

Enterprise Cape Breton Corporation  
Corporate Plan Summary  
2004/2005-2008/2009

Summary of Operating and Capital Budgets  
2004/2005

## TALBE OF CONTENTS

<b>Executive Summary</b>	<b>1</b>
<b>1.0 Mandate</b>	<b>3</b>
1.1 Position Within Government	3
<b>2.0 Corporate Profile</b>	<b>4</b>
2.1 Mission	4
2.2 Organizational Structure	4
2.3 Corporate Administration	4
2.3.1 Operations	5
2.3.2 Internal Audit	6
2.3.2.1 Special Examination	6
2.3.3 Performance Management/Monitoring	7
2.3.3.1 Performance Management	7
2.3.3.2 Project Monitoring	7
2.3.4 Federal Identity Program/Communications	7
2.4 Corporate Social Responsibility	8
2.4.1 Youth and Education	8
2.4.2 Sustainable Development	8
2.4.3 <i>Official Languages Act (OLA)</i>	9
2.4.4 Human Rights	9
2.5 Government On-Line	9
<b>3.0 Operating Environment</b>	<b>9</b>
3.1 Economic Environment	9
3.1.1 Continental	10
3.1.2 Cape Breton	10
3.2 The Planning Process	14
<b>4.0 Sectors of Interest</b>	<b>15</b>
4.1 Tourism	15
4.2 Knowledge-based Industry	16
4.3 Manufacturing and Processing	16
4.4 Natural Resources	16
<b>5.0 Strategic Priorities</b>	<b>17</b>
5.1 Delivery/Services Agent for Government Services	18
5.1.1 Plans and Priorities	18
5.1.2 Atlantic Canada Opportunities Agency (ACOA)	19
5.1.3 Cape Breton Growth Fund Corporation (CBGF)	19
5.1.4 Alternative Service Delivery Model	19
5.2 Support to Business	21
5.2.1 Plans and Priorities	21
5.2.1.1 Access to Capital	21
5.2.1.2 Human Resource Initiative	21
5.2.1.3 E-Commerce Initiative (Tourism Industry)	22

5.3	Support to Communities.....	22
5.3.1	Plans and Priorities.....	22
5.3.1.1	Community Capacity Building.....	22
5.3.1.2	Festival and Events Initiative.....	23
5.3.1.3	Convention and Sporting Events Initiative.....	23
5.3.1.4	Support for Congrès mondial acadien de 2004.....	23
5.3.1.5	Community Revitalization Initiative.....	23
5.3.1.6	The Greater Cape Breton Partnership.....	23
5.4	Investment.....	24
5.4.1	Plans and Priorities.....	24
5.5	Advocacy.....	24
5.5.1	Plans and Priorities.....	25
5.6	Policy and Research.....	26
5.6.1	Plans and Priorities.....	26
5.7	Community Adjustment Fund.....	27
<b>6.0</b>	<b>Program Monitoring and Evaluation.....</b>	<b>28</b>
6.1	Reporting.....	29
<b>7.0</b>	<b>Financial Requirements</b>	

Appendix A Organizational Chart

## EXECUTIVE SUMMARY

It has been five years since the Government of Canada announced its decision to withdraw from the coal mining industry on Cape Breton Island and three years since the closure of the Sydney Steel Corporation. At that time, the news of these closures, was considered a fatal blow to the future of the Island. Compounded by the closure of the ground fishery and downsizing of the well paid workforce of Stora Enso, there was added concern about an already fragile economy.

In 2000, this news was softened by the announcement of an \$80 million fund for economic development. Following a comprehensive consultation process, Enterprise Cape Breton Corporation (ECBC), established a subsidiary Crown corporation, the Cape Breton Growth Fund (CBGF), to deliver the economic adjustment fund. The two organizations then set out in partnership with a number of other organizations to assist in the transition of the economy and to prepare for its revitalization.

Over the past four years, ECBC and the CBGF have teamed up with the private sector and others, in the planned creation of 5,500 full-time job equivalents. To date, over 3,500 of these jobs currently exist, with the balance to be in place over the next 24 months. Based on the available workforce at the end of December 2003, if it were not for ECBC and the CBGF, it can be clearly established that the unemployment rate in Cape Breton would be an additional six percent higher, approaching 25%.

Year over year, the economic indicators are showing solid improvement as evidenced by increasing retail sales, growing income from employment sources and a decreasing economic dependency ratio. By all objective evidence, Cape Breton has begun the process of making a successful transition from the shocks brought about by the closure of its corner-stone industries. The new economic base that has been established provides an excellent starting point for creating a diversified economy.

ECBC is now entering the fifth year of a five-year plan to improve economic conditions on Cape Breton. 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.

Relative to last year's Corporate Plan, the 2004/2005-2008/2009 Corporate Plan differs in a number of ways. One of the most significant changes, is the Corporation's role as a delivery/service agent for federal government services and the possibility of expanding that role over the next five years. Beginning on, or prior to, April 1, 2004 ECBC will undertake an investigative/consultative process to explore possibilities to broaden its role in Cape Breton as a Government of Canada service provider, while ensuring the Corporation is moving in a responsible direction of increased self-sufficiency. The ultimate goal for the Corporation is to become the lead provider of socio-economic development programming/services for Cape Breton. One of the main objectives for alternative service delivery is cost effectiveness, which strives to avoid duplication and overlap in program delivery.

In the current Corporate Plan, the Community Adjustment Fund (CAF), has been phased out as a strategic priority. This additional \$10 million economic adjustment fund was allocated to ECBC further to the closure of the Prince Mine. The Fund was designed to assist those communities most

negatively affected by the closure of the mine. The CAF has been fully committed and will therefore be phased out as a strategic priority in the 2004/2005-2008/2009 Corporate Plan. The 2004/2005 fiscal year will be the pay out year for the CAF. In 2003/2004, the Corporation commissioned the services of an external consultant to carry out an evaluation of the CAF. The final report is due in 2004. Early indications from the draft report show that the CAF was very successful in terms of meeting its objective to provide quality infrastructure in the communities affected by the closure of the Prince Mine.

Over the next five years, a new focus under support to communities will be the establishment of the Greater Cape Breton Partnership. The Partnership will be modeled on the Greater Halifax Partnership, a partnership between business and government, both sharing the responsibility for the economic development of the region. The Partnership will be a private sector-led organization with a board of directors to be drawn from the private sector and educators. The board will facilitate and encourage ongoing dialogue with all levels of government.

Another new focus under support to communities is capacity building in the volunteer sector. In an effort to enhance community capacity building in local communities, ECBC will engage the services of a qualified individual to assist the volunteer sector develop the expertise needed to better implement their community economic development activities/priorities.

As part of its performance management framework, ECBC had set a target of 50% commercial and 50% non-commercial for assistance under ECBC programs. In the 2004/2005-2008/2009 Corporate Plan, the target for the funding allocation of 50% commercial and 50% non-commercial has been changed to 40% commercial and 60% non-commercial. The commercial assistance will be targeted to six or more significant projects.

By the end of the third quarter of 2003/2004, the Corporation had exceeded its five-year targets for the dollar value of leveraged investment, new export sales, off-island investment and the number of jobs created. As the Corporation has continually exceeded a number of its annual and five-year targets, all ECBC targets will undergo a rigorous review during 2004/2005.

## 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.*

The creation and maintenance of ECBC by the Government of Canada, is a recognition that the needs of Cape Breton Island require a flexible approach to economic development. The broad powers vested in the Corporation provide it with specific tools not available to other departments and agencies to meet the challenge of its mandate.

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.

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 an 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.

A diagram of the current corporate structure is provided in Appendix A.

### 2.3 Corporate Administration

The primary function of corporate administration is to ensure that resources are used effectively and efficiently. It also ensures 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.

### 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). Previously, Silicon Island was owned by the Cape Breton Regional Municipality (CBRM), which had entered into a 15-year lease with the Centre. The lease provided the Silicon Island Art and Innovation Centre with a \$1.00 option to purchase the facility upon the expiration of the lease. The Centre was placed into bankruptcy, with the lease administered by a trustee. ECBC approached the CBRM with a proposal to acquire the building from the Municipality. During 2004/2005, the Corporation will invest in a number of capital upgrades to Silicon Island.

During 2003/2004, the Corporation listed a portion of the Point Edward facility for sale. Over the coming year, the Corporation will try 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.

The Port Hawkesbury facility was constructed in 1988 and is a standard pre-engineered industrial park-style structure. Included in this building is office space along with storage and manufacturing space. ECBC has been actively seeking new tenants for this facility. During 2004/2005, ECBC will continue its efforts to increase the occupancy rate of this facility to 100%. This may require renovations depending on potential client needs.

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. The Corporation will reactivate these subsidiaries if necessary, to achieve the goals and objectives of this plan.

During 2003/2004, the Corporation reactivated its subsidiary DARR (Cape Breton) Limited, as a real estate holding and development company.

In 2002/2003, the Corporation entered into an 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." Through the MOU, in 2003/2004 the Corporation was able to acquire a parcel of land in New Waterford that was subsequently leased to a community development association. A 40,000 square foot building was constructed to house a new customer service centre to employ an estimated 700 people. In 2004/2005, ECBC will continue to work with DEVCO to transfer other lands with economic development potential.

In keeping with its economic development mandate, ECBC seeks to manage its real estate holdings in order to provide incentives for investment and to create jobs. As a result, the Corporation through the tender process has made select parcels of land available at a nominal fee for economic development purposes. In addition to the economic benefits brought about by



the project proponents' investment, the development of these lands provides economic development infrastructure for the local community and an increased tax base. During 2004/2005, the Corporation will examine opportunities for capital investments related to economic development infrastructure. The Corporation will also explore cost saving options related to its own lease hold agreement

### **2.3.2 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 its commitment to improvements to the internal functioning of the Corporation, ECBC continues to incorporate an internal audit function, the principal objectives of which are 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. 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.

Meetings will be held quarterly during the 2004/2005 fiscal year and beyond. Regular items to be reviewed include travel, hospitality, training, salaries and overtime, general administration, capital expenditures, loan and equity investment portfolios, trial balance and policies. In addition, the Audit Committee reviews matters relating to loan impairment, write-offs and year-end financial statements and makes appropriate recommendations to the Board of Directors. The Audit Committee reviews quarterly and year-end financial statements prepared by Management and carries out an annual review of the internal control.

#### **2.3.2.1 Special Examination**

The *Financial Administrations Act* (FAA) is an Act of Parliament to provide for the financial administration of the Government of Canada, the establishment and maintenance of the accounts of Canada and the control of Crown corporations. The FAA provides ECBC with the prescribed framework for fiscal management to which the Corporation adheres.

Part X of the FAA provides the specific rules and regulations for Crown corporations. It is under these sections of the Act that the requirements of a "special examination" are outlined. As part of the FAA, a parent Crown corporation is required to undergo a 'special examination' to be carried out at least once every five years. The special examination provides reasonable assurance that during the period under review, the Corporation's information systems, financial and management controls have been maintained and are operating effectively.

In anticipation of the special examination for ECBC in 2004, the Internal Audit Unit of the Corporation has undertaken a comprehensive review of the commercial and non-commercial projects. Included in this review is an analysis of projects to verify adherence to policy and assurance that proper documentation has been placed on file in accordance with the specified rules and regulations.

### **2.3.3 Performance Management/Monitoring**

#### **2.3.3.1 Performance Management**

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

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.

ECBC uses two methods to report performance outcomes. First, it uses quarterly reports that provide an account of how the organization is achieving its performance objectives to date. Secondly, it uses an annual report of the Corporation's performance. The 2002/2003 Annual Report was short listed by the Auditor General of Canada for a national award of excellence for annual reporting by Crown corporations.

During 2004/2005, all ECBC targets will undergo a rigorous review. At that time, the Corporation will re-examine all of its annual and five-year targets.

#### **2.3.3.2 Project Monitoring**

The Corporation monitors projects on a regular basis. 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.

Over the past year, the Corporation has monitored an estimated 128 ECBC projects, as well as 301 projects on behalf of ACOA.

### **2.3.4 Federal Identity Program (FIP)/Communications**

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.

Given the importance of economic development to the citizens of Cape Breton Island, ECBC, and consequently the Government of Canada, receive a great deal of exposure in both electronic and print media. In addition to news stories that occur on an almost daily basis, the Corporation regularly uses local media for public service announcements and advertisements. Through the continued use of the Canada wordmark, the Government of Canada's Federal Identity Program is well served and Island residents are aware of the federal presence in their community. In addition to local media, the Corporation works closely with regional and on occasion, national media using the Canada wordmark and regular references to the Government of Canada.

## **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 continues to work with First Nation Youth on Cape Breton. Cape Breton has the largest population of First Nations people in Nova Scotia. During 2003/2004, the Corporation sponsored a very successful First Nation Youth Business Summit. Approximately 150 Aboriginal youth from across the province attended the event. Local, national and internationally renowned businesspeople, presenters, entertainers and Native role models were present. Over the next five years, the Corporation will sponsor future First Nation Youth Business Summits, expanding to include First Nation Youth from across Atlantic Canada.

### **2.4.2 Sustainable Development**

ECBC is helping to transform Cape Breton's economy to ensure that there are sustainable, healthy communities for future generations. To this end, 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. Sustainable development is aimed at achieving social and economic goals without harming the environment on which present and future generations depend. It 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. Although not subject to the *Canadian Environmental Assessment Act* (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, all projects are assessed for environmental impact. Any identified mitigation measures are incorporated into the terms and conditions of the assistance agreement between ECBC and the applicant. Due to the large volume of environmental assessments required on an annual basis, the Corporation will explore in the coming year the efficacy of engaging the services of an individual to carry out its environmental assessments.

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.

ECBC continues to do its part to ensure a healthier environment through its paper and beverage container recycling program and the elimination of Styrofoam products. ECBC's corporate activities have a minimal impact on the environment. Every effort is made to use the Corporation vehicles to lessen the amount of individual use of personal vehicles. The possibility of using alternative energy cars was examined previously, but fuel sources were not readily available. The use of corporate vehicles encourages car pooling. Paper consumption and electricity use are the areas ECBC can reduce in the near term. The Corporation is committed to the reduction of paper consumption through double-sided copying and printing and has set a target to reduce

paper consumption by 10% over the next year. The Corporation will also work in partnership with the Atlantic Coastal Action Program to determine new ways to reduce energy consumption and 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.

With regard to section 41 of the OLA, the Corporation participates in the development of ACOA Action Plans that are produced in consultation with local community groups and province-wide Francophone associations. During the 2003/2004 fiscal year, three staff received extensive French language training.

#### **2.4.4 Human Rights**

ECBC employees and clients 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.

ECBC promotes and adheres to the Government of Canada's values, ethics and principles.

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

#### **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 working group has representation on the Industry Canada Regional Development Agency (RDA) Government On-Line Committee. Through the RDA/GOL Group, the ECBC working group has been kept apprised of the Government of Canada Secure Channel development. ECBC will also participate with RDA members in workshops concerned with managing the information requirements of key business processes using this information in the development of process applications.

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.

### **3.0 OPERATING ENVIRONMENT**

#### **3.1 Economic 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 recent shocks that impacted the Canadian economy. An environmental scan (economy, businesses) assists the Corporation in developing and adopting strategies to meet the challenges presented by the external environment.

### **3.1.1. Continental**

Analysts have been forecasting a recovery in the United States economy since the first half of 2002, although it has yet to fully materialize. Greater consumer demand, fueled by low interest rates, was met by producers through increased worker productivity. As a result, corporate profits rose during the past two years, providing more opportunity for investment. The higher productivity levels, however, did not result in new hiring, creating conditions for the so-called 'jobless recovery'. The economic recovery in the United States will be considered more established once employment improves. Some evidence of employment growth is becoming evident.

Canada was faster to adjust after the lay offs related to the economic slow down in 2001. Job growth was healthy in 2002, as Canada posted significant increases in GDP. A number of temporary shocks however, have given pause to Canada's growth in 2003. A depreciating United States dollar and an increase in the interest rate spread between Canada and the United States have resulted in an appreciation of the Canadian dollar from approximately 64.9 cents in January 2003 to approximately 78 cents by January 2004. The appreciation of the dollar makes exports to the United States more expensive, which has caused some concern for exporters.

Other shocks experienced in 2003 were damaging both economically and psychologically. An outbreak of Severe Acute Respiratory Syndrome (SARS) in Toronto attracted international attention and caused setbacks in the tourism industry for the 2003 season for most of Canada. Further tragedy struck Western Canada as forest fires destroyed a number of communities. One of the largest power blackouts in history affected much of Ontario and parts of the United States. Hurricane Juan caused a great deal of damage to a number of areas on the mainland of Nova Scotia. Clean up costs incurred as a result of the hurricane will have to be sourced from the provincial budget, resulting in a reduction in provincial spending in other areas of the province. Earlier in 2003, a single case of Bovine Spongiform Encephalopathy (BSE), also known as 'mad cow disease', closed the US border to Canada's beef exports, depriving beef producers in Canada of their largest market. In December, another cow found in the United States but originating in Canada, was confirmed to have BSE. The beef and associated industries will continue to experience setbacks until confidence can be restored in the product.

International economic shocks also had an effect on the overall global economy. The war in Iraq and the American occupation will continue to impact the economy. The political nature of the situation makes predictions as to the types of shocks difficult. A recent meeting between leaders of Canada and the United States has resulted in a decision that would allow Canadian companies to bid on contracts associated with the reconstruction of Iraq.

### **3.1.2 Cape Breton**

Cape Breton will be moving forward within the context of a steadily recovering North American economy within the near future. Export sales are important to Cape Breton, as local demand is not large enough to support the Island's productive capacity. Foreign investment is also important as it allows industries to emerge faster than would otherwise be the case. Steady growth and activity on the rest of the continent gives businesses on Cape Breton more opportunity to grow and to expand.

Cape Breton will continue to face challenges as it moves forward within this climate. Out-migration continues to deplete resources in terms of production capacity and labour resources.

An underdeveloped economy also has financial difficulties as municipal governments strain to balance their books.

### Exports

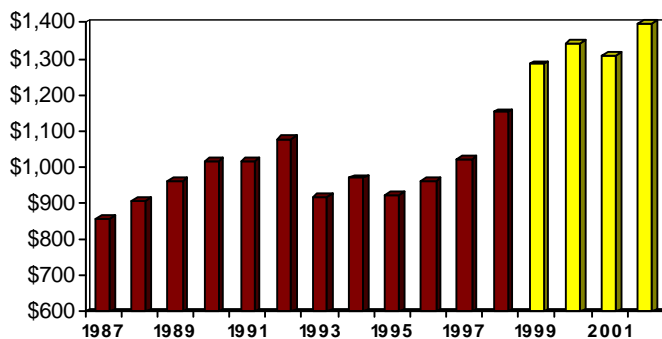
The Cape Breton economy has limited consumer demand due to its small size and because the technology exists for it to produce at a rate higher than the rate of consumption. In order for the economy to increase its production and grow, it is necessary for local goods to be exported. Selling to an increasingly diverse number of regions will allow Cape Breton producers to specialize in niche markets for which they have a comparative advantage. Greater access to markets allows for greater production potential and a greater inflow of capital. Some examples of products being exported from the Island include customer interaction services, car parts, specialized flooring, housing packages, produce, value-added food products, fish products, plastics and specialized rope.

### Labour Force

Labour markets continue to adjust to an excess supply situation and a declining population. The unemployment rate remains high compared to national and provincial levels. The unemployment rate for 2003 on Cape Breton Island was 16.2%, whereas Nova Scotia had an unemployment rate of 9.3%.

Labour markets on Cape Breton have been experiencing shifts while the stabilization process continues to take place. The shift from the coal and steel industries to those that are more service oriented is apparent. The average length of time that people were unemployed while the coal and steel industries were operating was relatively longer than what is being experienced today. Since the emergence of the tele-service sector, people have been unemployed for relatively shorter periods of time. Entry level positions in the tele-service industry are more readily available. High turn-over rates, which are normal for the industry, have increased short term unemployment on the Island. While this is something that should be addressed, it is not as severe a problem as longer term structural unemployment. A decline of structural unemployment will provide an increased level of confidence in the economy as employment becomes more stable. The improved confidence in the economy is apparent from the increase in local retail sales.

Retail Sales, Cape Breton  
(Millions \$)

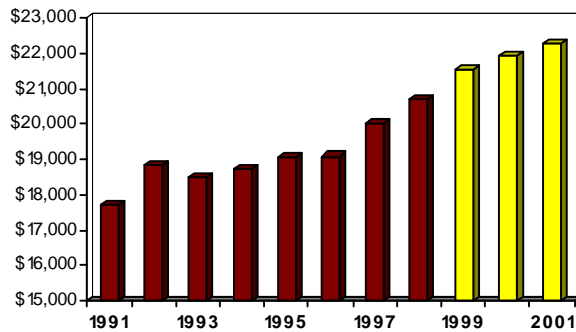


Source: Cape Breton Retail Sales Financial Post Survey of Markets

Other than a decline in 1993, retail sales on the Island have shown considerable growth, especially since 1997. Improved consumer confidence goes hand in hand with increased spending. Increased financial stability allows people to spend more of their income. Retail sales in 2002 were reported higher than in any other year for which data is available, signifying a growing retail sector with accompanying increases in employment.

Excess supply in the labour market has the effect of suppressing wage growth in the area, as employees keep wage requirements down to stay competitive. Excess supply also creates a situation of net out-migration. Cape Breton has been experiencing increasing net-out-migration for approximately ten years. Of particular concern is the out-migration of people in the 25-44 age group. At this age, people are starting families and building homes. With their departure, there are fewer homes being built and fewer children being enrolled in schools. Out-migration is a problem experienced by more than just Cape Breton. The population for Nova Scotia fell by 0.1% between census years 1996 and 2001.

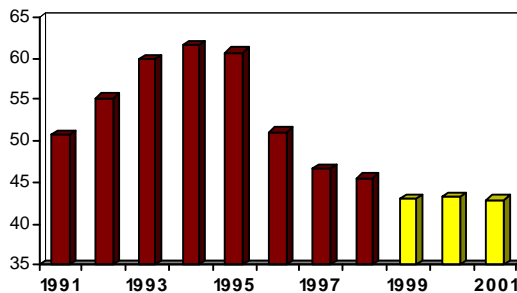
Annual Income Per-Wage Earner  
Cape Breton



Although excess labour supply does exert downward pressure on wage growth, there are signs that wages are increasing on Cape Breton. Of particular note is the steady increase observable from 1999 on, when both the coal and steel industries ceased operations. Further economic diversification and the emerging tele-service centre industry have contributed to the improving situation.

Source: Statistics Canada: Neighbourhood Income and Demographics

Economic Dependency Ratio  
(Dollars in Transfer Payments per \$100 in Employment Income)



The economic dependency ratio shows the amount of government transfer dollars for every \$100 of income in Cape Breton. A declining ratio indicates that more employment dollars are being earned relative to government transfer dollars. This translates into a more self-sustaining economy requiring less support.

Source: Statistics Canada: Economic Dependency Profile

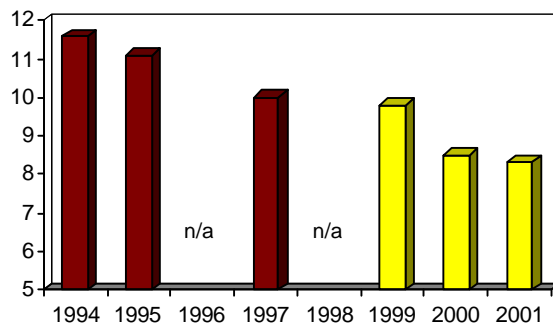
Overall employment for Cape Breton has remained at steady levels, albeit with net population losses among those who do not participate in the labour force. Approximately three years after the loss of the coal and steel industries, the economy of Cape Breton still stands poised to grow

and strengthen. The rapidly emerging tele-service industry has provided a much needed boost as the centres offer full time, year round employment with benefits and training. The Island has also seen expansions in its automotive parts manufacturing industry and the paper producing industry. A number of emerging sectors show promise including the oil and gas sector, as well as nutraceuticals. All of these industries are adding to a more diversified economic base. They also further establish Cape Breton as a good place to do business, paving the way for more business investment on the Island.

### Population and Demographics

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. The population declines for the province were also from the younger age groups, mirroring the situation in Cape Breton. The birth rate in Cape Breton has also declined significantly.

\*Birth Rate, Cape Breton Island



\*Birth Rate Calculated by Births per 1000 Population

A declining population has at the same time been the result of, and the cause of a declining birth rate. Fewer births result in decreased natural population growth, while at the same time, a decreasing population results in fewer births since there are fewer people to start families. This self-perpetuating cycle remains a challenge to the development of Cape Breton Island.

Source: Derived from the Vital Statistics Provided in the Nova Scotia Economic Review. Publication Dates 1997, 1999, 2000, 2001, 2002, 2003

Out-migration of youth creates special challenges, as the future of the Island and its work force depends upon youth staying, or migrating to Cape Breton. Demographic information shows a population base that is skewed towards higher age brackets. Challenges related to this include higher health costs per capita relative to other areas. There is also concern over the future labour force of Cape Breton. A worst case scenario would see labour force shortages if younger people are not available to fill the positions left by retirees.



<b>Population Distribution by Age</b>			
<b>AGE GROUP</b>	<b>CB</b>	<b>NS</b>	<b>CAN</b>
0 - 4	4.9%	5.2%	5.7%
5 - 14	13.2%	12.9%	13.4%
15 - 19	7.5%	6.8%	6.8%
20 - 24	5.7%	6.2%	6.5%
25 - 44	25.6%	29.5%	30.3%
45 - 54	15.9%	15.2%	14.7%
55 - 64	11.3%	10.2%	9.6%
65 - 74	8.4%	7.3%	7.1%
75 - 84	5.6%	4.9%	4.4%
85+	1.9%	1.7%	1.4%
<b>Total Persons</b>	<b>147,450</b>	<b>908,005</b>	<b>30,007,095</b>

Source: 2001 Census

<b>Immigrant Population on Cape Breton Island by Period of Immigration</b>	
<b>Period of Immigration</b>	<b>Immigrants</b>
Before 1961	865
1961 - 1970	335
1971 - 1980	760
1981 - 1990	295
1991 - 1995	325
1996 - 2001	290
<b>Total Persons</b>	<b>2,870</b>

Source: 2001 Census, Statistics Canada

Population loss remains a challenge for the Cape Breton economy. Currently, this is being addressed indirectly by providing more employment opportunity and creating a healthy labour market for businesses and employees.

### **3.2 The Planning Process**

This section describes the planning process for the current Corporate Plan and identifies shifts from the 2003/2004-2007/2008 Corporate Plan.

During the current planning process it was recognized that most of the priorities identified in the 2003-2004 Corporate Plan were still relevant. The consultation process to develop the 2004/2005-2008/2009 Corporate Plan consisted of:

- an environmental scan carried out by the ECBC Policy Unit;
- a review of ECBC's quarterly performance reports;
- an off-site strategic planning day that included both ECBC Management and staff;
- 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;
- one-on-one meetings with ECBC's Board of Directors to finalize the Corporate Plan; and
- numerous meetings with the public and private sectors.

Community consultations are an ongoing process for ECBC in its planning process. A number of meetings and consultations have taken place with a wide variety of stakeholders in the Cape Breton economy in order to determine the best direction for the Corporation to take. Consultations were held in a wide variety of both formal and informal settings encompassing different interest groups on and off-Island.

Based upon the consultation process, the strategic direction of the Corporation was developed.

## **4.0 SECTORS OF INTEREST**

ECBC will undertake a variety of activities in its sectors of interest. These activities are described in detail in the next section. In 2002/2003, the CBGF commissioned sector strategies for the oil and gas, tourism and knowledge-based sectors. While the strategies provide a focus for the CBGF in terms of the interventions that it will take to assist in the development of the sector, they also serve as a guide for ECBC in terms of its involvement. ECBC has also carried out its own research in a number of sectors that will direct the Corporation's efforts.

### **4.1 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 industry has matured significantly and is recognized as one of the more viable and growing sectors of the Cape Breton economy. The challenge for ECBC 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**

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

#### **Support to Communities**

- assist communities in the development of tourism infrastructure;
- support festivals and events initiatives;
- assist sporting and convention events;
- assist Acadian communities to prepare for the Congrès mondial acadien de 2004;
- assist community facility enhancement initiatives directed at upgrading the quality of community infrastructure to enhance community festivals and events; and
- assist the industry in the implementation of a marketing strategy.

## **4.2 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**

- 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, software development, animation, data storage, the service industry and broadband;
- provide support to educational and best management practice initiatives;
- support opportunities in the area of life sciences; and
- assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals.

### **Support to Business**

- to provide support to expand broadband access across the Island by 2006/2007.

### **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. Many businesses 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**

- support manufacturing in the area of metal, composites and mineral products;
- assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals; and
- 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. Nova Scotia's offshore is viewed as holding significant potential 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, support functions such as engineering and project management, offshore supply-base activities and the possible development of a petrochemical industry.

The Corporation will focus its attention on the following activities with respect to the resource sector that includes agriculture, aquaculture, and oil and gas:

#### **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;
- support opportunities for value-added food, wood and other products;
- assist companies in hiring senior management personnel such as chief financial officers, senior marketing personnel, senior technical and other professionals; and
- a value-added agriculture conference to be hosted in 2004/2005.

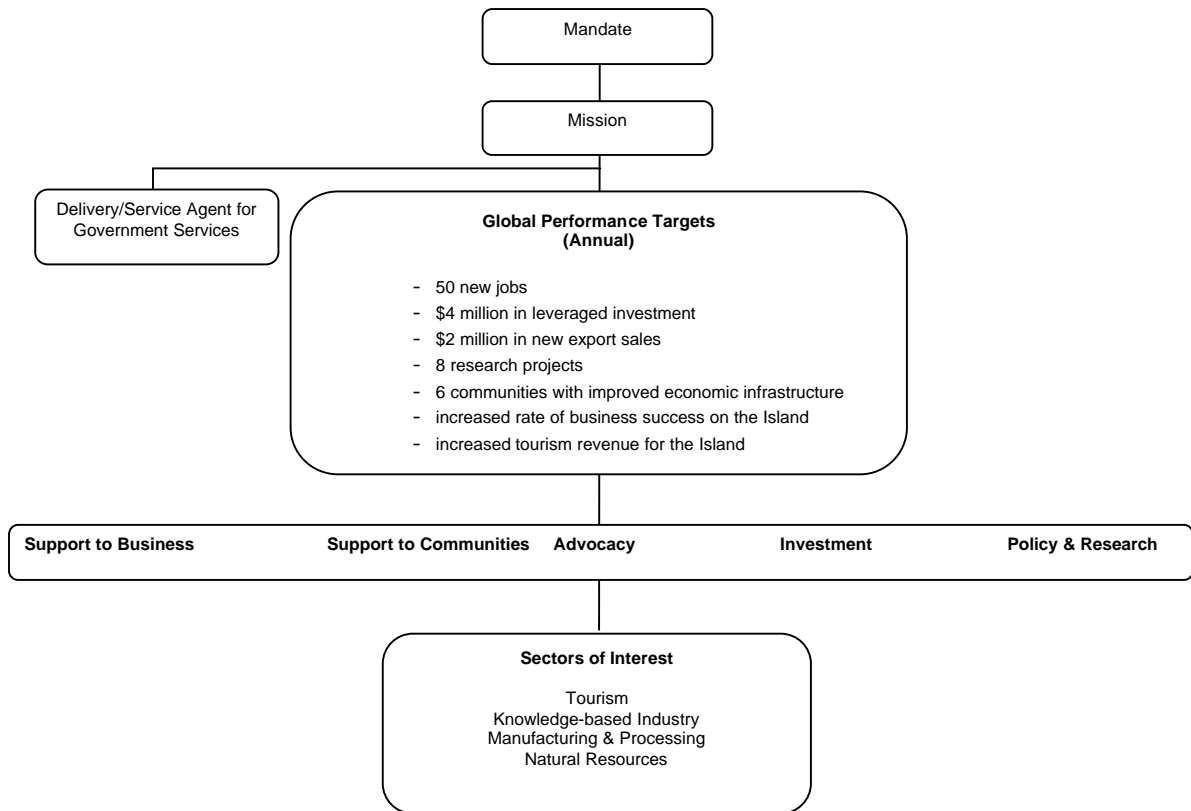
#### **Advocacy**

- promote Cape Breton Island in an effort to attract oil and gas industry proponents including producers, suppliers and fabricators;
- 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; and
- 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;
- promote opportunities for ECBC in the environment 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 2004/2005-2008/2009. They include Delivery/Service Agent for Government Services, Support to Business, Support to Communities, Investment, Advocacy, and Policy and Research.

The following exhibit lists the 2004/2005-2008/2009 global performance targets, the Corporation's strategic priorities and sector focus, and illustrates how these interact to ultimately fulfill the Corporation's mandate.



Additional information on ECBC's activities can be found on the Corporation's Web site: [www.ecbc.ca](http://www.ecbc.ca).

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 socio-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.

### **5.1.2 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. In 1995, ECBC and ACOA entered into a Memorandum of Understanding under which ECBC delivers ACOA's programming for Cape Breton Island and the Mulgrave area. The MOU was renegotiated with ACOA for an additional five-year term effective April 1, 2000. The delivery of ACOA programming on Cape Breton encompasses a significant portion of the Corporation's overall activities. Between April 2000 and March 2003, ECBC delivered \$46 million in programming on behalf of ACOA, funding more than 300 projects.

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. A more detailed account of ACOA's Plans and Priorities can be found in the Atlantic Canada Opportunities Agency 2004/2005 Estimates: Report on Plans and Priorities, at the following Web site: [www.acoa-apeca.gc.ca](http://www.acoa-apeca.gc.ca).

### **5.1.3 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. 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.

It is anticipated that the CBGF will cease to exist by March 31, 2006. The CBGF Articles of Incorporation specifically provide that any assets or liabilities outstanding when the Corporation is wound up 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 maximising the potential impact of the Fund. Over the next year, ECBC will begin discussions regarding the wind down of this subsidiary corporation.

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](http://www.cbGF.ca).

#### **Expected Results**

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

### **5.1.4 Alternative Service Delivery Model: Pilot Project for Canada**

Two major initiatives over the past decade, Program Review and Getting Government Right, have set the stage for effective management in government at the federal level. These initiatives have provided the foundation for the government's modern management agenda outlined in the document Results for Canadians: A Management Framework for the Government of Canada.

A central theme of these documents is the delivery of cost effective, responsive service for Canadians. In an effort to achieve this, the Government of Canada has implemented a number of initiatives to modernize the delivery of programs and services in the Public Service of Canada. Getting Government Right acknowledges: "There are many alternatives to traditional departmental structures for delivering programs, and the government is vigorously pursuing those alternatives...As part of the business planning process, departments and agencies continually re-evaluate the programs they deliver to determine whether alternative approaches to delivering services would better enable the government to achieve its objectives."

Enterprise Cape Breton Corporation embraces the notion of alternative service delivery. As previously stated, ECBC has been responsible for the delivery of ACOA programs on Cape Breton Island since 1995. At that time ECBC and ACOA signed a Memorandum of Understanding (MOU) allowing ECBC to design its programming and economic development strategies to complement ACOA programming. During 2004/2005 ECBC will renegotiate its MOU with ACOA for an additional five-year term effective April 1, 2005.

In addition to its role in delivering programs for ACOA, ECBC has been involved in the management and delivery of \$2 million in funding on behalf of Environment Canada for the construction of a sewer interceptor as part of an environmental remediation project for the Muggah Creek Watershed Project. Further, the Corporation has entered into a Memorandum of Understanding with DEVCO to assist DEVCO with the disposition of assets and provide other assistance in the wind-up of the Crown corporation.

As a Crown corporation, ECBC has broad powers and a flexible mandate that make it ideally suited to providing services for government departments and agencies. The flexibility inherent in the Corporation allows it to deliver services and programs more efficiently and provides a greater range of mechanisms to achieve desired ends.

One of the main objectives for alternative service delivery is cost effectiveness that strives to avoid duplication and overlap in program delivery as well as enabling ECBC to become a more self sustaining Crown corporation. To this end, over the next five years the Corporation will investigate a number of opportunities to expand its role to deliver services, and to become more self sufficient. The ultimate goal for the Corporation is to become the lead provider of socio-economic development programming and services (i.e. where applicable) for Cape Breton.

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 socio-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. This type of service delivery

will ultimately lead to more efficient use of government resources and better outcomes for citizens in Cape Breton.

Over the next year, the Corporation will open a dialogue with a number of departments, agencies and Crown corporations to investigate such options.

## **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. Businesses continue to face a number of challenges due to a weak economic environment. This 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 to limit their capital support.

ECBC recognizes access to capital as an issue that needs to be addressed. 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 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. Department of Human Resources and Skills Development Canada, Nova Scotia Economic Development, the Rural Partnership and Community Business 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, irrigation systems for the agricultural industry and projects related to the oil and gas industry.

#### **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.

ECBC works closely with a number of companies to make certain that the appropriate skill sets are in place to ensure sustainable economic growth. Since 1999, through the assistance of ECBC, 90% of the Corporation's clients remain economically viable.



### 5.2.1.3 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.” Over the next five years, ECBC will continue to assist the tourism sector with e-commerce initiatives. The objective is to assist 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, ultimately resulting in more revenues and jobs. 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 accessible to international markets.

### Expected Results – Support to Business

2004/2005	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 ten 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

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

### 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 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 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.

#### **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 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 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 20 communities with this initiative during 2004/2005.

#### **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. To capitalize on the growth opportunities in these areas, 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 Support for the Congrès mondial acadien de 2004**

Acadian communities in Cape Breton will be celebrating the Congrès mondial acadien in 2004. This event is an international gathering of Acadians to take 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 support for various Congrès activities.

#### **5.3.1.5 Community 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 next five years, the Corporation will focus its attention on mainstreet improvement initiatives with emphasis on Port Hawkesbury, the Whitney Pier Area, as well as the communities of Inverness, Mabou and St. Peters.

#### **5.3.1.6 The Greater Cape Breton Partnership**

Over the next five years, the Corporation will invest in the establishment of the Greater Cape Breton Partnership. The Partnership will be modeled on the Greater Halifax Partnership, a partnership between business and government, both sharing the responsibility for the economic development of the region.

The Greater Cape Breton Partnership will be a private sector led organization. A board of directors will govern the partnership to be drawn from the private sector and educators, which will facilitate and encourage ongoing dialogue with government. The Partnership will provide a focused and unified approach to economic growth, marketing and promotion to create new opportunities and sustainable economic development for Cape Breton.

## Expected Results – Support to Communities

2004/2005	2000/2001 to 2004/2005 Five-year targets
\$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	Through the Festivals and Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue
Through the Convention and Sporting Events Initiative, increase the number of off-Island tourists and assist in increasing overall tourism revenue	Through the Convention and Sporting Events Initiative, increase the number of off-Island tourists 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.

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 are aware of investment opportunities. The Corporation will also pursue investment leads brought forward by CBGF prospecting activities.

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 organize investment attraction missions that will target specific economic sectors.

## Expected Results – Investment

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

### 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 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:

- provide advice on issues that can affect the opportunities for economic development on Cape Breton Island through participation in meetings, working groups and committees;
- 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.

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

- Federal Council and Federal Council Sub-Committees;
- Federal Economic Development Co-ordinating Committees and Provincial Deputy Ministers;
- The Nova Scotia Innovation Team and related working groups;
- The Aboriginal Economic Development Advisory Committee;
- Life Sciences Economy Initiative;
- Nova Scotia Advocacy Group;
- Federal/Provincial Transportation Committee;
- Climate Change Working Group;
- ACOA Quality Standards Working Group;
- Advocacy Working Group;
- Sustainable Development Team;
- Post EDA Follow-up Steering Committee;
- Marshall Economic Advisory Committee;
- Federal Partners Immigration Working Group;
- Chair, Strengthening Communities Initiative (Nova Scotia Innovation Team);
- Service Delivery Working Group; and
- Policy Committee.

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.

Over the next five years, the Advocacy Office will focus its attention on the following activities:

**Collaboration:** Departments and agencies must pursue incremental opportunities for collaboration, dialogue and horizontal management of key files. Over the coming year, the Advocacy Office will arrange a series of bi-lateral meetings with other government partners

including Environment Canada, Department of Human Resources and Skills Development Canada, Fisheries and Oceans Canada and Industry Canada.

With respect to the Province of Nova Scotia, opportunities for collaboration will be pursued with the Office of Economic Development, Nova Scotia Business Inc. as well as the Department of Energy and the Greater Halifax Partnership. Opportunities for sharing best practices, resources and potential third party delivery agents will be discussed.

**Aboriginal Communities:** The Advocacy Office will continue to engage the Aboriginal communities in the context of capacity building, youth, economic development opportunities as well as skills and learning.

**Incremental Advocacy Initiatives:** During 2004/2005, the Advocacy Office will focus on a number of incremental initiatives including innovation, environmental industries, transportation, immigration, rural development and transportation.

**Image:** The Corporation recognizes that a positive image of Cape Breton Island is critical to creating a healthy climate for investment. The Advocacy Office will continue to place 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.

**Provision of Services: Alternative Service Delivery Model:** A full review of the advocacy function will be investigated in 2004/2005 with more emphasis on the provision of services to other federal and provincial government departments. Over the next five years, the advocacy role will be expanded to include an Ottawa focus. The Advocacy Office can play a significant role in the exploration of opportunities to expand the role of the Corporation to deliver services and to become self sustaining.

## Expected Results – Advocacy

2004/2005	2003/2004 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

### 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

2004/2005	2000/2001 to 2004/2005 Five-year targets
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

### 5.7 Community Adjustment Fund (CAF)

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 was allocated to the CBGF to be invested in a number of priority sectors. The \$10 million allocated to ECBC was invested in the most affected communities.

The CAF was targeted to those communities most negatively impacted by the closure of DEVCO. Within the Cape Breton Regional Municipality, three areas were 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 CAF participated in a number of initiatives designed to facilitate self-sufficiency in affected communities. By investing in community infrastructure, the Fund contributed to job and wealth retention, improved image and maintenance of a basic level of essential amenities in those communities.

During 2003/2004, the remainder of the CAF was fully committed. The CAF assisted twenty five projects in all the affected communities with a total project cost of \$29,804,333.

The CAF made a number of investments in infrastructure, strategic planning and training. ECBC committed \$3.6 million of the CAF to the construction of an incubation building in New Waterford. The construction of this building has been successful in attracting a new tele-service centre to the region. Approximately 700 jobs will be created when the centre opens in early 2004. The community has an approximate population of 9,000 with relatively high unemployment. The centre will provide a boost to labour markets in the community and to the entire Island. Spin off benefits will serve local businesses, which will have access to a larger local demand for goods and services because of the higher income. The addition of these full time jobs will also provide more employment choices for workers adding more stability to the labour market.

The CAF has leveraged \$19.8 million, exceeding its target for leveraged investment.

In 2003/2004 the Corporation commissioned the services of an external consultant to carry out an evaluation of the CAF. The final report is due in 2004. Early indications from the draft report show that the CAF was very successful in terms of meeting its objective to provide quality infrastructure in the communities affected by the closure of the Prince Mine.

## **6.0 PROGRAM MONITORING AND EVALUATION**

A performance management framework was developed by ECBC, in consultation with the Treasury Board Secretariat, 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;
- a number of the five year targets have been adjusted upward given that many of them have been exceeded by the Corporation; and
- the Advocacy target for operational cost efficiencies has been adjusted downward given the baseline data collected in 2003/2004.

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.

## **6.1 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. 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;
- commitments relative to budget allocations;
- 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.

In addition to reports regarding ECBC programming, information is contained concerning the ACOA Business Development Program (BDP), the Atlantic Investment Partnership and the Community Futures Program.