

Enterprise Cape Breton Corporation

**Amended
Corporate Plan**
2010-2011 to 2014-2015

**Amended
Operating
Budgets**
2010-2011



ADDENDUM

Addendum to ECBC's ECBC's 2010-2011 to 2014-2015 Corporate Plan

An amendment to the 2010-2011 to 2014-2015 Corporate Plan of the Enterprise Cape Breton Corporation is required at this time in order to reduce the total expenditures for 2010-2011 by \$5.4 million and to include an additional \$17.6 million in costs in 2011-2012, to be sourced from existing cash, to facilitate dredging of the Sydney Harbour in 2011-2012.

The Sydney Harbour Ports Master Plan was released in January 2008. The plan outlines commercial opportunities for the port with a view to attracting private sector investment that will drive port development and make Sydney more competitive in the international market.

The dredging of Sydney Harbour's access channel is identified in the Master Plan as the enabling event that unlocks the port's real economic potential.

On October 2, 2009, the Government of Canada announced that the Cape Breton Development Corporation (CBDC) would be dissolved effective December 31, 2009 and that remaining assets and liabilities would be transferred to Enterprise Cape Breton Corporation (ECBC).

As of December 31, 2009, the assets and liabilities of the CBDC were transferred to ECBC including environmental stewardship and human resource obligations. As part of this process, a close-out financial audit of CBDC was completed, as were the year-end financial statements. These audits identified an amount of approximately \$17.6 million in cash assets that has been accumulating over the years as a result of unspent appropriation, income generated from the sale of property and equipment, and income from investment interest.

A letter from the Office of the Prime Minister conveyed the Prime Minister's decision that ECBC redirect \$17.6 million in cash balances carried forward from CBDC towards the dredging of Sydney Harbour.

Tenders for the dredging were issued in 2009 and as a result of this process, the cost of the proposed dredging was estimated to be \$38 million. The Province of Nova Scotia has announced that it is prepared to commit \$15.2 million in funding toward the \$38 million dredging project of Sydney harbour. This funding is contingent upon support from the Government of Canada. The Cape Breton Regional Municipality has already approved a \$2 million commitment under a proposed formula that would see the Government of Canada commit \$19 million to the project and the Province of Nova Scotia commit, \$15.2 million. Nova Scotia Power has committed \$1 million to the project.

Enterprise Cape Breton Corporation

Enterprise Cape Breton Corporation (ECBC) is a federal Crown corporation that promotes and coordinates economic development throughout Cape Breton Island and a portion of mainland Nova Scotia in and around the town of Mulgrave.

In addition to its own programs, ECBC is also responsible for the delivery of programs of the Atlantic Canada Opportunities Agency (ACOA) on Cape Breton Island and the programs of the former Cape Breton Development Corporation (CBDC).

It is the principal federal entity for commercial and community economic development on Cape Breton Island and in Mulgrave.

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1.0 EXECUTIVE SUMMARY

Enterprise Cape Breton Corporation (ECBC) is a federal Crown corporation established pursuant to Part II of the *Government Organization Act, Atlantic Canada, 1987* (also known as the *Enterprise Cape Breton Corporation Act*). ECBC promotes and coordinates economic development throughout Cape Breton Island and a portion of mainland Nova Scotia in and around the town of Mulgrave. In addition to its own programs, ECBC is also responsible for the delivery of programs of the Atlantic Canada Opportunities Agency (ACOA), as well as the programs of the former Cape Breton Development Corporation (CBDC).

The 2010-2011 to 2014-2015 planning cycle marks the beginning of a new era for ECBC. The CBDC was dissolved on December 31, 2009, and its assets and liabilities were transferred to ECBC on January 1, 2010. ECBC is now responsible for all stewardship obligations stemming from the CBDC past operations, namely its land holdings, environmental remediation obligations and the administration of human resource programs for former CBDC employees.

The CBDC was established as a Crown corporation in 1967 in order to reorganize and rehabilitate the coal industry on Cape Breton Island. In January 1999, the Government of Canada announced its decision to close the Phalen Colliery and privatize the CBDC's remaining assets. Legislation enacted in June 2000 provided CBDC with authority to sell its assets and eventually wind up its affairs.

The recommendation to proceed with the transfer of CBDC assets and liabilities to ECBC originated from the recently completed ECBC mandate review. In order to fulfill the remaining obligations of the former CBDC, the Corporation has added two new areas of activity – environmental and human resource obligations. This fulfills a request outlined in a letter from the

Prime Minister of Canada to report, separately from ECBC activities, on the remaining obligations of the former CBDC. The current status of these obligations is outlined in Appendix E.

Assuming the stewardship obligations of the CBDC has required ECBC to restructure its operations to ensure that the right people, resources, and processes are in place to meet these new responsibilities. Former CBDC staff have been appointed to various positions within the Corporation and will assist in overseeing the efficient and effective delivery of former CBDC (now ECBC) programs.

Integral to ECBC's mandate are the economic development opportunities related to the former CBDC land holdings. With the addition of CBDC's properties, ECBC's land portfolio is currently at 12,600 acres. ECBC's primary focus with regard to land holdings will be the redeployment of this property for purposes of commercial and community economic development. In addition, the Corporation will work with the Centre for Sustainability in Energy and the Environment (CSEE) currently under development at Cape Breton University (CBU), the private sector, and other government agencies to promote the research, development and commercialization of alternative green energy opportunities. A particular focus will be the exploitation of the energy potential of the former CBDC land and coalfields through new technology, notably methane gas extraction, bio-mining, wind and underground coal gasification.

Given the Corporation's enhanced role as steward of the former CBDC's obligations, there will be an increased emphasis on environmental risk management, particularly as it relates to property remediation and management. An environmental committee will be established under ECBC's subsidiary corporation, DARR (Cape Breton) Limited (a real estate holding and development company), to specifically identify, monitor and mitigate the risk associated with the environmental liabilities assumed by ECBC.

Over the coming year, the Corporation will further develop and implement an integrated marketing strategy. Given the significance of the transfer of CBDC's assets and liabilities to ECBC and the reconfirmation of the ECBC strategic mandate as a result of the recently completed mandate review, the Corporation will complete further work and implement an integrated marketing strategy which will strengthen the ECBC brand and position it as the principal federal government entity for commercial and community economic development on Cape Breton Island and in the Mulgrave area.

In 2009-2010, the Office of the Auditor General of Canada (OAG) performed a special examination of ECBC with no significant deficiencies found. The OAG is the official auditor of ECBC as stated in the *Financial Administration Act* (FAA). Special examinations are conducted on the Corporation every 10 years at a minimum. Although no significant deficiencies were found, the special examination report provided specific recommendations with regard to governance, strategic and operational planning, performance measurement and reporting, and property development and management. Throughout this plan ECBC will highlight how it is addressing the recommendations. The recommendations are included in Appendix D.

With the economic uncertainty faced by businesses and communities over the past year due to the global recession, the government's role in supporting and building the economy of Cape Breton has become even more important. Throughout this planning period, the Corporation will continue on the course it began in 2009, making strategic investments in communities, entrepreneurs and businesses to help build a sustainable, diverse and innovative economy for Cape Breton. This will be realized through an integrated approach to economic development whereby strategies are developed for specific sectors, and implemented across various lines of program activities.

ECBC will focus its efforts on eight areas of activity. They include Regional Service Delivery; Property Development and Management; Commercial Development; Community Economic Development; Policy and Advocacy; Environmental Obligations; Human Resource Obligations, and Internal Services.

Policy and Advocacy

As part of ECBC's advocacy role, the Corporation will work to ensure that Cape Breton interests, priorities and concerns are considered by stakeholders and all levels of government, in policy development, program access, and the allocation of financial resources. Over this planning period, a particular area of focus for the policy and advocacy function will be to promote and encourage a proactive approach within the Corporation in respect to the alternative energy sector. The policy and advocacy function will provide support to the work of the CSEE at CBU, in the development and commercialization of opportunities connected to the regional geological resources of the former CBDC, particularly as they relate to the development of clean energy opportunities.

Community Economic Development

To realize sustainable economic growth, investments are required to strengthen and enhance the social and economic foundations of communities, making them attractive places to live and invest. Community initiatives must encourage and support attraction of leveraged investment, create sustainable wealth, develop regional competitive advantage, and enhance quality of life. The transfer of the CBDC's assets and liabilities has made available to ECBC a number of land holdings that will be used for community economic development purposes.

Commercial Development

ECBC's commercial development activities will utilize all the Corporation's tools, such as advocacy, guidance, expertise, and financial incentives. This will encourage existing business owners or potential entrepreneurs to establish, expand or modernize a business; seek new markets; establish new product lines or services; improve efficiency; and develop human resources. The objective will be further wealth creation and an improved economy. The Commercial Development unit will work closely with the Property Development and Management unit to identify, redeploy and leverage a number of the former CBDC properties with the greatest potential for commercial development.

Property Development and Management

The Corporation will acquire, manage, sell and dispose of real property to support the delivery of commercial and community economic development programs administered by ECBC. At the same time there is a need to analyze the requirement for further incentives for investment, or the reinvestment of profits into program initiatives. The remaining land inventory of the former CBDC has been merged with ECBC's current real property portfolio, bringing ECBC's land holdings to more than 12,600 acres.

Internal Services

Internal services provide support and advance the Corporation's mandate by providing systems and resources that effectively enable and promote its main business lines. It includes a number of functions, consisting of finance and administration, human resources, communications, access to information and privacy, internal audit, and information technology.

Regional Service Delivery

In addition to its own programs, ECBC is responsible for the delivery for the Atlantic Canada Opportunities Agency (ACOA) programs on Cape Breton Island. The dual role that ECBC plays in program delivery creates cost-efficiencies for the Government of Canada, avoiding unnecessary duplication of services by the two entities, while at the same time representing a seamless approach to service delivery. The former CBDC land holdings provide new commercial and community economic development opportunities that can be leveraged with funding programs from ACOA.

Environmental Obligations

With the transfer of the assets and liabilities of the CBDC, ECBC is now responsible for the environmental stewardship of the former CBDC's land holdings, as well as the implementation of a mine water management program.

Environmental stewardship includes all aspects of assessment and remediation where required, as well as requirements for ongoing post-remediation performance monitoring and maintenance of infrastructure such as liners, maintenance roads, drainage channels, and operation/maintenance of water treatment facilities. ECBC will continue to fulfill all stewardship obligations stemming from the former CBDC's operations in a manner that protects the government's interest, and

leverages the residual assets from the Corporation's former activities to bring maximum benefit to the communities of Cape Breton. In 2007-2008, a multi-year site closure program addressing assessment and remediation requirements of all CBDC sites was prepared. All of the long-term environmental obligations will be completed by 2055, except the mine water obligation, which may require management indefinitely.

Over the coming year, an environmental committee will be established under ECBC's subsidiary corporation, DARR (Cape Breton) Limited, to specifically identify, monitor and mitigate the risk associated with the environmental liabilities assumed by ECBC. The remediation activities are expected to be complete by 2011-2012; however, the long-term care and maintenance will continue until at least 2055. In the case of mine water, obligations could extend beyond 2055 if research is unsuccessful in developing an approach to allow mine water to be safely discharged without further treatment.

By working with partners in environment and energy, such as the CSEE at CBU, the Sydney Tar Ponds Agency, Nova Scotia Department of the Environment, Department of Energy, Environment Canada, and the private sector, ECBC will use its land holdings to promote the research, development and commercialization of alternative green energy opportunities.

Human Resource Obligations

The human resource obligations assumed by ECBC as a result of the transfer of CBDC's assets and liabilities are a significant and important component of the CBDC's long-term liability. They include early retirement incentive programs, liability for future employees, workers' compensation benefits, and a domestic coal subsidy program. These payments to former CBDC employees represent a new and ongoing administrative responsibility for ECBC. The impact of these payments is important to a Cape Breton economy in transition. These obligations are expected to be completed by 2047.

2.0 OVERVIEW OF ECBC

2.1 Public Policy Purpose

ECBC is a Crown corporation, established in 1987 by the *Government Organization Act, Atlantic Canada*, (also known as *the Enterprise Cape Breton Corporation Act*). ECBC is a continuation of the Industrial Development Division, formerly the economic development arm of the CBDC. When ECBC was created as a separate Crown corporation, the mandate of the Industrial Development Division was transferred to it.

ECBC's enabling legislation provides the Corporation with a broad range of powers that include the authority to:

- ✘ lend money either with or without security or interest;
- ✘ make grants;
- ✘ invest in shares or securities;
- ✘ guarantee repayment;
- ✘ purchase, lease or otherwise acquire or sell land;
- ✘ hold mortgages; and
- ✘ do all other things the Corporation deems incidental or conducive to the attainment of its objectives.

As a Crown corporation, ECBC is a unique delivery model for economic development programming. Its small geographic focus, local Board of Directors, and flexible mandate enable the Corporation to devise initiatives that are very specific to local needs and priorities.

On January 1, 2010, the assets and liabilities of the former CBDC were transferred to ECBC. ECBC is now responsible for all stewardship

obligations related to the former CBDC, including environmental and human resource obligations. ECBC's broad mandate and legislative authority have made it possible for the Corporation to assume these additional responsibilities.

2.2 Corporate Profile

As a parent Crown corporation, ECBC is a distinct entity that reports to Parliament through the minister designated for the purposes of the *Atlantic Canada Opportunities Agency Act*. In addition to its own programs, ECBC is responsible for the delivery of ACOA's programs on Cape Breton Island. Pursuant to a memorandum of understanding (MOU) with ACOA, ECBC is able to complement its economic development programs with those offered by ACOA. As noted above, ECBC is now responsible for the administration and delivery of the ongoing programs of the former CBDC.

2.3 Organizational Structure

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 business lines and services, including commercial development, community economic development, property development and management, policy and advocacy, and supporting and enabling services. It also has units specifically dedicated to the environmental and human resource obligations of the former CBDC. In this planning period, the organizational structure has been revised to include the roles assumed by staff of the former CBDC. The Corporation has appointed an executive director general from the former CBDC staff complement, to oversee the environmental obligations related to the former CBDC land holdings. This individual will have

overall responsibility for legacy site operations, mine water management, industrial land remediation and environmental risk management. The Corporation has also appointed a director of human resources to oversee the human resource obligations related to the former CBDC. A number of former CBDC staff have been appointed to various positions within ECBC to help carry out its additional responsibilities.

The new organizational structure is located in Appendix B of the 2010-2011 Corporate Plan.

2.4 Governance Structure

ECBC continues to maintain high standards for corporate governance.

The Corporation is governed by a Board of Directors comprising the chairperson, the chief executive officer and five outside directors appointed by the Governor in Council. As per the ECBC Act, the president of ACOA is de facto the chairperson of the ECBC Board of Directors.

The primary purpose of the ECBC Board of Directors is to support the achievement of the Corporation's legislated mandate by governing and providing strategic insight to the management and leadership of the Corporation. The board supports the leadership and management of the Corporation in the achievement of its strategic and operating objectives through corporate governance, the provision of advice and counsel, and through input to the strategic planning process, as well as the review and approval of the Corporation's business plan and annual report.

In keeping with principles of good governance and the recommendation of the Office of the Auditor General, the ECBC board adopted a charter in 2009, and is in the process of updating its board profile. With regard to outreach and public consultation, the Board of

Directors held its first public meeting in July 2009 to share and solicit information from the public regarding the Corporation's mandate, activities and strategic direction.

In this planning period, ECBC will create a Corporate Governance Committee to review and make recommendations with respect to governance practices. The committee will oversee board policies with respect to committees of the boards' work and division of responsibilities, ethics, conflict of interest and code of conduct for directors, which ensures that the Corporation continues to operate in accordance with a high standard of corporate governance.

There are two existing sub-committees of the ECBC board: Audit and Human Resources. The primary function of the Audit Committee is to oversee the Corporation's financial performance and to ensure the integrity, effectiveness and accuracy of ECBC's financial reporting, control systems, risk management process and internal audit functions.

The primary function of the Human Resource Committee is to assist the board in fulfilling its oversight responsibilities with respect to the application of sound human resource policies, and to monitor and manage the performance of executive leadership including that of the chief executive officer of the Corporation.

ECBC has also appointed a special advisor to the chair of the board. This individual will provide strategic advice to the chair, the board and the CEO on matters pertaining to corporate governance, complex legal issues, and risk management. The board's role is not the micromanagement of the Corporation, but to provide good governance and to review corporate performance and strengthen management accountability. As such, it requires management to provide it with regular, complete and accurate information, including the

identification of and reports on evolving issues that may materially impact the strategic direction or performance of the Corporation. In addition, the board requires the implementation of systems and controls necessary to identify and manage the risks facing the Corporation.

Board members receive orientation and training as required. An orientation session on ECBC operations is presented to new directors, and they are provided an opportunity to participate in yearly training on relevant issues (governance, financial literacy, how government works, etc.). Directors receive copies of the relevant sections of the FAA pertaining to their duties and responsibilities, as well as a copy of the Conflict of Interest Code for Directors.

ECBC's auditor is the Auditor General of Canada, as stated in Section 134 (2) of the FAA, the legislation governing the management of many Crown corporations. The Auditor General performed a special examination of the Corporation in 2009-2010 in which it was concluded that there were no significant deficiencies in the Corporation's systems and practices. The Auditor General also completes annual financial audits of ECBC, and special examinations are conducted every ten years at a minimum.

ECBC adheres to the *Privacy Act*, the *Access to Information Act*, the *Federal Accountability Act*, the *Canadian Environmental Assessment Act*, the *Canadian Environmental Protection Act*, the *Public Servants Disclosure Protection Act*, the *Financial Administration Act*, the *Fisheries Act*, the *Species at Risk Act*, the *Migratory Birds Act*, the *Canadian Wildlife Act*, the *Human Rights Act*, the *Library and Archives Act*, the *Multi-culturalism Act*, and the *Official Languages Act*.

DARR Cape Breton Limited (DARR) is a wholly-owned subsidiary of ECBC, incorporated under the laws of the Province of Nova Scotia.

With the absorbing of the assets and liabilities of the CBDC into ECBC, the Corporation has assumed an enhanced role as steward of the former CBDC's obligations. As part of the revised corporate governance framework established as a result of the integration, the Board of Directors of ECBC will enhance the mandate of DARR to oversee and monitor the Corporation's property management and development activities, as well as its environmental and legacy responsibilities. In addition, an environment committee will be established under DARR to specifically identify, monitor and mitigate the risk associated with the environmental liabilities. The committee, which will include ECBC and former CBDC employees, will be tasked immediately with the development of an environmental risk management framework, as well as the development of an environmental crisis management plan. The environment committee will report to the DARR Board of Directors who, in turn, report to the ECBC Board of Directors.

ECBC Board of Directors

Chairperson

Monique Collette

Ms. Collette assumed the responsibilities of Chairperson of the Enterprise Cape Breton Corporation in 2003. She is also President of the Atlantic Canada Opportunities Agency.

Chief Executive Officer

John K. Lynn

John K. Lynn assumed the role of Chief Executive Officer of Enterprise Cape Breton Corporation in June 2008. He holds degrees from St. Francis Xavier University and Queen's University and studied at the University of Western Ontario. He has an extensive private sector background, having served on numerous private sector, not-for-profit and Crown

corporation boards, and various board committees. He has also been very active in his community.

Directors

Sara Figliomeni

A native of North Sydney, Ms. Figliomeni is a graduate of Mount Saint Vincent University with knowledge and experience in the hospitality industry gained through her work as an entrepreneur. Ms. Figliomeni is currently the owner/operator of Joe's Warehouse Restaurant in Sydney and works with several boards and community organizations. (reappointed for a two-year term effective January 25, 2009)

Eva Landry

Ms. Landry, a resident of St. Peters, brings a wealth of professional experience to the Board. Ms. Landry was the first woman to hold the positions of inspector and superintendent of schools in Nova Scotia, and she has worked as a consultant in education. Now retired, Ms. Landry is an active volunteer in her community. (reappointed for a three-year term effective February 9, 2010)

Frank MacInnis

Mr. MacInnis, a resident of Creignish, Inverness County, is a graduate of St. Francis Xavier University. He is now retired from a career in education. Mr. MacInnis serves on several boards and numerous organizing committees. (reappointed for a three-year term effective February 9, 2010)

Terry Miller

Mr. Miller is a long-time resident of Cape Breton Island. He is a graduate of St. Mary's University and recently retired from a career in banking. He is currently employed with the Cape Breton District Health Authority. (reappointed for a two-year term effective January 25, 2009)

Bob Munroe

A native of Sydney, Mr. Munroe is a chartered accountant and an associate partner with MGM & Associates in Sydney. He has extensive experience in auditing, accounting, tax and other financial advisory services. Mr. Munroe is involved in various professional and community activities. (reappointed for a two-year term effective February 9, 2010)

2.5 Federal Identity Program

In complying with Treasury Board initiatives to strengthen the federal presence and visibility of the Government of Canada through the Federal Identity Program, ECBC has incorporated the Canada wordmark throughout its corporate and promotional materials. The Corporation also works diligently to ensure acknowledgement of the contributions made by the Government of Canada, where appropriate, through its funding agreements and media relations.

2.6 ECBC'S Purpose

As the principal federal organization for economic development on Cape Breton Island, ECBC focuses on the major issues affecting the economy of the area. In partnership with all levels of government, the private sector, and other community stakeholders, ECBC will promote and assist the financing and development of communities and industry with a view to creating sustainable wealth on Cape Breton Island. In addition, ECBC will fulfill the remaining obligations of the CBDC including human resource commitments and environmental obligations. In doing so, it will exploit and leverage the economic development potential of the former CBDC's residual land assets.

2.7 Corporate Values

The Corporation has adopted a set of values that drives ECBC's corporate culture and behaviour. These core values serve to guide

staff in their daily interactions both internally and externally. Putting an emphasis on corporate values strengthens the organization by promoting behaviours that consistently demonstrate a focus on service quality and integrity.

ECBC's corporate values represent a commitment to the following:

Ethically-based decisions and behaviour

ECBC is committed to maintaining the highest level of integrity and honesty throughout all aspects of daily business activities.

Proactive approach in attracting business and identifying community solutions

Rather than be reactive, ECBC will work to proactively identify and address the key opportunities and challenges impacting the Corporation and the Cape Breton economy.

Effective stewardship of taxpayers' dollars

The Corporation will work to entrench a culture of sound fiscal management in the delivery of programs that achieve results for Canadian taxpayers and maximize value for money.

Service First Culture

A philosophy that places the client first is the foundation of ECBC's corporate culture, and serves to guide the Corporation's daily business activity.

Empowerment

Allowing employees to realize their true potential and to be effective professionals in their respective areas of responsibility.

Providing executive leadership within the Corporation and community

For the Corporation to be truly effective in carrying out its mandate, its organizational culture must encourage executive leadership in identifying and addressing the economic development needs of the community and ensuring that projects proceed effectively.

Environmental Stewardship

ECBC is committed to principles of sound environmental stewardship with regard to all activities undertaken by the Corporation.

3.0 ECBC'S PLANNING ENVIRONMENT

3.1 Integrated Strategy

With the acquisition of the assets and liabilities from the CBDC, there are now further development opportunities within the private sector and communities in Cape Breton. The transfer of assets and liabilities occurred at an opportune time. The CBDC had been winding down its activities, while at the same time exploring ways in which it could leave a positive legacy in the community. ECBC's economic development mandate provides legislative authority to carry out these legacy activities. In addition, ECBC has financial resources and personnel with the expertise and skill sets required to maximize the economic development potential of these opportunities.

Within ECBC's Program Activity Architecture (PAA), there are eight program activities that have been identified in the delivery of ECBC's mandate. Six of these, Community Economic Development, Commercial Development, Environmental Obligations, Policy and Advocacy, Property Development, and Management and Regional Service Delivery are integral to specific strategies within the economic development spectrum. Internal Services and Human Resource Obligations are important administrative functions which are a fiduciary responsibility of the Corporation.

The challenge exists for ECBC management to develop ongoing processes and procedures to ensure strategies are developed across the lines of the Corporation's program activities as appropriate. This will require meaningful dialogue between managers and staff regarding specific projects and outcomes. Rather than focusing on program activities, this approach could, for example, focus on specific sectors. Strategies would be developed by engaging the appropriate individuals within ECBC's program activities.

This corporate plan lays the foundation for this type of integrated approach. With the dissolution of the CBDC, staff from ECBC and the former CBDC now work together under one Board of Directors. As a result, ECBC management has a better appreciation of the breadth and scope of the combined activities. Additional processes such as regular strategy sessions with responsible individuals will enhance this approach.

Two examples of sectors that stand to benefit are energy and tourism. The following diagram illustrates the types of activities that are ongoing within the Corporation in the energy sector. Constant dialogue between the program, property and environmental units will be essential to ensure that resources are maximized and individual efforts are not duplicated. Management and the Board of Directors are committed to this type of integrated strategy.

Integrated Approach: Development of Alternative Energy Opportunities



Over the coming year, the Corporation will continue to invest in business and community infrastructure through its own program funds and those administered on behalf of the Atlantic Canada Opportunities Agency.

There is planned spending of \$15.9 million in commercial loans, through a combination of repayable and provisionally repayable loans and equity. Spending of \$13.9 million is planned in community economic development projects, as well as \$3.5 million for research, all in the form of grants.

The Corporation will work with Cape Breton University to finalize the governance structure and mandate of the Centre for Sustainability in Energy and the Environment (CSEE). This centre will be integral in the research, development and commercialization of technology in the areas of mine water remediation, environment, and renewable and alternative energy. This along with other community and commercial projects will serve to increase research and development capacity in Cape Breton, which is an important objective of the Corporation.

ECBC also has indications that several pilot projects in renewable energy could take place in the coming year. The Corporation will partner with the private sector on projects which are determined to be the most viable in terms of commercialization. The advancement of the renewable energy agenda, as well as the commercialization of the Sydney harbour, are key objectives of the Corporation. ECBC management continues to work closely with the Sydney Marine Group to advance the port.

Finally, in light of its sponsorship of an entry in the Clipper Round the World Yacht Race, ECBC has increased its efforts in trade and investment, another key objective of the Corporation. Approximately \$900,000 is budgeted within

commercial development to lead incoming and outgoing trade missions. This year there are planned missions to San Francisco, New York, and Cork, Ireland. These cities have been selected because of the relevance to Cape Breton exporters, and they are also ports of call for the clipper yacht.

There is also a planned incoming trade mission from England, which resulted from a prior clipper activation in Hull and Humber, England. A group of seafood buyers are coming to Cape Breton and Nova Scotia to explore partnerships with local seafood producers.

In addition to regular programs, ECBC has planned spending of \$42.9 million in payments to former CBDC workers. This amount represents a significant inflow to the economy, and on its own is an economic generator. Planned spending of \$34.2 million is budgeted within ECBC for the environmental remediation program associated with CBDC properties. This work has two significant economic development components. First, the work is done through local contractors and other professionals, which in turn has positive economic spinoffs. These impacts in both human resource and environment will be analyzed, measured, and reported in the ECBC annual report. Secondly, the environmental work has been intertwined with research projects within ECBC at various levels. Many sites in the remediation process have been identified as having potential to produce alternative or renewable energy. Efforts from these types of activities are highlighted in the corporate plan, as well as discussions around the Corporation's role with CSEE and production of biomass. ECBC management will play a prominent role in the advancement of these projects.

3.2 Impacts of Economic Environment

Every year when developing its corporate plan, ECBC considers how the external environment might impact its operations. An examination of the economic landscape assists the Corporation in developing and adopting strategies to meet the challenges presented by the external environment.

The effect of the world-wide recession was less severe in Nova Scotia and Cape Breton than in other parts of Canada and North America. In part, this is because Cape Breton does not have a boom-bust economy. Instead, the regional economy follows seasonal trends that indicate reliance on primary industries and the tourism sector.

ECBC's commercial and community development activities are impacted by external macroeconomic factors. These include economic growth and decline, the exchange rate, demographic trends, and the labour market. Each of these factors must be considered as the Corporation develops strategies that are consistent with its mandate.

The Cape Breton economy currently accounts for an estimated 10% of Nova Scotia's gross domestic product (GDP). The consensus for Nova Scotia is that real GDP will grow by 2% in 2010. A similar level of growth in Cape Breton is expected based on the fiscal stimulus commitments, ongoing remediation work at the Sydney tar ponds, and robust tourism expectations for the coming year. These will be aided by improvements in both consumer and business confidence that will be supported by a continuation of the Bank of Canada's low interest rate policy. In the short term, inflation is expected to remain at or below the Bank of Canada's target level.

The strengthening Canadian dollar is a risk to both tourism and exporters. In particular, it could

temper any impact that improvements in demand from the United States might otherwise be expected to have. Therefore, the coming year may see tourism operators and manufacturers focus on improved productivity and product quality rather than expansion. Although this is often equated to cost-cutting measures, there is a very real opportunity to take advantage of the relatively low borrowing costs to make improvements by replacing or augmenting aging capital assets.

The economic challenges associated with the demographic structures within the Cape Breton economy will continue. The aging population has the effect of reducing productivity in the economy and placing a considerable burden on public resources, particularly health care, while simultaneously reducing the tax base. According to a recent report by Novus Consulting, the declining population is exacerbated by the emigration of people in their prime earning and child-bearing years. It is forecasted that, if this trend continues, more than 50% of the population will be over 60 by 2029.

Declining population is not unique to Cape Breton. However, the historical rates and predicted future rate of exodus is far more significant than in other rural areas. The movement of people from Cape Breton to larger urban areas presents a significant challenge to economic development.

ECBC continues to work with communities and business to grow the economic base of Cape Breton. As opportunities for jobs arise and as infrastructure improves, communities will be better able to attract and or retain employees.

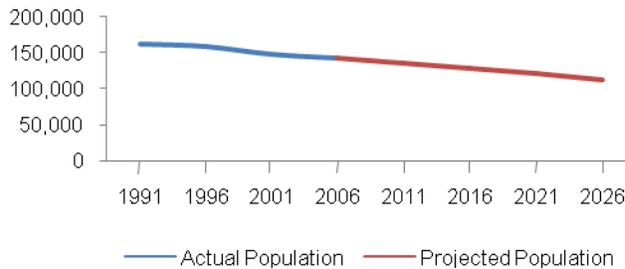
The world economy is in various stages of growth; however the most prevalent condition is that of a recessionary state with declining private sector investment. There are a number of large projects in Cape Breton (e.g. port development

and renewable energy) that will require large investments from the private sector. ECBC will work closely with its partners in identifying private sector investment, promoting the potential of these projects. ECBC has and will continue to work with the Province of Nova Scotia, Natural Resources Canada, Nova Scotia Power, Sydney Marine Group, and others to advance these opportunities.

Skill shortages have been identified within the information technology sector, among others. ECBC regularly consults with local business to better understand their needs. Through specific

programs in commercial and community economic development, ECBC is equipped to address this challenge. In addition to programs, discussions with the community college and Cape Breton University have taken place to help ensure educational programming is meeting the needs of local business. Examples of this have included projects to train individuals at the community college to work in customer contact centres and a pharmaceutical technology program developed at CBU to equip individuals to work at a local pharmaceutical plant.

Cape Breton Island Population Projection Novus Consulting (2009)

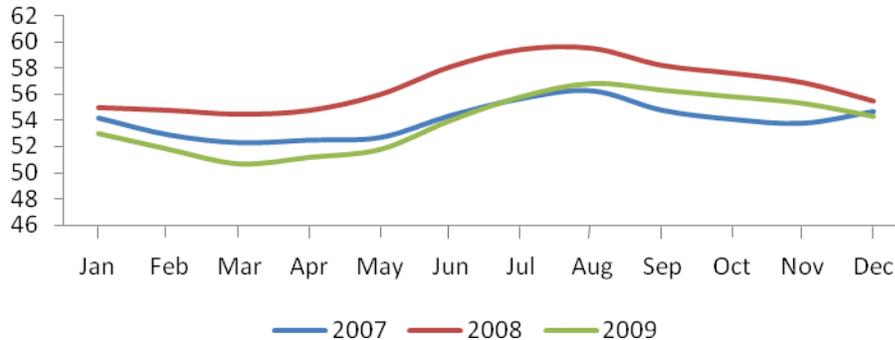


Cape Breton's labour force has been undergoing fundamental changes as a result of the demographic shifts, particularly the trend toward an older work force influenced by the aging baby boomers. Labour force indicators for 2009 show that, although the employment numbers dipped,

they remain consistent with the long-term trend of higher employment levels. The seasonal nature of economic activity in Cape Breton is clearly demonstrated by the monthly employment figures in the chart on page 15.

Monthly Employment in Cape Breton (000)

Statistics Canada Labour Force Survey



In the coming year, the multimillion-dollar Sydney Tar Ponds project will continue, as will the remediation of the former mine sites now owned by ECBC. In addition to providing employment, these projects serve to expand specialized capacity within the Cape Breton economy.

There are also potential developments in the alternative energy, mining, and port development sectors. Although none of these is imminent in terms of employment creation, progress is expected throughout the coming year. For example, several companies are exploring wind energy projects, and at least one biomass project is being developed in response to Nova Scotia Power's need to meet enhanced renewable energy portfolio objectives by 2015. Xstrata, a Swiss multi-national mining firm selected to revive the abandoned Donkin mine, will continue to examine the feasibility of going to full-blown production as they monitor the price of coal and look for potential buyers. In 2006, the former CBDC negotiated the sale of the Donkin assets. This sale provided Xstrata with access to a 500-million tonne coal resource. The

Port of Sydney has issued a request for proposals to dredge the harbour in the hope that provincial and municipal government will support their plan for harbour development and commercialization.

3.3 Operational Impacts

On January 1, 2010, ECBC assumed responsibility for all existing CBDC assets and liabilities. The outstanding obligations of the former CBDC include administering human resource benefits to former employees; disposition of real property; environmental remediation of former sites; long-term care and maintenance that includes the operation and maintenance of water treatment systems, sampling, analysis, maintenance of remediated sites; and preservation of CBDC corporate records in accordance with the requirements of Library and Archives Canada.

Land holdings acquired by ECBC as a result of the transfer of CBDC's assets and liabilities include approximately 7,300 acres located mainly in the Cape Breton Regional Municipality.

In addition, ECBC now owns and operates a number of water treatment facilities, as well as the Dominion and Sydney Mines coal yards as part of the former CBDC's contractual obligation to sell coal for domestic heating to former employees. In 2007-2008, a multi-year site closure program addressing assessment and remediation requirements of all CBDC sites was prepared. All of the long-term environmental obligations will be completed by 2055, except the mine water obligation, which may require management indefinitely.

The human resource obligations are a large component of the former CBDC's long-term liability. These include early retirement incentive programs, future employee benefits, and workers' compensation obligations. The remaining human resource obligations are expected to be completed by 2047.

Substantive work in the continued administration and management of long-term human resource and environmental liabilities has necessitated an increase in ECBC's staff complement. Due to their knowledge and expertise, the majority of the CBDC employees have been employed within the newly integrated organization. Funding for these incremental costs to ECBC will be required for the near term, and indefinitely into the future until such time as these activities cease to exist.

3.4 Planning Process

To ensure consistency with the Government of Canada's priorities, ECBC's planning process takes into consideration the Government of Canada's plans and priorities, as outlined in documents such as Advantage Canada and the Speech from the Throne. The planning process for the 2010-2011 corporate plan consisted of:

- an examination of the economic landscape carried out by the ECBC Policy and Advocacy unit;
- a review of ECBC's quarterly performance reports;
- strategic planning;
- sessions carried out by ECBC senior management;
- strategic planning review with ECBC's Board of Directors; and
- a review of research carried out by the Corporation.

Government, business and community stakeholders are consulted on a regular basis in order to keep their concerns at the forefront of planning and economic decisions that regularly face ECBC. Meetings are held throughout the year with regional development authorities, various municipal governments and the Aboriginal and francophone communities on the island to ensure their economic development needs are heard.

In keeping with Treasury Board of Canada guidelines for the corporate planning process, the 2010-2011 to 2014-2015 corporate plan strives to create clearly defined links among the Corporation's mandate, economic development strategies, and critical business initiatives.

Changes Relative to the 2009-2010 to 2013-2014 Amended Corporate Plan

Integrated planning is highlighted in this planning period. The transfer of the former CBDC's property to ECBC presents a number of economic development opportunities that will be realized through a coordinated approach to economic development among the Corporation's various program activities. This will require continual dialogue among the individual units so as to ensure that projects are not developed in isolation of one another, resources are maximized, and individual efforts are not duplicated.

With the transfer of the assets and liabilities of the former CBDC to ECBC comes a significant increase in risk to the Corporation, particularly related to the environmental liabilities. As a result, there is an increased emphasis on risk management in this planning period. An Environmental Committee will be established under ECBC's subsidiary corporation DARR. The committee will be tasked immediately with the development of an environmental risk management framework specific to the

additional environmental liabilities assumed by ECBC, as well as the development of an environmental crisis management plan.

There will also be an increased emphasis on communication as the newly integrated Corporation moves forward. Given the significance of the transfer of CBDC assets and the reconfirmation of the ECBC mandate to the economic development future of Cape Breton, ECBC will implement an integrated marketing strategy that strengthens the ECBC brand and positions the Corporation as the principal federal government entity for economic development on Cape Breton Island.

In this planning period, a new critical business initiative has been added to Property Development and Management that addresses the completion of a real property divestiture strategy, one of the recommendations of the ECBC special examination report. The divestiture strategy will document criteria to assist the Corporation in identifying properties with economic development potential, and to assess the ongoing usefulness of its properties for program delivery.

4.0 ECBC'S ECONOMIC DEVELOPMENT STRATEGY

Every year, ECBC carries out a review of its strategy to ensure that it is well-positioned to effectively deliver on its mandate. As part of this process, the Corporation seeks to ensure that resources are utilized in the most effective and efficient manner.

The reconfirmation of the ECBC mandate in 2009 represents a renewal and strengthening of the federal Crown corporation's leadership role in the economic development of Cape Breton. ECBC will utilize the transferred assets of the CBDC wherever possible to further enhance economic development opportunities on Cape Breton Island.

The economic development strategy outlined in this plan is composed of eight areas of activity. The majority of activities are continued from 2009-2010 as they are standard business, but further initiatives are being developed/implemented in this planning period. The eight activities include Policy and Advocacy; Community Economic Development; Commercial Development; Property Development and Management; Internal Services; Regional Service Delivery; Environmental Obligations; and Human Resource Obligations. Each is described below.

4.1 POLICY AND ADVOCACY

Fundamental to ECBC's mandate is the Corporation's policy and advocacy role, which assists in identifying the opportunities and challenges facing the island, as well as informing and supporting decision making both within and outside the Corporation.

ECBC's policy and advocacy function focuses on a range of activities designed to build a strong economy for Cape Breton. These activities result in policies and strategies that address the economic development needs of the island. The unit collaborates with stakeholders and all levels of government to address barriers to long-term sustainable growth.

In developing the advocacy agenda for Cape Breton, ECBC works to ensure that national and provincial priority setters are aware of the needs of the region, and that Cape Breton interests, priorities and concerns are considered when policy is developed.

Research and analysis are required to understand the economic challenges and opportunities facing Cape Breton and to guide advocacy and policy-making activities.

In addition to these activities, the policy and advocacy function oversees all planning and reporting activities. Although ECBC's development strategies centre on its PAA, it is incumbent upon management to develop strategies across corporate activities, effectively integrating all areas of the Corporation (see Appendix A).

ECBC has appointed a director of advocacy and government relations, which is a shared position with ACOA, to work in the ACOA office in Ottawa. This individual will provide advice and guidance with respect to ECBC files that involve various departments at the federal and provincial levels of government.

The objective is to ensure that the interests of Cape Breton are considered, and that ECBC initiatives and projects are given appropriate attention.

Several critical business initiatives have been identified to guide the policy and advocacy unit in achieving its outcomes. However, there will be additional general and ongoing liaison as new issues unfold.

CRITICAL BUSINESS INITIATIVES

POLICY AND ADVOCACY

ECBC has identified four critical business initiatives which will be the focus of the policy and advocacy function over the planning period.

4.1.1 Critical Business Initiative #1

Create Awareness of ECBC's Programs

Heighten the profile of ECBC with a goal of creating awareness and understanding of the Corporation and programs offered.

During this planning period, the Policy and Advocacy unit will work with the Communications unit on its objective of developing an integrated marketing strategy.

As part of its policy and advocacy role, ECBC will work with other levels of government to create an awareness of the Corporation's public policy purpose and overall strategic direction.

4.1.2 Critical Business Initiative #2

Create Awareness of Local Initiatives

Create awareness among federal and provincial government departments of local economic development initiatives, in an effort to advance specific projects by accessing funding or helping them advance through the regulatory process.

Over the course of the planning period the Policy and Advocacy unit will focus on three key priorities: transportation; environment and energy; and tourism. At the same time, it will continue to respond to new and emerging priorities as they arise.

Transportation

In recognition of the critical role that gateways and corridors play in Canada's international competitiveness, the Government of Canada announced the National Gateways and Border Crossing Fund in Budget 2007. The Asia-Pacific Gateway and Corridor, the Ontario-Quebec Continental Gateway and Trade Corridor, and the Atlantic Gateway are the three most prominent components of the national system.

The Atlantic Gateway presents a significant opportunity for the transportation sector in Cape Breton, offering the potential to increase international trade and ultimately economic development in the region. Cape Breton is in a strong position to capitalize on this emerging opportunity, given its proximity to markets; deep, ice-free ports; and rail, road, and marine connections.

The policy and advocacy function will continue to advance Cape Breton's interests in policy and program development with regard to the Atlantic Gateway in order to ensure that government initiatives are responsive to the needs of Cape Breton. ECBC is a member of the Atlantic Gateway Federal Provincial Officials Committee, where Transport Canada interfaces with other federal departments and the provincial governments on Atlantic Gateway issues. It will also continue to work with the Port of Sydney and the Strait Superport to successfully implement port master plans.

Environment and Energy

Cape Breton has a significant opportunity to develop expertise and commercial opportunities in the environmental sector as a direct result of the environmental remediation work required on the former CBDC lands and through the Sydney Tar Ponds Agency.

During this planning period, ECBC will continue to work with a coalition of local, provincial and national institutions supporting the establishment of a leading research and learning facility at CBU in the area of environmental remediation and energy sustainability. This facility, now referred to as the Centre for Sustainability in Energy and the Environment, will take advantage of research and learning opportunities presented by the remediation of the tar ponds, coke ovens and former mine sites. ECBC's advocacy function will play an integral role in the development of the centre, particularly as it relates to the advancement and commercialization of opportunities connected to the regional geological resources of the former CBDC.

Tourism

Cape Breton has received a number of national and international tourism accolades, recognizing the island as one of North America's most scenic destinations. Most recently, *National Geographic*

Traveler has ranked Cape Breton Island in the top 10 of the world's best islands. Also, *Lonely Planet*, the world's largest travel guide book and digital media publisher, named Cape Breton's Cabot Trail as one of the top ten cycling trips.

Tourism in Cape Breton has been a key economic generator for decades. Recognizing the continued growth potential of this industry, particularly related to the convention and events markets, the Corporation will work with Destination Cape Breton, a local tourism development body, and other stakeholders to implement an island-wide events strategy. In addition, the Corporation will work with industry, municipal, provincial and federal levels of government to implement an island-wide tourism levy that will support future marketing and business development efforts. The levy is a form of municipal tax that will be applied to fixed-roof accommodations of a certain size.

4.1.3 Critical Business Initiative #3

Develop ECBC Strategic Direction

Coordinate and develop the strategic direction of the Corporation in consultation with senior management, the Board of Directors, ECBC staff, and other stakeholders.

The policy and advocacy function will continue to lead a structured corporate planning process to review the Corporation's strategic direction for the next planning period. This process will involve the Board of Directors, ECBC staff, as well as community consultations with stakeholders. The strategic plan will continue to be reflective of community interests. The advocacy function will introduce processes to promote an integrated strategy within ECBC business units, particularly in the energy and tourism sectors.

4.1.4 Critical Business Initiative #4

Provide Timely and Accurate Reporting

Provide timely and accurate reporting on the Corporation's goals and outcomes, for the purposes of management planning, public reporting, and accountability.

Implemented by the Government of Canada, the Management, Resources and Results Structure (MRRS) Policy became effective April 1, 2005.

The policy provides the federal government with an integrated, modern expenditure management framework to establish a common government-wide approach to the collection, management, and public reporting of financial and non-financial performance information. The MRRS Policy applies to all departments as defined in Section 2 of the FAA. It also applies to any Crown corporation seeking appropriations from Parliament. In 2007-2008, ECBC contracted the

services of a performance management consulting firm to work with the Corporation in the development of a MRRS that includes a revised performance measurement framework. The new structure was approved by the Treasury Board of Canada in 2009.

In addition, ECBC is currently developing an improved methodology to effectively measure its outcomes. The Cape Breton Econometric Model and the Cape Breton Input-Output Model are two analytical tools that will assist in this goal. Actual results will be reported through a variety of methods including surveys and case studies. The Corporation is committed to providing accurate and measurable results.

Through the annual report process and quarterly performance reports, the Policy and Advocacy unit will provide analysis of ECBC's performance against its overall objectives, in an effort to verify that the Corporation is achieving its mandate.

4.2 COMMUNITY ECONOMIC DEVELOPMENT

Structural adjustment has been taking place in the Cape Breton economy over the past decade, due to the closure of the island's major industries and the downsizing of the fishery. The economic climate on the island has presented significant challenges for many communities in terms of attracting investment and realizing opportunities. An aging workforce and the skill shortages currently being experienced throughout Canada are often exacerbated in communities around Cape Breton, due to the out-migration of large segments of the working-age population.

For ECBC, community economic development (CED) is about engaging and empowering communities to take control of their destiny by pursuing opportunities leading to sustainable economic development.

Investments in communities are required to strengthen and enhance their economic foundation, and to ensure they are an attractive place to live and invest. In order to achieve this, community initiatives must encourage and support the attraction of leveraged investment, the creation of sustainable wealth, the development of a competitive advantage, and the enhancement of quality of life.

The Community Economic Development unit will work with the Property Development and Management unit to identify and redeploy, where possible, former CBDC land holdings that have the potential to enhance community economic development initiatives.

CRITICAL BUSINESS INITIATIVES

COMMUNITY ECONOMIC DEVELOPMENT

ECBC has identified two critical business initiatives which will be the focus of the CED unit over the planning period.

4.2.1 Critical Business Initiative #1

Community Infrastructure

ECBC will work with economic development stakeholders, community leaders, and organizations to identify and develop key infrastructure initiatives that strengthen and enhance the economic foundations of communities so that they are an attractive place to live and invest.

Investments in infrastructure capitalize on the capacity, strength and opportunity present in the community, as identified in community economic development plans and strategies. During the planning period, the CED unit will work with communities, municipal and provincial governments, regional development associations, and other economic development stakeholders to identify and prioritize the infrastructure needs of various communities.

Community infrastructure initiatives will focus on community-led projects that link to strategic plans and sector priorities. Such projects must demonstrate sustainability, leverage community assets and opportunities, involve partnerships between government, communities and other stakeholders, and have measurable performance indicators.

4.2.2 Critical Business Initiative #2

Community Capacity Building

Work with economic development stakeholders, community leaders and organizations to increase

the capacity of the community's decision making, planning, and implementation of CED initiatives.

Over the planning period, ECBC's focus is to work with communities to build community capacity to create viable opportunities for economic development. The Corporation will continue to strengthen community planning and development by working with communities and their development authorities to develop and implement practical strategic plans, and to ensure that communities have the tools necessary to implement those plans.

As part of the Community Capacity Building initiative, the CED unit will work with the tourism industry on a number of island-wide initiatives to increase visitation throughout this planning period. They include a tourism marketing strategy, a golf marketing strategy, a major events strategy, as well as festival and events initiatives as outlined below.

Island-wide Tourism Marketing

In 2009-2010, ECBC provided leadership in initiating the development of an island-wide tourism marketing plan. Over the coming year, the CED unit will continue to work with industry and stakeholders to implement this plan. It is envisaged that the marketing strategy will stimulate a renewed and more vigorous approach to attracting visitors to Cape Breton. Given the competitive marketplace, it is important that stakeholders work together to promote the key strengths and opportunities the island has to offer. A more targeted focus will create a greater return

on investment, avoid duplication of effort, and maximize effectiveness.

Island-wide Golf Marketing

The golf sector remains an integral part of the tourism product on Cape Breton. Significant infrastructure dollars have been invested in the Cape Breton golf product over the past several years. At the same time, the extent of competition among golf destinations across Canada and internationally has intensified. To become a prime golf destination, co-operation and the integrated marketing and packaging of Cape Breton's golf product will be essential. Over the planning period, ECBC will work with the golf sector on Cape Breton to develop an island-wide strategy targeting both the Canadian and international markets.

Major Events

Major events have become an important element of the tourism product in many areas. The direct and indirect economic impact of these events on the local economy can be significant. ECBC recognizes major events as a significant growth area for the Cape Breton economy, and currently supports a number of major events that have received national and international recognition, including the Celtic Colours International Festival, the ECMA Awards, and the Clipper Round the World Yacht Race 09-10.

In collaboration with Sydney Ports Corporation, ECBC has sponsored a yacht named the *Cape Breton Island, Nova Scotia's Masterpiece* in the Clipper Round the World Yacht Race 09-10. Sponsorship secures Cape Breton as an official port of call along the international race route, and provides extensive international promotional rights for Cape Breton Island in 14 ports of call. The Cape Breton entry will be used as a backdrop to promote island tourism, investment, trade, education, and immigration opportunities. Over

the coming year, ECBC will continue to support this and other major event initiatives that demonstrate a significant economic impact for the region.

Success in attracting and hosting major events requires numerous resources dedicated to both the planning and implementation stages. During this planning period, the Corporation will continue to work with industry and other stakeholders on the development and implementation of a major events strategy. Preliminary research into major events has identified three areas of focus for the strategy:

Coordinating Body

The absence of a coordinating body for major events and conferences has been identified as a significant deficiency on Cape Breton. Over the coming year, ECBC will oversee the development of an advisory group to coordinate and develop a major event strategy and to meet regularly to evaluate best practices and assess priorities. In addition, the Corporation will work to develop strong event sponsoring organizations within various communities.

Governance

ECBC will develop a governance model that will guide event sponsoring organizations. The goal is to establish a base-level organizational structure that will be required of all organizations that apply for funding support under the major events initiative. At a minimum, the organizational structure will require incorporation under the *Nova Scotia Societies Act* or the *Companies Act*, annual elections for executives (required under both acts); establishment of audit and governance committees; as well as the establishment of rules of order for committee meetings. ECBC will explore various avenues to assist organizations in meeting these requirements.

Economic Impact Assessment

Over the coming year, ECBC will continue to update its current economic impact model to assist the Corporation in determining the appropriate level of financial support for specific major events, as well as to determine the overall economic impact of each event. It is anticipated that the model will be completed in the first quarter of 2010.

In addition to a major events strategy, the Corporation will begin to explore the opportunities available within the meetings and convention market during this planning period.

Festival and Events Initiatives

The Corporation launched the Festival and Events Initiative in fiscal year 2002-2003 to assist

interested incorporated, non-profit organizations in Cape Breton.

The assistance is targeted at events with the potential to generate new visitation or to better serve visitors to the island, increase lengths of stay and spending, and improve the quality of the visitor experience. A second economic impact study of this program is presently underway, and the early findings suggest this initiative continues to make a significant positive contribution to the economy and quality of life in rural Cape Breton. As a result, ECBC will continue to support festival and events around the island, commencing with a request for proposal process at the beginning of each fiscal year.

The first economic impact analysis carried out by MRSB Consulting Services Inc. in 2006, also confirmed the success of the initiative.

4.3 COMMERCIAL DEVELOPMENT

According to the Canadian Federation of Independent Business, small and medium-sized enterprises (SMEs) are Canada's main employer. These establishments represent over 97% of all Canadian businesses.

SMEs are one of the key economic drivers on Cape Breton Island. Almost 90% of local companies have fewer than 20 employees. ECBC recognizes the contribution that SMEs make to

the economy, and pursues a broad range of strategies to enhance their competitiveness and ultimately increase wealth in the region.

To complement existing funding programs, the Commercial Development unit will also work closely with the Property Development and Management unit to identify former CBDC properties that have the greatest potential.

CRITICAL BUSINESS INITIATIVES

COMMERCIAL DEVELOPMENT

ECBC has identified three critical business initiatives that will be the focus of the Commercial Development unit over the planning period.

4.3.1 Critical Business Initiative #1

Access to Capital

Provide access to capital for businesses on Cape Breton Island in areas where there are identified financing gaps, in an effort to create wealth and diversify the economy.

Due to the size and make-up of the Cape Breton economy, access to capital remains one of the greatest challenges for businesses. The ability to access capital from traditional lenders, venture capitalists, and other levels of government is limited. Recognizing the challenges faced by SMEs, ECBC will work with potential and existing entrepreneurs on the island to provide access to capital as appropriate.

Potential and Existing Entrepreneurs

The Corporation provides a continuum of funding programs for potential entrepreneurs. Assistance will be directed at development and refinement of business proposals, marketing initiatives, e-commerce initiatives, innovation, human resource initiatives and capital assistance.

For existing entrepreneurs, funding will be directed at business expansions or modernizations, the search for new markets, improved efficiency, innovation, and human resource initiatives.

4.3.2 Critical Business Initiative #2

Trade, Investment and Prospecting

To attract new business investment to Cape Breton, and to work with local companies to encourage them to explore export opportunities and to assist them in becoming export-ready.

Foreign direct investment plays a major role in the Canadian economy by creating jobs, advancing productivity, and fuelling innovation and technology. In an effort to attract more investment to Cape Breton, ECBC will work in partnership with other government organizations to identify key off-island firms positioned to expand to Cape Breton as part of an investment promotion focus. An important aspect of attracting foreign direct investment is the provision of timely and relevant investment information and intelligence. Over the coming year, ECBC will develop collateral materials required to support investment promotion activities.

In Cape Breton, a relatively small percentage of companies export their products and services, yet the island's long-term economic health critically depends on the creation of wealth that comes from export sales. A need exists to work with local companies to encourage them to explore export opportunities and to assist them in becoming export-ready. To that end, over this planning period the Corporation will work with companies that have export potential by offering export readiness training, promoting marketing programs

to encourage entry into new markets, and helping to prepare them for the international marketplace.

Through partnerships with Nova Scotia Business Inc. and ACOA's Nova Scotia region, ECBC has played a greater role in developing a detailed trade and investment prospecting calendar for 2010-2011. The result of this will be ECBC's participation in various provincial and federally-led trade missions and trade shows of relevance to local business.

ECBC officials will continue to educate Cape Breton companies as to the benefits of export market development and participation in international trade missions and trade shows.

In collaboration with Sydney Ports Corporation, ECBC has sponsored a yacht named the *Cape Breton Island, Nova Scotia's Masterpiece* in the Clipper Round the World Yacht Race 09-10. As part of this initiative, the Corporation has developed a plan to host an incoming trade mission to Cape Breton in the spring or summer of 2010. ECBC's efforts will concentrate on exposing and educating potential buyers and investors about Cape Breton Island businesses, products and services.

4.3.3 Critical Business Initiative #3 *Sector Development*

ECBC will focus efforts on those sectors deemed to be most critical to the local economy, and with the greatest potential to generate sustained wealth, consistent with the report: *Detailed Sector Profiles of the Cape Breton Economy*.

In 2008-2009, ECBC contracted the services of an economic consulting firm to carry out a situational analysis of a number of sectors in the Cape Breton economy. It is anticipated that the study will be updated in another five years. One of the objectives of the study was to identify those sectors with the greatest potential to generate sustained wealth. As a result of this exercise,

opportunities for economic growth were identified in a range of sectors that will serve to focus the Corporation's efforts over the coming years.

Tourism

The Cape Breton tourism sector is characterized by a number of key strengths that have allowed it to remain viable in the face of significant challenges, both national and international, over the past number of years. The Corporation will continue to implement a sector strategy on tourism that was developed in 2009-2010. The focus of the strategy is to meet customer expectations on every level by developing and implementing experiential tourism products for niche markets. ECBC will continue to expand initiatives such as e-commerce, accommodation upgrades, and efficiency improvements to address current market deficiencies. The aim is to help Cape Breton tourism businesses become market-ready through product development, and then assist in packaging and marketing.

Energy

The Corporation will develop a sector strategy focused on the opportunities in green or alternative energy that exist in Cape Breton. ECBC officials will form an energy team that will work proactively to develop this strategy over the planning period.

The Corporation will follow-up on a study completed in 2009-2010 related to the methane gas and other potential energy of the island's coal beds. The result will be ECBC's participation in a pilot project to determine the feasibility of a full methane gas development for Cape Breton.

Building on research and exploratory work conducted by former CBDC employees, ECBC will also participate in further studies and pilots related to wind energy, bio-fuel crop production, thin film solar energy, and wave buoy technology. The focus will be on determining feasibility and potential benefit.

ECBC will also work closely with the CSEE in promoting research and innovation to develop an approach to exploring the potential of geothermal energy stored in mine water reserves.

Transportation

Fundamental to the success of many of Cape Breton's economic sectors is the state of development and efficiency of the island's ports and gateway infrastructure. Access to timely and cost-effective shipping and the ability to move product, business people, and tourists onto and around the island is of critical importance.

The Atlantic Gateway presents a significant opportunity for the transportation sector on Cape Breton, offering the potential to increase economic development in the region through supporting and enabling businesses and services. The Corporation will further its involvement in the development of a world class multimodal transportation corporation for the Port of Sydney. Large vessels now under construction throughout the world require untethered access to deep water ports, unobstructed by low bridges. Virginia, on the east coast of the United States, is currently the only port that can handle these vessels. The Port of Sydney is positioning itself to be the second port option. However, this opportunity will require the harbour to be dredged. The primary purpose of the marine transportation corporation will be to manage and oversee the regulation, utilization and development of the Port of Sydney,

its related transportation infrastructure and surrounding commercial development.

ECBC will continue to work in support of a coordinated effort with industry, stakeholders and all levels of government to ensure that transportation issues remain at the forefront in an effort to take advantage of economic opportunities as they arise.

To that end, an area of focus for the Corporation will be the economic development activity related to incremental industries and services that will result from further port development. One of the largest potential economic impacts will be the development of peripheral and support industries and services that will be required to sustain the commercial activities of the ports.

Technology and Innovation

Due to its leading-edge, niche-market nature, the technology and innovation sector has significant growth potential. Cape Breton is well positioned to take advantage of the ever-increasing demand for web-based computer technologies and services. Technology and innovation also enhance the manufacturing and marketing of various high-quality niche products produced locally. This holds promise for existing firms and potential new entrepreneurs.

ECBC will work with InNOVAcop and industry associations and networks such as TecSocial to promote and build capacity in this sector.

4.4 PROPERTY DEVELOPMENT AND MANAGEMENT

The *Enterprise Cape Breton Corporation Act* provides the Corporation specific powers related to property management.

ECBC has the ability to purchase, lease, and sell land, and to hold mortgages. These activities serve to support the Corporation's mandate.

Property can be used as a development tool to complement funding programs. In addition, proceeds of sales can be reinvested in other development activities.

Property development and management has become a significant part of the activities carried out by the Corporation. Following the transfer of CBDC assets, the ECBC property portfolio now exceeds 12,600 acres.

As part of the land acquisition and disposal process, ECBC makes land available to businesses, organizations, and the community in an effort to foster commercial and community economic development. In addition, capital budgets have increased as the Corporation actively pursues real property acquisition opportunities that complement economic development activities. Surplus revenues from real property leases and land sales go directly into economic development projects within ECBC's mandate area. In 2005, a real property framework was developed and approved by the Board of Directors. The framework was updated and

approved by the board in 2009. The objective of this framework is to define processes and authorities for acquiring, transferring and disposing of real property belonging to ECBC and all of its wholly-owned subsidiaries. Real property is defined as land and anything permanently attached to it, and can include buildings, other structures, capital improvements, attached fixtures, roads, wharves, and water lots.

In addition to the land inventory, other real property assets include the Corporation's head office in Sydney, N.S., the Point Edward Resource Centre (agricultural property), the Port Hawkesbury business facility (office space), and the Northside manufacturing facility. With the addition of the CBDC operations, ECBC now owns and operates a number of water treatment facilities, as well as the Dominion and Sydney Mines coal yards, required to support the contractual obligation to sell coal to former employees of the CBDC.

CRITICAL BUSINESS INITIATIVES

PROPERTY DEVELOPMENT AND MANAGEMENT

ECBC has identified five critical business initiatives that will be the focus of the Property Development and Management unit over the planning period.

4.4.1 Critical Business Initiative #1

Real Property Transfers

Facilitate real property transfers, to provide incentives for investment to create wealth and reinvest resources into program initiatives.

The property division acquires, manages and disposes of real property to support the delivery of economic development programs administered by

ECBC. Real property will be managed in a manner that will preserve the maximum long-term benefits to Cape Breton and the Mulgrave area. The property inventory will be made available to the public to promote investment or acquisition opportunities. To complement this process, ECBC will actively promote land and other property holdings on its website, through a request for proposal process and advertising.

4.4.2 Critical Business Initiative #2

Divestiture Strategy

Complete a real property divestiture strategy to be added to the existing real property framework.

Over the coming year, ECBC will develop a divestiture strategy that will document criteria to assist the Corporation in identifying properties with economic development potential and to assess the ongoing usefulness of its properties for the delivery of its programs. This strategy addresses one of the recommendations of the ECBC special examination report.

The divestiture strategy will have three main goals, with two focused on the main business lines of the Corporation, commercial development and non-commercial development. The strategy will help identify land or buildings suitable to facilitate a commercial or community infrastructure type project. The third goal will deal with private citizens or other organizations, including municipal or provincial governments, wishing to acquire property to satisfy access, encroachment and related issues.

4.4.3 Critical Business Initiative #3

Property Management Information System

Ensure a fully operational property management information system that is essential to make informed investment decisions regarding real property.

During 2009-2010, data was transferred from the CBDC, internal records, and the Nova Scotia property database to the property records system of DARR (Cape Breton) Limited.

As a result of the transfer of assets and liabilities of the former CBDC to ECBC on January 1, 2010, additional data base upgrades will be required to handle the volume of information scheduled to be transferred. The upgrades will be integrated into

the current electronic property management system.

The electronic property registry system became fully functional in 2009-2010. Proposed new upgrades are scheduled to be completed by 2010-2011.

Basic information will be accessible to the public through a link on the ECBC website and the Directory of Federal Real Property listings. To complement this process, ECBC will actively promote land and other property holdings on its website, through a request for proposal process, as well as through general advertising.

4.4.4 Critical Business Initiative #4

Property Management Services

Provide effective property management services for all real property assets held by ECBC. This includes managing lease and rental agreements, preparing requests for proposals and specifications for repairs and maintenance, and tendering and managing the general maintenance of land and buildings.

During this planning period, as part of ECBC's property management activities, the Corporation will monitor building infrastructure and day-to-day operations to ensure proper function, and that tenant workplace concerns are appropriately addressed in a timely fashion.

The Corporation will continue with building improvements as part of its head office revitalization project.

In 2009-2010, the Corporation conducted research and selected the BOMA BEST Program in order to obtain green certification for its head office location at Crescent Street. BOMA BEST is the next evolution of BOMA Canada's Go Green Program. BEST stands for building environmental standards, and represents the direction of the commercial real estate industry in Canada and BOMA Canada's role in providing the

mechanisms for common practices across the industry. With four possible levels of certification, the Corporation can progress through the program and continually use the framework of the GO Green Best Practices and the Go Green Plus assessment to improve environmental performance and management.

4.4.5 Critical Business Initiative #5

Canadian Environmental Assessment Act

Ensure adherence to the *Canadian Environmental Assessment Act (CEAA)*, which sets out the responsibilities and procedures for carrying out the environmental assessments of projects which involve federal government decision making.

The Property unit is responsible for the evaluation and mitigation measures for ECBC project requirements under the CEAA. This function supports ECBC's core program delivery by fulfilling its obligations under the act.

ECBC ensures that all projects it supports are subjected to appropriate environmental assessment. Managing the CEAA function affords ECBC the ability to provide delivery of the screenings under the act, and ensures due diligence of project files through the monitoring function. A listing of CEAA screenings undertaken by ECBC can be viewed on the Canadian Environmental Assessment Agency's website.

In June 2006, the former CBDC, along with most Crown corporations, was obligated to follow the CEAA. It then adopted the risk-based approach as defined in the federal approach to contaminated sites, which more appropriately applies to the impacts on former CBDC lands. ECBC will continue to ensure adherence to the CEAA on all former CBDC projects.

4.5 INTERNAL SERVICES

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

Internal Services includes a wide array of administrative activities that support ECBC programs and management. It includes finance and administration, human resources, communications, access to information and privacy, internal audit, and information technology.

CRITICAL BUSINESS INITIATIVES

INTERNAL SERVICES

ECBC has identified six critical business initiatives that will be the focus of internal services over the planning period.

4.5.1 Critical Business Initiative #1

Communications

Increase public awareness of the Corporation's focus - (i.e. its critical business initiatives, its sectors of interest, and its culture and values).

The Communications unit ensures that corporate communications are responsive to the various information needs of the public, and that the concerns and interests of the public are taken into account in the formulation and implementation of ECBC policies and programs.

In this planning period, the Communications unit will focus on the development of an integrated marketing strategy.

The transfer of CBDC's assets and liabilities to ECBC brings together two Crown corporations with a long history on Cape Breton Island. Both have had a significant impact on the economic development of the region, and their amalgamation will strengthen the Government of Canada's ability to deliver on ECBC's economic development mandate. Given the significance of the transfer of CBDC's assets and liabilities and the reconfirmation of the ECBC mandate as a result of the recently completed review, the Corporation will develop and implement an integrated marketing strategy to strengthen its brand, positioning it as the principal federal commercial and community economic development entity for Cape Breton and Mulgrave.

The integrated strategy will be a multi-year plan identifying themes and opportunities. It will make use of a variety of marketing tools, approaches, and resources to maximize impact on stakeholders and the broader community.

The primary objectives of the integrated marketing strategy are to:

- ✘ clearly establish and increase awareness of ECBC's role and purpose in economic development among key stakeholders and the general public;
- ✘ demonstrate results against objectives in the fulfillment of ECBC's mandate;
- ✘ optimize, trust, satisfaction enhance public confidence for ECBC's activities; and
- ✘ assure stakeholders of ECBC's commitment to the legacy obligations of the former CBDC.

The strategy will include:

- ✘ the development of a branding statement for the newly integrated corporation;
- ✘ the development of key messages;
- ✘ the development of an effective visual identity (including logo) to be used in the implementation of the strategic marketing plan;
- ✘ suggestions on ways in which the brand can be institutionalized within the newly integrated corporation;
- ✘ suggestions on appropriate marketing channels for the implementation of the plan; and
- ✘ recommendations on how existing marketing channels (e.g. website, promotional materials, sponsorship marketing and public relations) can enhance the implementation of the plan.

The strategy will guide marketing, communications and public relations decisions, and assist in allocating financial and human resources.

4.5.2 Critical Business Initiative #2

Access to Information and Privacy

Respond in a timely manner to requests for information under the *Access to Information Act* and the *Privacy Act*.

In keeping with ECBC's obligations under the *Access to Information Act* and the *Privacy Act*, the Corporation will continue to respond to applications and manage its responsibilities under the acts, particularly in light of the increased responsibilities given the transfer of former CBDC assets and liabilities to ECBC.

4.5.3 Critical Business Initiative #3

Finance and Administration

Provide the Corporation with efficient and effective accounting and reporting that are consistent with generally accepted accounting principles (GAAP), provide timely information as necessary to stakeholders, and fulfill the needs of employees, suppliers and clients.

The Finance and Administration unit provides all accounting and reporting for the Corporation, and ensures adherence to an appropriate level of financial internal controls.

Key activities to be undertaken by the unit in this planning period are the implementation of any new financial statement disclosure requirements of the Canadian Institute of Chartered Accountants.

Recently, all Crown corporations were assessing requirements for conversion to international financial reporting standards (IFRS) as they were to be the mandatory accounting standards for all Canadian publicly accountable enterprises including Crown corporations, for fiscal years beginning on or after January 1, 2011. However, several stakeholders expressed concerns to the Public Sector Accounting Board (PSAB) regarding the applicability of IFRS to government business enterprises and government business-type organizations. As a result, the PSAB developed an invitation to comment, seeking additional input from all its stakeholders. The outcome of this exercise was the PSAB's approval of an amendment to the Introduction to Public Sector Accounting Standards. This amendment requires other government organizations (OGO) to determine whether the *Public Sector Accounting Handbook* or IFRS is most appropriate. Based on each user's needs, OGOs are to determine the more appropriate source of GAAP.

It is anticipated that ECBC will transition to PSAS in 2011. It should be noted that this transition could impact the forecast included in this plan. ECBC will engage the services of a consultant to carry out an assessment to determine the impact on the Corporation of applying the PSAB standard.

Through its financial practices, the unit will ensure that ECBC remains an effective steward of taxpayers' dollars with respect to procurement and tendering activities, and adheres to the FAA.

With the transfer of CBDC assets and liabilities to ECBC, the Finance and Administration unit has assumed responsibility for managing an increased operating budget.

The unit will ensure the information technology needs, both internal and external, are serviced on a proactive basis in accordance with the MOU with ACOA.

The Corporation provides a mix of investment instruments to clients. Loan instruments include forgivable loans, interest-bearing loans, non-interest-bearing loans, preferred shares, and conditionally repayable contributions. The Finance and Administration unit will continue to manage the Corporation's loan portfolio, ensuring that revenue generated is reinvested into the Corporation's programs.

4.5.4 Critical Business Initiative #4

Human Resources

Ensure that ECBC's labour relations function operates effectively and efficiently, by maintaining a fair and consistent relationship with bargaining unit staff and excluded management personnel, and by addressing human resource issues, always mindful of the Corporation's primary responsibility to provide quality service to its clients.

ECBC places a high priority on human resource development. A culture of empowerment

supported by continuous learning and engagement is an important corporate value. Human resource planning over the coming years will include retirement forecasting, a review of the Corporation's succession planning, and a review of the balance of human resource policies.

ECBC negotiated its first collective agreement in 2009. The agreement is fair, financially realistic, and reflects ECBC's obligations to its stakeholders and clients. The Corporation will be responsible for the delivery of additional labour relations functions in relation to the agreement which will include:

- ✘ Contract interpretation
- ✘ Advice to management
- ✘ Grievance and arbitration management
- ✘ Support to the Occupational Health and Safety Committee
- ✘ Support to the Joint Union-Management Consultation Committee

4.5.5 Critical Business Initiative #5

Information Technology

Provide cost-effective information technology services that are reflective of a modern government information technology environment, and that meet the needs of ECBC staff.

In 2004-2005, ECBC entered into a service agreement with ACOA for the provision of information management and technology services. Under this agreement, ACOA assumes the responsibility for the management of the information management and technology services for ECBC.

Over the planning period, the Information Technology unit will continue to implement services in accordance with the current service agreement with ACOA, as well as maintain

ECBC's own specific information systems, not covered by the service agreement. Management has commenced a process of renewing the service agreement with ACOA that will articulate in greater detail the fee-for-service arrangement.

A manager of information technology services has been put in place to manage the increased information technology demands related to the transfer of CBDC's assets and liabilities.

4.5.6 Critical Business Initiative #6

Internal Audit

Provide an internal audit function in accordance with the needs of the Corporation and consistent with the *Financial Administration Act* (s. 131(3)).

ECBC's Internal Audit unit works in conjunction with the OAG, which is the official auditor for the Corporation. The main objectives of the unit are to assist senior management in achieving and maintaining efficiency and effectiveness in operations with due regard to economy; to report

the degree of compliance with established policies, plans and procedures, applicable laws and regulations; and to review control over assets and expenditures.

The Audit Committee of the ECBC Board of Directors oversees the Internal Audit unit. The Audit Committee's primary function is to assist the board in fulfilling its oversight responsibilities with respect to the financial reports and other financial information provided by the Corporation, its system of internal controls, and the audit, accounting and financial reporting processes of ECBC in general.

The Corporation's revised Risk Management Plan will be used by the Internal Audit Unit in conjunction with the Audit Committee to develop the annual audit plan. The risk-based unit plan will focus on the Corporation's key risk areas, and will outline the major internal audit work to be completed throughout the year. Internal Audit will provide regular updates on the status of the plan to the committee.

4.6 REGIONAL SERVICE DELIVERY

Deliver programs and services, on behalf of the Government of Canada, in an effort to increase the opportunity for a coordinated approach to economic development on Cape Breton Island and, specifically, to enhance the growth of both earned incomes and sustainable employment in the region.

In addition to its own programs, ECBC acts as a delivery agent for ACOA on Cape Breton. In 1995, ECBC and ACOA entered into an MOU under which ECBC delivers ACOA's programming on Cape Breton Island and in the Mulgrave area. The

MOU was renegotiated three times, each time for additional five-year terms. The latest MOU remains in effect until March 31, 2014. ECBC will engage in a process to renew the MOU on a fee-for-service basis, as is the current agreement.

The delivery of ACOA programming encompasses a significant portion of the Corporation's overall activities. On an annual basis ECBC administers an ACOA budget estimated to between \$15 and \$20 million.

ACOA programs are currently being reviewed by the Government of Canada under the process of program renewal. The expectation for ACOA is that sufficient levels of funding will be in place to effectively deliver on its mandate. The following programs and services are delivered by ECBC on behalf of ACOA:

Business Development Program (BDP)

This program is designed to help SMEs to establish, expand and modernize. The BDP offers access to capital in the form of interest-free, unsecured loans, and provides non-repayable support to non-profit organizations.

Consultant Advisory Services (CAS)

The CAS program provides clients with access to consulting expertise in pursuing business opportunities or solving problems.

Community Futures Program

This program supports autonomous, not-for-profit Community Business Development Corporations to help entrepreneurs in rural areas obtain access to the information, advice and capital required to succeed.

Atlantic Investment Partnership (AIP)

The AIP was launched to support economic development in Atlantic Canada and addresses areas fundamental to continued economic growth—investing in innovation, investing in communities, investing in people, and investing in the business climate.

The Government of Canada's Economic Action Plan

Community Adjustment Fund (CAF)

As announced on January 27, 2009, as part of the government's Economic Action Plan, CAF is providing \$1 billion across the country to help create jobs and employment opportunities in communities affected by the global recession. The CAF allocation for Atlantic Canada, delivered by ACOA, is \$100.4 million and will be completely committed and disbursed in fiscal 2010-2011.

Recreational Infrastructure Canada (RInC) Program

As announced on January 27, 2009, as part of the government's Economic Action Plan, the RInC Program is providing \$500 million to help renovate and update recreational facilities across Canada. The initial RInC allocation for Atlantic Canada, delivered by ACOA, is \$12 million, and will be completely committed and disbursed in fiscal 2010-2011.

The Government of Canada's Economic Action Plan has contributed the following funding to community infrastructure projects on Cape Breton.

Government of Canada Economic Action Plan 2009-2010			
Programs	Number of Projects	Total Eligible Costs	Federal Funding
RInC	33	\$6,655,616	\$2,211,468
CAF	14	\$11,792,173	\$6,594,381
Total	47	\$18,447,789	\$8,805,849

As a delivery agent for ACOA on Cape Breton Island, ECBC supports ACOA's structure of program activities. A more detailed account of ACOA's activities can be found in the *Atlantic Canada Opportunities Agency Estimates: Report on Plans and Priorities*, which is available at www.acoa-apeca.gc.ca/

4.7 ENVIRONMENTAL OBLIGATIONS

As part of the transfer of CBDC assets and liabilities, ECBC has assumed stewardship responsibility for all CBDC land holdings. As a result, ECBC is responsible for the environmental obligations related to a number of contaminated properties. To manage these obligations, ECBC has informed Public Works and Government Services Canada (PWGSC) – Atlantic Region that it will be adhering to the terms and conditions of a service agreement it signed with CBDC in 2008. As part of this relationship, contaminated sites are assessed following the federal approach for contaminated sites in Canada. The approach allows for the systematic development of remedial action plans and subsequent remediation and monitoring. As part of the service agreement with PWGSC, all projects are planned and managed

by PWGSC with oversight, monitoring and funding provided by ECBC. Through its past efforts with CBDC and recent planning exercise with ECBC, PWGSC has been able to compress the original thirteen main groups of sites requiring remediation down to nine. Environmental remediation projects currently underway will transition into the 2010-2011 remediation work program, and all existing PWGSC contracts will run their course.

ECBC will also work with numerous partners, including CBU, the private sector, and other government agencies, to explore alternative sources of energy related to its property holdings that could potentially lead to commercial development opportunities.

CRITICAL BUSINESS INITIATIVES

ENVIRONMENTAL OBLIGATIONS

ECBC has identified two critical business initiatives that will be the focus of environmental obligations over the planning period.

4.7.1 Critical Business Initiative #1

Multi-Year Site Remediation Plan

Implement a multi-year site remediation plan and a long-term care and monitoring program for the land holdings of the former CBDC, to ensure that as much of the land holdings as possible can be redeployed for economic development purposes including commercialization opportunities for alternative sources of energy.

In 2006-2007, the CBDC Site Closure Program was developed by PWGSC to assist in establishing firm timelines and funding requirements for the continued environmental assessment and subsequent remediation of thirteen groups of contaminated properties that were the responsibility of CBDC. This plan, which was tabled and approved by the CBDC board in 2007-2008, provided the framework and foundation for the project management,

assessment, planning, design and construction activities on remaining CBDC property, and identifies the work required and the project schedule over the next five years. Subsequently, in November 2007, an updated liability estimate was developed for PWGSC and CBDC by three major consultants engaged to carry out the

remediation activities. This liability estimate has been updated annually, and the update provides the funding requirements as shown in the annual corporate plan submitted to the Treasury Board of Canada. As seen in the schedule for site remediation below, construction will be completed for all groups by 2011-2012.

SCHEDULE FOR SITE REMEDIATION PROGRAMS

SITE/CALENDAR YEAR	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Main groups under PWGSC Management					
Gowrie/Broughton	EC	EC	CM	LTC	LTC
Dominion #6	EC	EC	M	LTC	LTC
Dominion #25	E	EC	CM	LTC	LTC
Summit	EC	C	CM	LTC	LTC
Dominion #11	ECM	LTC	LTC	LTC	LTC
Dominion #4	C	CM	LTC	LTC	LTC
VJ Main/Tailings Basin	ECM	LTC	LTC	LTC	LTC
Lingan	EC	CM	LTC	LTC	LTC
Princess /Edwards Pond	EC	C	CM	LTC	LTC
ECBC Managed Group					
Franklyn	EC	EC	M	LTC	LTC
Minor Stand Alone Site					
Louisbourg	E	CM	LTC	LTC	LTC

Legend:

E - Engineering/assessment phase C - Construction phase M - Close-out and begin to implement long-term care and maintenance LTC - Site in long-term care and maintenance program

In 2009-2010, PWGSC completed the remediation of the Princess wash plant and waste rock pile. This project began in 2007-2008, and has cost in excess of \$15 million. A large portion of the contaminated property has been remediated to a residential standard, due to the innovative thinking of the PWGSC and the CBDC team and their communication with community stakeholders. By the summer of 2010 this site will be suitable for economic development activity. Not only is there a capacity to develop 80

residential building lots on the site, there is also the potential to produce green energy for this development. The high wind index in the area can support the development of a wind farm, and the flooded mine workings beneath the site can allow for the development of geothermal heating.

One of the key values of ECBC is that scientific rigour and professional and technical competence will be a primary consideration when undertaking activities associated with addressing

contaminated sites and understanding the effects of mine water on both human health and the ecosystem. With that in mind, ECBC will continue to work with PWGSC and its consultants to ensure that the remediation program follows a risk-based approach as defined in the federal approach to contaminated sites. This includes compliance with all applicable legal requirements.

To date, one of the keys to the success of the multi-site remediation program has been the upfront communication with the community prior to implementing any remedial actions on a contaminated property. ECBC will continue to support PWGSC in its efforts to communicate effectively to the public the goals of any proposed remedial approach and the impact of remedial activity.

Following the completion of the remedial work on the contaminated sites by 2011-2012, the long-term care and maintenance program will be the main focus. It is anticipated that all of the long-term environmental obligations will be completed by 2055, except for the mine water obligation, which may require management indefinitely.

An environmental committee will be established under ECBC's subsidiary corporation DARR (Cape Breton) Limited and will include ECBC and former CBDC employees to specifically identify, monitor and mitigate the risk associated with the environmental liabilities assumed by ECBC.

ECBC will work with CBU, Natural Resources Canada, and the private sector to ensure maximum commercial exploitation of its resources during and following the remediation of specific sites.

4.7.2 Critical Business Initiative #2 *Mine Water Management Program*

Develop and implement a mine water management program.

There are approximately 3,200 kilometres of underground mine workings either flooded or in the process of flooding. It has been estimated that these flooded workings contain approximately 200 billion litres of water. The water is contaminated with pyrite, high levels of dissolved iron, and other metals, and once the mines are flooded, they discharge the contaminated water into the surrounding environment resulting in downstream impacts (i.e. the contamination of groundwater, drinking water, surface waters, and/or marine environments).

There are four key areas that need consideration to successfully understand and address the impacts associated with existing and potential new mine water discharges in the Sydney coalfield.

1. Manage mine water discharge to ensure acceptable off-site quality;
2. Develop an inventory of mine pools to determine how best to approach potential impacts;
3. Develop a long-term relationship with CBU to support the research and development requirements of the Corporation; and
4. Work with research, government and private sector partners to develop and exploit the geothermal energy potential from the mine water.

There are a number of countries where the management of mine water from abandoned mines has been recognized as a potential perpetual liability (e.g. Germany, Poland, United Kingdom and the United States, to name a few). The current liability for the Sydney coalfield recognizes that funding will be required until at least 2055, and perhaps indefinitely.

The research on mine water in the Sydney coalfield to be conducted at CBU, if successful, may result in ECBC compressing the timeline required to manage the obligation to 2055, and possibly eliminate or minimize any obligations that may go on indefinitely.

ECBC and former CBDC technical staff will continue to oversee all activities associated with the mine water obligations, and ensure that timely assessments and construction of infrastructure, as well as maintenance programs, are in place.

These programs will establish systems and practices to ensure that any potential mine water discharge will have minimal environmental impact, and therefore limit the Corporation's day-to-day risks and long-term liability. In conjunction with this initiative, ECBC, together with other stakeholders such as CBU, will also examine the local economic development potential of geothermal applications related to mine water.

4.8 HUMAN RESOURCE OBLIGATIONS

The human resource obligations are a large component of the CBDC's long-term liability. The programs delivered as part of these compensation obligations are non-discretionary items that the Corporation is required to deliver to former CBDC employees. They are a result of post-employment

benefits and various human resource strategies, many of which will continue beyond 20 years. They include early retirement incentive programs, liability for future employee benefits, workers' compensation obligations, and a domestic coal subsidy program.

CRITICAL BUSINESS INITIATIVE

HUMAN RESOURCE OBLIGATIONS

ECBC has identified one critical business initiative that will be the focus of human resource obligations over the planning period.

4.8.1 Critical Business Initiative #1 *CBDC Human Resource Obligations*

Effectively and efficiently manage all human resource obligations related to:

- 1) CBDC employees hired by ECBC upon the dissolution of the CBDC, and
- 2) Severed and retired employees of CBDC.

Effective January 1, 2010, ECBC became responsible for the overall management of human

resource obligations to former CBDC employees. To address the increase in activity, the human resources function has been restructured from one employee to a three-position unit which includes a human resources director, a manager of benefits and pensions, and a workers' compensation board administrator.

CBDC Employees Hired by ECBC

To ensure ECBC's ability to deliver the technical, engineering, financial, and human resources obligations it has assumed from the CBDC, the Corporation has entered into employment contracts with 13 former employees of the CBDC. These hires have resulted in a significant increase (28%) to the staff complement, and a larger internal client base requiring human resources management services.

Severed and Retired CBDC Employees

ECBC has also assumed responsibility for the overall management of human resources obligations to severed and retired CBDC employees.

Early Retirement Incentive Plans (ERIPs)

There are over 750 former employees participating in a number of ERIPs which were negotiated in the past through the collective bargaining process in response to downsizing and mine closures. The cost for these plans will decrease annually over the next 13 years as recipients reach age 65. The ERIPs are scheduled to expire in 2023.

Future Employee Benefits (FEB)

Future employee benefits (FEB) requiring administration and funding include medical benefits for a group of approximately 260 severed employees, as well as 87 former employees receiving compassionate disability pension (CDP) benefits until age 65. There is also a requirement to administer a post-employment life insurance

program for pensioners. An additional benefit under the FEB program is an indexed retiring allowance of approximately \$1,400 payable to ERIP and CDP recipients when they reach age 65. The FEB program is scheduled to continue for another 17 years.

Workers' Compensation Benefits

There are currently approximately 2,800 active workers' compensation claims. Although there are no new accidents being reported, there are numerous accident reports on file from former employees that could still result in claims. ECBC will continue to oversee and respond to these claims, and will fund the financial liability. In 2010, ECBC will engage an independent actuary to ensure the workers' compensation liability is adequately assessed and that variances in the liability from year to year are explained.

Coal Subsidization Program

ECBC will also be responsible for the administration of a benefit awarded to approximately 600 former employees, whereby domestic coal is contractually provided at subsidized rates to pensioners and surviving spouses and early retirees to heat their principal residence. This obligation will continue for approximately 37 years. Over the next few years, ECBC will explore options to minimize this liability. The coal subsidization program is scheduled to continue until 2047.

5.0 PERFORMANCE MEASUREMENT AND RISK MANAGEMENT

ECBC is committed to sound performance measurement and risk management practices. The Corporation has worked diligently over the past number of years to develop its performance measurement and risk management frameworks.

As part of the Corporation's performance measurement strategy, ECBC has developed a number of key performance indices and targets for each program activity. Each indicator has a specific timeframe and measurement approach, which is monitored on a regular basis and reported quarterly to management and in the Corporation's annual report.

The Corporation also has had a comprehensive risk management framework in place since 2005. It is updated and monitored regularly by the ECBC Audit Committee. The performance measurement and risk management frameworks are discussed below.

Performance Measurement

Over the past two years, the Corporation has been focused on the development of a Management, Resources, and Results Structure (MRRS). Effective April 1, 2005, the Government of Canada's MRRS Policy requires federal government organizations to develop an MRRS comprising of three components:

- ▣ Strategic Outcomes
- ▣ Program Activity Architecture (PAA)
- ▣ Governance Structure

The PAA is the structure of program activities upon which federal government organizations report expenditures and results to the Treasury Board of Canada and Parliament.

Each organization's PAA consists of two main elements: clearly defined and appropriate strategic outcome(s); and a complete program inventory that links all departmental programs and program activities so that they roll up to these strategic outcome(s).

In the course of developing an MRRS for ECBC, the Corporation's PAA and performance measurement framework were revised. The ECBC MRRS received Treasury Board of Canada approval in 2009.

For ECBC, the PAA consists of an overall strategic outcome: a competitive and sustainable Cape Breton economy that contributes to achievement of the Corporation's mandate. ECBC's revised PAA streamlines the existing program activities and sub-activities in order to increase operational efficiency, while at the same time articulate the long-term benefit of ECBC's programming. The most significant change in ECBC's PAA is the elimination of the program sub-activity (PSA) level and the addition of new activities related to the delivery of the former CBDC's programs by ECBC.

ECBC 2010-2011 PAA

S.O.1	A competitive and sustainable economy
P.A. 1.1	Property development and management
P.A. 1.2	Regional service delivery
P.A. 1.3	Commercial development
P.A.1.4	Community economic development
P.A.1.5	Policy and advocacy
P.A. 1.6	Environmental obligations
P.A. 1.7	Human resource obligations
S.O.2	Activities that support all strategic outcomes
P.A. 2.1	Internal services

A crosswalk outlining the key changes to the ECBC PAA is summarized in Appendix A.

Risk Management

ECBC works in a dynamic and ever-changing environment, which exposes the Corporation to various risks as it carries out its economic development mandate. The ECBC Board of Directors recognizes that it must ensure the Corporation balances risk and opportunity in accordance with risk tolerance levels.

Management of risk is fundamental to achieving the Corporation's overall economic development strategy. For this reason, risk management has become a key area of focus for ECBC as a whole.

In 2005, the Corporation commissioned the services of Deloitte & Touche to undertake the development of a risk management framework that would form the basis of a structured, systematic, disciplined approach to comprehensive risk management. The risk management framework was approved and implemented by the ECBC Board of Directors in 2006. As a result, risk identification and assessment is now reviewed and updated by the Corporation on an annual basis, to support the development of strategies for managing risks.

In accordance with a recommendation of the ECBC special examination, a new charter of the ECBC Board of Directors was approved in July 2009, which incorporates enterprise risk management as a governing principle.

Developed in accordance with Treasury Board of Canada guidelines, the charter outlines the expectations of both the ECBC Board of Directors and senior management with respect to enterprise risk management.

In 2009, ECBC underwent a special examination by the OAG. One of the recommendations contained in the final report was that the Corporation strengthen its risk management framework. To do this, it was recommended that ECBC assign responsibility for implementation of mitigation measures to specific managers, ensure operational plans reflect all the mitigation measures, and provide regular reports to senior management and the Board of Directors on the effectiveness of the mitigation measures.

In response to this recommendation, over this planning period the Corporation will incorporate the mitigating measures identified in ECBC's risk management framework into the applicable unit operational plans for each area of responsibility. A process will be established whereby senior management will regularly review and provide updates at each management committee meeting, and risk management will continue to be a standard agenda item at each Audit Committee meeting.

While the Corporation has identified a number of risks and mitigation measures as part of its overall risk management framework, environmental issues are the most critical, and particularly relevant to this planning period.

The transfer of CBDC assets and liabilities to ECBC resulted in an increased amount of risk assumed by the Corporation, particularly as it relates to the environmental remediation of former CBDC sites. On an ongoing basis, mitigation measures related to these sites include research, study, remediation, continued monitoring and ensuring adherence to the CEAA. Over the coming year, an environmental committee will be established under ECBC's subsidiary corporation DARR (Cape Breton) Limited to specifically identify, monitor and mitigate the risk associated with the

environmental liabilities. The work of this committee will begin with the development of a strategic environmental risk management framework that will outline the risks and mitigating strategies specific to the additional environmental liabilities assumed by ECBC. In conjunction with this, the committee will also develop an environmental crisis management plan that will outline various crisis scenarios related to the environmental hazards associated with the former CBDC properties and the necessary response on the part of the Corporation.

6.0 KEY PERFORMANCE INDICES

Enterprise Cape Breton Corporation

Strategic Outcome	Performance Indicator	Target	Timing and Methodology
A competitive and sustainable Cape Breton economy	Change in Cape Breton GDP (\$ based on every \$ invested by ECBC)	The dollar amount will be determined over the next fiscal year	Five-year target March 31, 2015

Policy and Advocacy

Expected Results	Performance Indicators	Targets	Timing and Methodology
ECBC gains a better understanding of Cape Breton economic issues and challenges, in order to develop and implement policy resulting in better decisions which lead to sustainable growth	Extent to which policy analysis, research and economic analysis are useful and provide input into decision making with respect to economic development for Cape Breton	Continue to provide sound advice to decision makers based on environmental scanning, issue analysis and research related to economic development for Cape Breton	March 31, 2011 Sample of initiatives will be examined
Cape Breton interests are reflected in emerging and changing economic policies and programs of federal/provincial government	Linkages between ECBC position taken with respect to economic development policies and programs of federal/provincial government	Demonstrated linkages between ECBC position and those positions taken by other government departments or agencies	March 31, 2011 Sample of initiatives will be examined

Community Economic Development

Expected Results	Performance Indicators	Targets	Timing and Methodology
Cape Breton communities have the capacity required to promote economic activity	Dollars leveraged by ECBC with community partners	1:1 (\$1 for a dollar invested by ECBC)	March 31, 2011
	Change in community capacity resulting from improved infrastructure, decision making, planning, and delivery	Evidence of increased capacity to promote economic activity resulting from case studies/evaluations and supported by data	March 31, 2011

Commercial Development

Expected Results	Performance Indicators	Targets	Timing and Methodology
Change in competitiveness and sustainability of SMEs on Cape Breton	Survival rates of ECBC – assisted firms	1 to 2 times higher than non-assisted firms	March 31, 2011
	Dollar amount leveraged per dollar invested by ECBC	1:1 (\$1 for a dollar invested by ECBC)	March 31, 2011
	Improved corporate performance of SMEs in incremental trade, number of employees, investments, and new markets	Evidence of improved corporate performance of SMEs resulting from case studies and supported by data	March 31, 2011

Property Development and Management

Expected Results	Performance Indicators	Targets	Timing and Methodology
Real property transactions resulting in economic development activity	Net proceeds from transactions to be transferred to ECBC programs	\$500,000	March 31, 2011
	Number of transactions that facilitate a development project resulting in commercial or community economic development	10 per year	March 31, 2011
Generation of revenue to offset ECBC's operating costs in relation to its facilities	Revenue generated from property management services	\$670,000	March 31, 2011

Regional Service Delivery

Expected Result	Performance Indicator	Target	Timing and Methodology
Efficient and effective delivery of ACOA programs and services on Cape Breton	Client satisfaction in relation to services provided	Renewal of MOU 70% client satisfaction rating	March 31, 2015 Client satisfaction survey March 31, 2013

Internal Services*

Expected Result	Performance Indicator	Target	Timing and Methodology
Financial statements prepared within established timelines and accepted by the Office of the Auditor General of Canada	Financial statements prepared in accordance with Canadian generally accepted accounting principles	Unqualified audit report	June 30, 2010

*Treasury Board is developing government-wide key results and indicators for internal services. These will be reviewed when available.

Environmental Obligations

Expected Results	Performance Indicators	Targets	Timing and Methodology
Remediation completed on identified sites	% of the identified sites conclude construction phase of the remediation program	100%	March 31, 2012
Mine water management program developed for underground mine workings	Mine water management program implemented for affected sites	100% of affected sites	March 31, 2013

Human Resource Obligations

Expected Result	Performance Indicator	Target	Timing and Methodology
Efficient and effective delivery of all human resource obligations of former CBDC employees	Client satisfaction in relation to services provided	To be determined	Carry out baseline client satisfaction survey March 31, 2011