Corporation (CBGF)

The CBGF was incorporated in August 2000. It has its own Board of Directors and is required to report separately to Parliament through its Corporate Plan and Annual Report. In November 2000, ECBC entered into a Memorandum of Understanding with the CBGF to provide administrative and operational support. ECBC assigns staff to support the Board of Directors and the operations of the CBGF.

A more detailed account of the plans and priorities of the CBGF can be found in its Corporate Plan, at the following Web site: www.cbGF.ca.

Expected Results

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

4.2 Community Adjustment Fund (CAF)

The following has been established as the key objective for the Community Adjustment Fund:

*To support quality infrastructure in order to facilitate the long-term, sustained growth of the affected communities. ***

***Communities determined to be most acutely affected by the closure of the Prince Mine.*

4.2.1 Plans and Priorities

On May 16, 2001, the Government of Canada announced that it had accepted the recommendation of the DEVCO Board of Directors to immediately begin an orderly closure of the Prince Mine. The recommendation followed unsuccessful attempts by DEVCO to conclude a sale of the mine.

In response to the closure of the Prince Mine, the Government of Canada committed to an additional \$28 million to bolster the Cape Breton Island economy, resulting in total federal funding of \$96 million for additional economic development activities on the Island since 1999.

Of the \$28 million in new funding, \$18 million has been allocated to the CBGF to be invested in a number of priority sectors identified by the CBGF. The \$10 million allocated to ECBC will be invested in the most affected communities.

The Community Adjustment Fund is targeted to those communities most negatively impacted by the closure of DEVCO. Within the Cape Breton Regional Municipality, three jurisdictions have been identified:

1. Glace Bay - including Glace Bay, Dominion, Donkin, Port Morien, Reserve Mines and Gardner Mines
2. Sydney Mines - including Sydney Mines, North Sydney, Florence and Bras d'Or
3. New Waterford - including New Waterford and Lingan

The Community Adjustment Fund participates in initiatives designed to facilitate self-sufficiency in affected communities. By investing in community infrastructure, the Fund contributes to job and wealth retention, improved image and maintenance of a basic level of essential amenities in those communities.

Over the next two years, the Community Adjustment Fund will make strategic investments in the following areas.

4.2.1.1 Community Revitalization

The Community Adjustment Fund is focussed on community capacity building for the affected communities. The 2003/2004-2007/2008 Corporate Plan will implement a community revitalization initiative for both North Sydney and New Waterford. The community revitalization initiative will focus on the infrastructure needs specific to each, to ensure that they become self sufficient and viable communities. The Corporation recognizes that the likelihood of attracting inside and outside investment increases dramatically when investments are made in the revitalization process.

4.2.1.2 Business Incubation

Communities on Cape Breton Island need a business climate that supports the creation of many more new and innovative enterprises. Entrepreneurship is critical to the development of those communities. To assist in this development, the Corporation will invest in a business incubation building in New Waterford.

Expected Results
2002/2003 - 2004/2005
\$8 million in leveraged funds
Improved community infrastructure in each of the three geographical areas

4.3 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.

4.3.1 Plans and Priorities

4.3.1.1 Access to Capital

The Corporation will provide commercial enterprises with access to capital in the form of equity, secured and unsecured loans. The Corporation will use its resources to leverage other investment dollars through its Strategic Initiatives Fund. Whenever possible, ECBC works in partnership with other funding bodies to leverage investment dollars. Through its funding partnerships (e.g. Human Resource Development Canada, Nova Scotia Economic Development, the Rural Partnership and Community Based Development

Corporations), ECBC has the ability to increase the availability of business capital/services in both the urban and rural areas around the Island. Assistance will be targeted at new start-ups, new entrepreneurs and at establishments, expansions and modernizations that have an export focus. Projects will include: tourism accommodations and attractions; knowledge-based projects in the field of animation, software development and incubation; manufacturing that includes value-added food products and value-added wood products; aquaculture projects (finfish and shellfish); life sciences; and, irrigation systems for the agricultural industry.

4.3.1.2 Human Resource Initiative

According to the Canada Business Service Centres, "Of all firms started, just about a third fail within one year, and 80% fail within three to five years. Lack of management experience accounts for nearly all of all small business failures". In an effort to address this problem, the Corporation will introduce an initiative to 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.

4.3.1.3 E-Commerce Initiative (Tourism Industry)

One of the key recommendations in the *Knowledge-based Economy Situational Analysis and Cape Breton Growth Fund Strategy*, commissioned by the Cape Breton Growth Fund Corporation was that "the CBGF should establish an initiative to assist entrepreneurs or small businesses, such as tourism-related enterprises, to conduct e-business". ECBC will take on the work of implementing an e-commerce initiative targeted at the tourism sector. The e-business initiative will see local tourism 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 the tourism industry to do more sophisticated travel booking, planning and merchandising for tourists, ultimately resulting in more revenues and jobs for the industry. The Web sites will build a strong technology infrastructure, giving tourism operators on Cape Breton Island a competitive edge for attracting visitors making the Island's tourism products and attractions more competitive internationally.

Expected Results	
2003/2004	Five-year targets 2000/2001 to 2004/2005
50 full-time equivalent (FTE) jobs	600 full-time equivalent (FTE) jobs
\$3 million in leveraged funds	\$35 million in leveraged funds
\$2 million in new export sales	\$10 million in new export sales
Increase the rate of business success on the Island by assisting five companies through the human resource capacity building initiative	Increase the rate of business success on the Island by assisting 10 companies through the human resource capacity building initiative
Through the e-commerce initiative, increase the number of travel bookings and assist in increasing overall tourism revenue for the Island	Through the e-commerce initiative, increase the number of travel bookings and assist in increasing overall tourism revenue for the Island

4.4 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.

4.4.1 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.

4.4.1.1 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 work collectively with community groups to identify specific community infrastructure projects that assist the community in creating an environment supportive of commercial activity. This commercial activity will assist the community project in becoming more sustainable, thus decreasing its reliance on the federal government for support.

Community capacity building impacts all aspects of community life. It places emphasis on the existing strengths and abilities inherent in each community. To assist in this process, the Corporation in 2003/2004 will carry out four community capacity building sessions in various communities across Cape Breton Island. These sessions will focus on leadership, skills enhancement and planning.

4.4.1.2 Festivals 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, over the next five years, the Corporation will implement a number of initiatives that target the tourism sector. One such initiative is the Festivals and Events Initiative. The Festival and Events Initiative is designed to build capacity and provide quality attractions that will enhance both the tourism and arts and culture sectors on the Island. This initiative recognizes that community festivals and events are an important part in the growth and development of both the tourism and the arts and cultural sectors on the Island. The Corporation will target 20 communities with this initiative during 2003/2004.

4.4.1.3 Community Facilities Enhancement Initiative

The Corporation will also initiate a Community Facilities Enhancement Initiative. This initiative will be directed to upgrading the quality of community infrastructure and will include such things as upgrading sound and lighting systems in community venues across Cape Breton. This will also serve to enhance community festivals and events, and venues for Celtic Colours and such similar events. Infrastructure must be specifically related to economic development. The Corporation will target eight communities with this initiative during 2003/2004.

4.4.1.4 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. To capitalize on the growth opportunities in these areas, the Corporation will 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 which are attracting registrants from the national and international markets. The Corporation will target two sporting and convention initiatives during 2003/2004.

4.4.1.5 Port Hawkesbury Trade Centre Complex

The Corporation will also provide support to the Port Hawkesbury Trade Centre Complex in an effort to capitalize on the growth opportunities in the meetings and conventions travel market. Port Hawkesbury is the business and recreational hub of the Strait Area and has become particularly important to the oil and gas sector in the region. ECBC will be a funding partner in this project; total project cost is estimated at \$12.4 million.

4.4.1.6 Cruise Ship Destination Area

Over the past few years, Cape Breton has become a port of call for the cruise ship industry. To further capitalize on this industry, the Corporation will assist in the development of a Cape Breton cruise ship destination area.

The site will be located at the Sydney Marine Terminal. ECBC will be a funding partner in this project; total project cost is estimated at \$7.5 million.

4.4.1.7 Infrastructure Support for the Congrès mondial acadien de 2004

Acadian communities around Cape Breton will be celebrating the Congrès mondial acadien in 2004. This event is an international gathering of Acadians taking place in Nova Scotia in the summer of 2004. It marks the third celebration of its kind, attracting tourists from around the world. To help Acadian communities in Cape Breton prepare for this event, the Corporation will provide funding for community infrastructure improvements.

4.4.1.8 Mainstreet Revitalization Initiative

Making downtown districts viable is critical to any community's future. Building on a downtown's inherent assets such as architecture, personal service and cultural traditions can rekindle entrepreneurship and business development. Over the coming year, ECBC will focus on downtown and mainstreet revitalization through the implementation of a Mainstreet Revitalization Initiative.

Expected Results	
2003/2004	Five-year targets 2000/2001 to 2004/2005
\$1 million in leveraged funds	\$5 million in leveraged funds
6 communities with improved infrastructure	13 communities with improved infrastructure
Through the Festivals and Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue for the Island	Through the Festivals and Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue for the Island
Through the Community Facilities Enhancement Initiative, increase the amount of revenue for assisted community-based facilities	Through the Community Facilities Enhancement Initiative, increase the amount of revenue for assisted community-based facilities
Through the Convention and Sporting Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue for the Island	Through the Convention and Sporting Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue for the Island

4.5 Investment

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

To attract new business investment to Cape Breton Island.

4.5.1 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.

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. It is important that accurate, factual information about the business climate and lifestyle on Cape Breton Island be available to ensure that decision makers, investors and individuals receive the best possible advice about the opportunities in investment.

During 2002/2003, the Corporation carried out a highly successful International Business Summit targeted at investment attraction. Over the next five years, ECBC will continue to carry out investment attraction missions that will target a specific economic sector each year.

The tele-service industry in Cape Breton has grown significantly over the past three years and has become an important driver for the Cape Breton economy. The Island continues to have the labour market capacity to support new centres, and the Corporation will, therefore, focus its efforts on attracting an additional 500-600 seat tele-service centre to the Island.

Expected Results	
2003/2004	Five-year targets 2000/2001 to 2004/2005
\$2 million in new investment on Cape Breton Island	\$10 million in new investment on Cape Breton Island

4.6 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.

4.6.1 Plans and Priorities

Advocacy continues to be a strategic activity for ECBC and the Corporation recognizes that ECBC 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 Advocacy role is aimed at increasing Cape Breton Island's presence at inter- and intra-governmental meetings and is meant to advance the interests, priorities and concerns of Cape Breton Island in government project selection, decisions and actions.

The functions of Advocacy are as follows:

- S** provide advice on issues that can affect the opportunities for economic development on Cape Breton Island through participation in meetings, working groups and committees;
- S** ensure awareness of the interests, priorities and concerns of Cape Breton Island on the part of other government departments and agencies through partnerships/networking;
- S** 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
- S** work co-operatively with other government departments on mainland Nova Scotia and in Ottawa.

The Advocacy Office has taken a leadership role on a number of committees and working groups including:

- Federal Council and Federal Council Sub-Committees
- Life Sciences Economy Initiative
- Federal Economic Development Co-ordinating Committees and Deputy Ministers
- The Aboriginal Economic Development - Advisory Committee

- Sustainable Communities Initiative
- Canada Rural Partnership
- ACOA Quality Standards Working Group
- Labour Market Development Agreement
- Canadian Heritage – Economic Development Advisory Committee (Cultural Spaces Program)
- “Marshall” Economic Advisory Committee
- ECBC is a member of the Pan-Atlantic Procurement Team

An increased presence at these tables ensures that Cape Breton Island interests are considered. Cape Breton Island perspectives, issues and opportunities are highlighted during discussions and meetings, helping to shape thoughts, discussion papers and action plans.

Image

The Corporation recognizes that a positive image of Cape Breton Island is critical to creating a healthy climate for investment. In addition to its current functions, in 2003/2004, the Advocacy Office will expand its role to include an increased emphasis on improving the image of Cape Breton Island, as well as more active promotion of Cape Breton to both national and international companies.

Aboriginal Youth Initiative

According to Aboriginal Business Canada, “today, some 68% of Aboriginal Canadians are under the age of 30, which [illustrates] the importance of committing resources and effort to encouraging, preparing and supporting those who choose to own and operate a business as a livelihood”. ECBC recognizes that instilling an entrepreneurial spirit in the Island’s Aboriginal youth and creating sustainable Aboriginal enterprises are critical steps toward economic growth in Aboriginal communities. Therefore, in 2003/2004, ECBC will sponsor an Aboriginal Youth Business Summit in partnership with Cape Breton Island Aboriginal communities. The summit will target Aboriginal youth of Cape Breton. Major themes for the summit will include entrepreneurship, innovation, business mentoring, local success stories and local role models.

Expected Results	
2003/2004	Five-year targets 2000/2001 to 2004/2005
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
Operational Cost Efficiencies of \$150,000 for ECBC	Operational Cost Efficiencies of \$300,000 for ECBC

4.7 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.

4.7.1 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 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 four specific areas, including economic analysis, sector and issue analysis, planning and performance management.

Economic Analysis

- The policy unit will update its customized data purchased from Statistics Canada on an annual basis including Labour Force Data, Small Area and Administrative Data, Business Register Data and Population Projections.
- The Community Adjustment Fund, for the affected communities, will expire in 2004/2005. In 2003/2004, ECBC will carry out a mid-term review of the fund to determine its effectiveness in mitigating the impact of the closure of Prince Mine.

Sector and Issue Analysis

The release of 2001 Census data has revealed that Canada experienced one of its smallest census-to-census growth rates in total population. Between 1996 and 2001, the nation's population increased by 1,160,333 people, a gain of 4%. Only three provinces and one territory registered growth rates above the national average of 4%. In relation to this, ECBC will undertake an analysis of demographic trends on Cape Breton Island, particularly as they relate to the Island's labour force, to determine the impact of these trends in the coming decades.

The *Knowledge-based Situational Analysis and CBGF Sector Strategy* made a number of recommendations in relation to growing the knowledge-based sector on Cape Breton Island. One key recommendation that emerged from the study was to develop a long-term strategy for the commercialization of wireless sector research. Over the coming year, ECBC will commission the development of this long-term strategy.

The growth of the knowledge-based sector on Cape Breton Island has increased the need for specific skill sets for the sector. To determine the available workforce and type of skill sets available in the information technology sector on Cape Breton Island, the Corporation will undertake an examination of both the local workforce available in this sector, as well as the ex-patriot workforce, examining various initiatives to attract specific skill sets to the Island.

In the recent Speech from the Throne, the Government of Canada states: "The demographic realities of an aging population and slowing labour force growth place an even greater premium on [the] immigration advantage. Canada must continue to be the country that immigrants choose to find hope, hospitality and opportunity". Over the coming year, the Corporation will explore opportunities for attracting immigrant investors to the Island.

A relatively new area of development that holds great economic potential is the life sciences industry. The life sciences industry consists of companies that specialize in biotechnology, medical devices and products, information technology and management systems, and research and services. Over the coming year, the Corporation will explore opportunities in this sector.

Planning

- ECBC is the delivery agent for all ACOA programs on the Island and provides administrative support to the Cape Breton Growth Fund Corporation. It has also delivered funding on behalf

of Environment Canada. Over the next year, ECBC will explore other opportunities to deliver programs for the Government of Canada.

Performance Management

- In 2002/2003, ECBC undertook a benchmark survey of a number of priority sectors to provide baseline data on the number of firms, number of employees, expenditures on research and development, modes of transportation for product distribution, export sales, etc. This survey will be replicated and there will be a comparison done with previous years to examine changes in the Cape Breton economy over the past year.

Expected Results	
2003/2004	Five-year targets 2000/2001 to 2004/2005
8 research studies that help provide a sound basis for the Corporation's policy priorities and programs	40 research studies that help provide a sound basis for the Corporation's policy priorities and programs

5.0 PROGRAM MONITORING AND EVALUATION

A performance management framework was developed by ECBC, in consultation with the Treasury Board Secretariat, for reporting in fiscal year 2000/2001. The principles, approach and methodology for the 2003/2004 framework are basically the same, except for the following changes:

- the strategic activities have been modified to better reflect the direction and focus of the Corporation;
- additional results targets have been added; and
- the target for incremental spending and job creation has been adjusted downward.

Through this corporate planning process, the Corporation brings forward a clearly defined link between the Corporation's mandate, mission and strategic activities. This link has been accomplished by establishing objectives for each of the activities along with specifying key results to be accomplished throughout the year. Through the performance management framework, the mechanisms (data collection) for reporting against the objectives have been established and are being implemented. This Corporate Plan sets out the roles and responsibilities and the resource allocation for program delivery.

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.

5.1 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.
- An annual report of the Corporation's performance will be measured against its performance objectives.

The performance management framework established for ECBC requires that the Corporation report on:

- achievements against expected results;

- where and how investments are being made; and
- activity, summarized by strategic activity.

Reporting achievements against expected results simply means that the performance management exercise is expected to verify that the Corporation is achieving what it set out to achieve.

Another purpose established by the performance management framework for reporting on results is to provide feedback on the Corporation's goals and outcomes for management planning. Certainly one aspect of this is an examination of achievements against expected results, but the Corporation should also understand where and how its investments are being made.

ENTERPRISE CAPE BRETON CORPORATION

CORPORATE PLAN SUMMARY

2003/2004 - 2007/2008

CAPITAL EXPENDITURES BUDGET (000s CURRENT DOLLARS)	Actual	Budget					
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
CORPORATE-OWNED FACILITIES CAPITAL EXPENDITURES							
Furniture, Equipment & Renovations	163	400	300	300	300	300	300
Port Hawkesbury Site	197	75	50	50	25	25	25
Property Acquisition		300	100	100	100	100	100
TOTAL CAPITAL EXPENDITURES	360	775	450	450	425	425	425

ENTERPRISE CAPE BRETON CORPORATION

CORPORATE PLAN SUMMARY

2003/2004 - 2007/2008

OPERATING EXPENDITURES BUDGET (000s CURRENT DOLLARS)	Actual		Budget				
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
PROGRAM FUNDING							
Tourism Marketing	506						
Support to Business	2,757	4,278	2,508	2,473	2,458	2,433	2,358
Support to Communities	3,926	4,025	2,450	2,475	2,425	2,400	2,425
Investment	201	400	450	500	550	550	550
Image, Prospecting	158						
Policy & Research	160	350	400	400	450	450	450
Community Adjustment Fund	1,000	1,350	5,650	2,000			
Muggah Creek Watershed	2,000						
Cape Breton Growth Fund	25,000	23,000	14,000	2,000			
Sub Total	35,708	33,403	25,458	9,848	5,883	5,833	5,783
Program Support	1,183	1,350	1,450	1,450	1,450	1,450	1,450
Total Program Funding	36,891	34,753	26,908	11,298	7,333	7,283	7,233
ADMINISTRATIVE EXPENSES							
General Administration	1,267	1,300	1,300	1,300	1,300	1,300	1,300
	1,267	1,300	1,300	1,300	1,300	1,300	1,300
OPERATING EXPENSES OF CORPORATE-OWNED FACILITIES							
Rental Facilities	142	130	90	80	80	80	80
	142	130	90	80	80	80	80

TOTAL OPERATING EXPENDITURES	38,300	36,183	28,298	12,678	8,713	8,663	8,613
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ENTERPRISE CAPE BRETON CORPORATION							
CORPORATE PLAN SUMMARY							
2003/2004 - 2007/2008							
OPERATING REVENUE BUDGET (000s CURRENT DOLLARS)	Actual	Budget					
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
REVENUE:							
Interest Income	402	150	250	250	250	200	150
Loans, Equity & Repayable Contributions	585	910	150	150	150	150	150
Harmonized Sales Tax Rebate		750					
Disposal of Assets		115					
	987	1,925	400	400	400	350	300
From Corporate-owned facilities							
Rental Facilities	65	75	90	120	130	130	130
TOTAL REVENUE	1,052	2,000	490	520	530	480	430

ENTERPRISE CAPE BRETON CORPORATION

CORPORATE PLAN SUMMARY

2003/2004 - 2007/2008

SOURCE & APPLICATION OF FUNDS	Actual	Budget					
(000s CURRENT DOLLARS)	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Source of Funds							
Parliamentary Appropriation	7,608	11,958	14,258	10,608	8,608	8,608	8,608
Muggah Creek Watershed (TB #826175)	2,000						
EDS Systemhouse (TB 828055)	3,000						
Cape Breton Growth Fund	25,000	23,000	14,000	2,000			
Loan, Equity & Repayable Contributions	585	910	250	250	250	200	150
Interest Income	402	150	150	150	150	150	150
Rental Facilities	65	75	90	120	130	130	130
Disposal of Assets		115					
Harmonized Sales Tax Rebate		750					
Total Source of Funds	38,660	36,958	28,748	13,128	9,138	9,088	9,038
Application of Funds							
Operating Expenditures							
Rental Facilities	142	130	90	80	80	80	80
General Administration Costs	1,267	1,300	1,300	1,300	1,300	1,300	1,300
Total Operating Expenditures	1,409	1,430	1,390	1,380	1,380	1,380	1,380
Program Funding							
Tourism Marketing	506						
Support to Business	2,757	4,278	2,508	2,473	2,458	2,433	2,358
Support to Communities	3,926	4,025	2,450	2,475	2,425	2,400	2,425
Investment	201	400	450	500	550	550	550
Image, Prospecting	158						
Policy & Research	160	350	400	400	450	450	450

Community Adjustment Fund	1,000	1,350	5,650	2,000			
Muggah Creek Watershed	2,000						
Cape Breton Growth Fund	25,000	23,000	14,000	2,000			
Sub Total	35,708	33,403	25,458	9,848	5,883	5,833	5,783
Program Support	1,183	1,350	1,450	1,450	1,450	1,450	1,450
Total Program Funding	36,891	34,753	26,908	11,298	7,333	7,283	7,233
Capital Expenditures							
Furniture, Equipment & Renovations	163	400	300	300	300	300	300
Port Hawkesbury Site	197	75	50	50	25	25	25
Property Acquisition		300	100	100	100	100	100
Total Capital Expenditures	360	775	450	450	425	425	425
Total Application of Funds	38,660	36,958	28,748	13,128	9,138	9,088	9,038