

Enterprise Cape Breton Corporation

Corporate Plan Summary
2011-2012 to 2015-2016

Operating and Capital Budgets Summary
2011-2012



The Corporation's four core lines of business are:

 Commercial Development

 Community Development

 Environmental Stewardship

 Property Development

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

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

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

This corporate plan was compiled, written and designed by ECBC staff.

TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY	1
2.0 OVERVIEW OF ENTERPRISE CAPE BRETON CORPORATION	3
2.1 Public Policy Purpose	3
2.2 Corporate Profile.....	3
2.3 Organizational Structure	3
2.4 Governance Structure	4
2.5 ECBC's Purpose	6
2.6 Corporate Values	7
3.0 ECBC'S PLANNING ENVIRONMENT	8
3.1 Integrated Strategy	8
3.2 Impacts of the Economic Environment.....	11
3.3 Operational Impacts.....	13
3.4 Planning Process	14
4.0 ECBC'S ECONOMIC DEVELOPMENT STRATEGY	15
4.1 Commercial Development	15
4.2 Community Economic Development	19
4.3 Environmental Obligations	20
4.4 Property Development and Management.....	22
4.5 Policy and Advocacy.....	25
4.6 Internal Services.....	28
4.7 Regional Service Delivery.....	30
4.8 Human Resource Obligations.....	30
5.0 PERFORMANCE MEASUREMENT AND RISK MANAGEMENT	32
5.1 Performance Measurement.....	32
5.2 Risk Management	33
6.0 KEY PERFORMANCE INDICES	34
7.0 OPERATING AND CAPITAL BUDGETS	

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 delivering the programs of the Atlantic Canada Opportunities Agency (ACOA) as well as those of the former Cape Breton Development Corporation (CBDC).

The Corporation's future has been significantly impacted by the completion of the ECBC mandate review, requested by the Treasury Board of Canada. In 2009, the review concluded that the Corporation's mandate continues to be relevant given current economic and demographic conditions in Cape Breton. The mandate review recommended that ECBC take an even stronger leadership role in commercial and community economic development. In addition, the review suggested that efficiencies could be gained by dissolving the CBDC and transferring its assets and liabilities to ECBC.

The CBDC was established as a Crown corporation in 1967 in order to reorganize and rehabilitate the coal industry on Cape Breton Island. Legislation enacted in June 2000 provided the CBDC with the authority to sell its assets and eventually wind up its affairs. On December 31, 2009, the CBDC was dissolved 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's past operations, namely its land holdings, environmental remediation obligations and the administration of human resource programs for former CBDC employees.

The integration of the two Crown corporations has resulted in a streamlining of government operations on Cape Breton Island. The assets and expertise gained through the integration of the CBDC complements ECBC's economic development programming and positions the Corporation to take a greater leadership role in the pursuit of economic opportunities. To fulfill this expanded mandate, ECBC now focuses on four key lines of business: commercial development, community development, environmental obligations, and property development. The four lines of business work in unison to provide a holistic, integrated and strategic approach to economic development on Cape Breton Island. The other activities undertaken by the Corporation serve to support the key business lines and include policy and advocacy, internal services, regional service delivery, and human resource obligations.

Throughout this planning period, the Corporation will continue on the course it began in 2010, making strategic investments in communities, entrepreneurs and businesses to help build a sustainable, diverse and innovative economy for Cape Breton.

It will continue to develop land resources in such a way as to reap the best economic benefit for Cape Breton. The Corporation will pursue real property acquisition opportunities in Cape Breton that complement economic development activities.

Efforts will be aimed at maximizing the significant energy potential on Cape Breton Island. Opportunities exist to develop alternative energy sources, including clean coal technology,

geothermal energy from mine water and wind, solar and biomass energy. The Corporation will continue to work with Cape Breton University (CBU) 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, the environment, and renewable and alternative energy. ECBC will also work with the Province of Nova Scotia and Nova Scotia Power to ensure a strategy exists to allow for individuals and companies to take advantage of these new sources of energy.

Having a reliable and efficient transportation system is key to the development of the industrial economy. Future growth for Cape Breton relies on its competitive advantage being its access to materials and markets. A key focus for the Cape Breton region will be port development, particularly the commercialization of the Port of Sydney. The dredging of Sydney Harbour's access channel is identified in the Sydney Port Master Plan as the enabling event that unlocks the port's real economic potential. It is anticipated that the dredging of Sydney Harbour will occur in 2011-2012, at a cost of approximately \$38 million. ECBC will partner with the Province of Nova Scotia, the Cape Breton Regional Municipality (CBRM) and the private sector to finance the cost of the dredge.

During this planning period, ECBC will continue its dialogue with Transport Canada, which has commenced steps to divest itself of the harbour bed in both Sydney and the Strait of Canso. ECBC will work with Transport Canada in examining all options to ensure the best possible outcome for the advancement of the ports.

ECBC will continue to work with its partners on the delivery of the environmental remediation program. It is anticipated that the remediation activities will be completed in 2011-2012 and all remediated properties will then be in a state of long-term care and maintenance. In addition, ECBC will continue to oversee all activities associated with mine-water obligations and ensure that timely assessments and the construction of infrastructure, as well as maintenance programs, are in place.

Over the next few years there are a number of ECBC employees who will become eligible for retirement. This poses a number of challenges in terms of the loss of technical knowledge and experience. In conjunction with the Human Resources Committee of the ECBC Board of Directors, the Corporation will continue to work on a succession plan that will meet the long-term needs of the Corporation.

2.0 OVERVIEW OF ENTERPRISE CAPE BRETON CORPORATION

2.1 Public Policy Purpose

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

- lend money 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 CBDC were transferred to ECBC. The Corporation is now responsible for all stewardship obligations related to the 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

ECBC is a Crown corporation established pursuant to Part II of the *Government Organization Act, Atlantic Canada, 1987* (also known as the Enterprise Cape Breton Corporation Act).

ECBC is subject to the control and accountability regime set out in the *Financial Administration Act* (FAA). ECBC is governed by a seven-member Board of Directors and reports to Parliament through the Minister responsible for the Atlantic Canada Opportunities Agency. As set out in its enabling legislation, the President of ACOA is de facto the Chairperson of ECBC's Board of Directors. The Board is also comprised of six directors who are appointed by the Governor in Council on the advice of the Minister. This includes the Chief Executive Officer.

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

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 key business lines and services, including commercial development, community development, environmental stewardship, and property development, as well as policy and advocacy and other supporting and enabling services.

2.4 Governance Structure

As per the *Enterprise Cape Breton Corporation Act*, the president of ACOA is *de facto* the chairperson of the ECBC Board of Directors. Section 27 of the act states that the Corporation shall consist of a Board of Directors comprising the Chairperson, a Chief Executive Officer and five other directors appointed in accordance with subsection 28(2). Pursuant to subsection 28(2), directors are appointed by the Minister, with the approval of the Governor in Council, to hold office for a term not exceeding four years. Subsection 28(3) states that a director is eligible to serve two consecutive terms.

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 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.

The Board has carefully considered the Corporate Governance Guidelines set forth in the Governance Framework for Canada's Crown Corporations and relevant legislation in the formulation of its Board Charter, which was formally adopted in 2009. Terms of reference have also been developed for each of the Board's committees: Audit Committee, Human Resources Committee and the Governance Committee.

ECBC's Board functions independently of management. All Board members other than the CEO are independent of ECBC management. Meetings normally include the CEO; however, provisions are made for independent directors to meet *in camera*, as required.

ECBC Board of Directors

Chair

Paul J. LeBlanc

Paul J. LeBlanc assumed the responsibilities of Chairperson of Enterprise Cape Breton Corporation on November 15, 2010, when he was appointed President of the Atlantic Canada Opportunities Agency.

Chief Executive Officer

John K. Lynn

John Lynn was appointed Chief Executive Officer of ECBC in June 2008. He has an extensive private-sector background and has served on numerous private-sector, not-for-profit and Crown corporation boards and board committees. (Appointed by Order in Council, June 1, 2008, for a five-year term.)

Directors

Terry Miller

Mr. Miller is a long-time resident of Cape Breton Island. An active community volunteer, he is retired from a career in banking and is currently employed with the Cape Breton District Health Authority. (Appointed January 25, 2007, for a two-year term and reappointed January 25, 2009, for two years.)

Sara Salter

A native of North Sydney, Ms. Salter has knowledge and experience in the hospitality industry, gained through her work as an entrepreneur. She is also active with various community organizations. (Appointed January 25, 2007, for a two-year term and reappointed January 25, 2009, for two years.)

Eva Landry

Ms. Landry, a resident of St. Peter's, is a retired educator and school administrator. She has also worked as a consultant in education. Ms. Landry is an active volunteer in her community. (Appointed February 9, 2007, for a three-year term and reappointed February 9, 2010, for three years.)

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. (Appointed January 25, 2007, for a three-year term and reappointed January 25, 2010, for two years.)

Frank MacInnis

Mr. MacInnis, a resident of Creignish, Inverness County, is retired from a career in education. He serves on several community boards and committees. (Appointed January 25, 2007, for a three-year term and reappointed January 25, 2010, for three years.)

The Corporation holds public meetings annually to provide the public with the opportunity to learn more about the Corporation. It held its first public meeting in July 2009, and another in October 2010.

With the integration of the assets and liabilities of the CBDC into ECBC, the Corporation has assumed increased responsibility. As a result, the Corporation has revised its corporate governance framework. The Board of Directors has enhanced the mandate of DARR (Cape Breton) Limited, a wholly owned subsidiary of ECBC, to oversee and monitor the Corporation's property management and development activities as well as its environmental remediation responsibilities. DARR is a real estate holding and development company incorporated under the laws of the Province of Nova Scotia and is the repository for all ECBC real property holdings. The DARR Board of Directors was strengthened with the addition of legal and engineering expertise. In addition, an Environment Committee was established under DARR specifically to identify, monitor and mitigate the risks associated with environmental liabilities. The role of this committee is to oversee all the environmental responsibilities of ECBC, not just DARR holdings.

ECBC created a Governance Committee to oversee the initial and ongoing design of the ECBC corporate governance model, evaluate the performance of the full ECBC Board and its committees and monitor the overall governance model to ensure it is functioning effectively and is meeting the needs of the organization.

The ECBC Board of Directors also has an Audit Committee and a Human Resources Committee. 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 Human Resources Committee assists the Board in fulfilling its oversight responsibilities with respect to the application of sound human resource policies, and monitors and manages the performance of executive leadership, including that of the chief executive officer of the Corporation.

ECBC's auditor is the Auditor General of Canada, as stated in section 134(2) of the *Financial Administration Act*, the legislation governing the management of many Crown corporations. The Auditor General completes annual financial audits of ECBC, and special examinations are conducted every ten years at a minimum.

ECBC has two non-operational subsidiaries that have been inactive for a number of years. They are Cape Breton Marine Farming Limited and Gulf Bras d'Or Estates Limited.

2.5 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 obligations and environmental stewardship.

2.6 Corporate Values

The Corporation has adopted a set of values that drives ECBC's corporate culture and behaviour.

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 key opportunities and challenges impacting the Corporation and the Cape Breton economy.
Effective stewardship of taxpayer 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 activities.
Empowerment	Allowing employees to realize their true potential and to be effective professionals in their individual 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

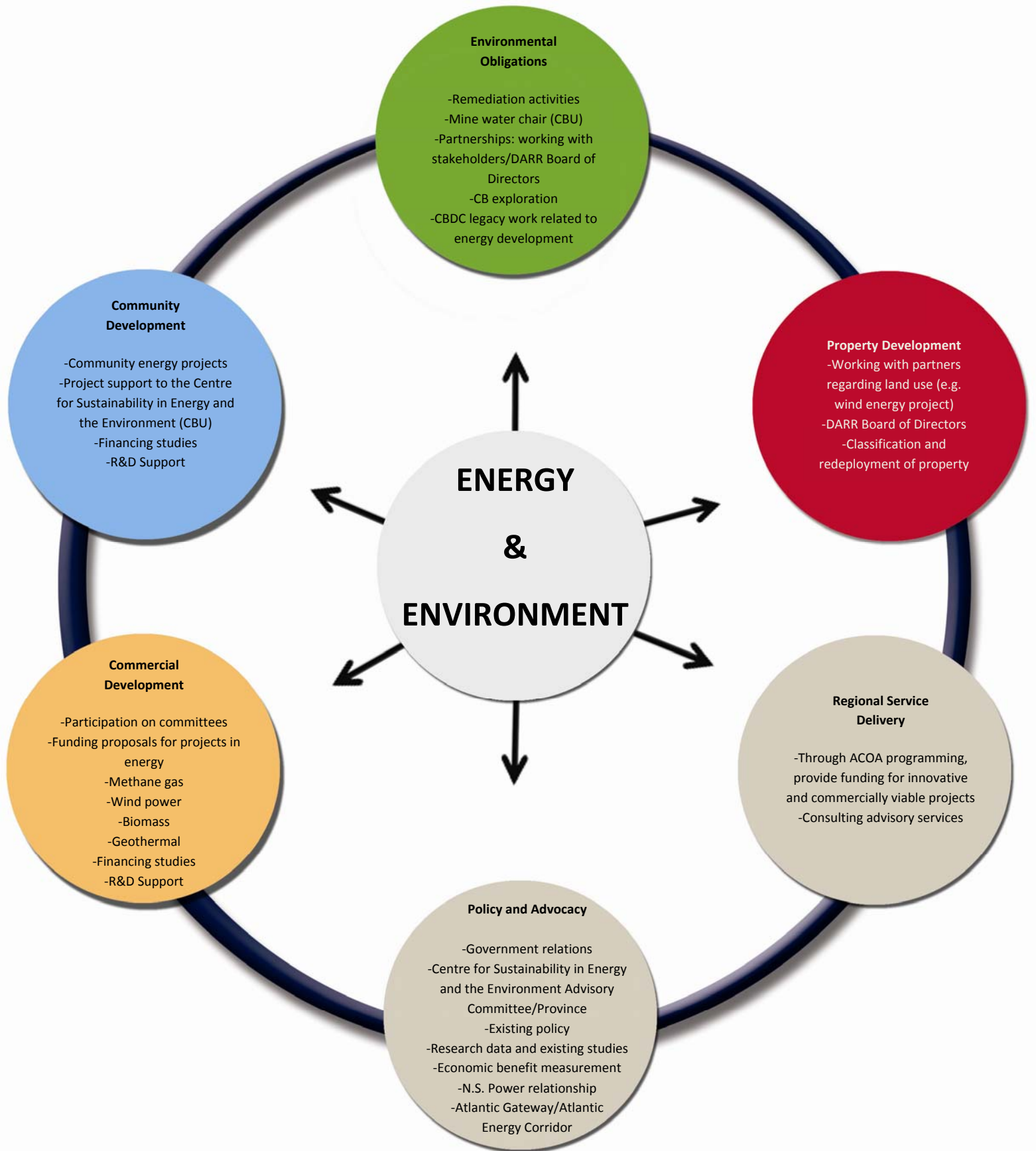
3.1 Integrated Strategy

With the transfer of the assets and liabilities of the CBDC, there are now greater development opportunities within the private sector and communities in Cape Breton. In this planning period, these opportunities will continue to be pursued through an integrated approach using the Corporation's four key business lines, supported by ECBC's policy and advocacy function and other areas of activity within the Corporation.

This corporate plan lays the foundation for this integrated approach, which requires ongoing dialogue among the four business lines to ensure that projects are not developed in isolation, that resources are maximized and that individual efforts are not duplicated. For example, as the Corporation continues to fulfill its environmental stewardship obligations, in conjunction with other key business lines, it can help communities build strategic infrastructure on the remediated sites.

Rather than focusing specifically on program activities, this approach can focus on particular sectors. Strategies are developed by engaging the appropriate individuals within ECBC's key business lines. Two examples of sectors that stand to benefit are energy and tourism. The diagram on the following page illustrates the type of activities that are under way within the Corporation in the energy sector.

Integrated Approach: Energy and Environment



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 ACOA.

The Corporation will continue to work with the CBU to finalize the governance structure and mandate of the CSEE. This centre will be integral to the research, development and commercialization of technology in the areas of mine-water remediation, the 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 will work with private-sector stakeholders to develop energy projects. ECBC can contribute human, financial and real estate resources to facilitate the development of projects. The CSEE will play a pivotal role in both the science applications and the planned commercialization. It is possible for Cape Breton to be positioned as a world leader in clean coal technology.

ECBC will also work with the Province and Nova Scotia Power to ensure a strategy exists to allow individuals and companies to take advantage of these new sources of energy.

Tourism continues to be a growth sector. ECBC will continue to work with Destination Cape Breton (DCB) in the implementation of its island-wide destination marketing strategy. A tourism marketing levy was implemented in June 2010 for Cape Breton. This has allowed the DCB the financial stability to grow and mature. Product development, including Golf Cape Breton, will be an important focus for increasing the number of visitors to Cape Breton.

Tourism is included in the trade and investment strategy, which will involve key business lines such as commercial and community development. The Corporation will explore opportunities for investment in the sector. In addition, ECBC will examine avenues to incorporate tourism promotion activities into its overall trade mission strategy.

In addition to regular programs, ECBC has planned spending of \$41.5 million in payments to the CBDC's former workers. This amount represents a significant inflow to the economy, and on its own is an economic generator. Planned spending of \$27.2 million is budgeted within ECBC for the environmental remediation program associated with former 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 on both human resources and the environment will be analyzed, measured and reported during this planning period. Second, 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 the CSEE and the production of biomass. ECBC management will play a prominent role in the advancement of these projects.

ECBC will oversee one of the largest economic development projects in the history of the Corporation. As outlined in the corporate plan, approximately \$19 million will be directed to the Sydney Harbour dredge. This project has occupied the Corporation's attention for the past two years. The rationalization, including ECBC's involvement with the project, is highlighted in both the commercial development (4.1) and policy and advocacy (4.5) sections of this plan.

3.2 Impacts of the Economic Environment

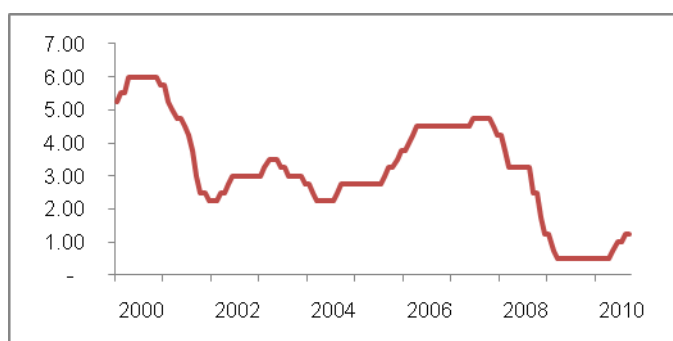
The Economic Environment

The economic environment sets the context for ECBC. The strategies and tactics of ECBC must be aligned with the constraints and opportunities of the economic environment. This section will review some of the main economic factors that create the economic environment in which the Corporation must operate. These factors include the state of the national and global economy, national monetary and fiscal policy, demographic trends and labour markets. This section will also review some significant activities that are impacting the local economy.

Global Trends

The world is still recovering from the economic recession. The recovery, however, has been slow, and sustained growth in the Canadian and American economies remains uncertain. In October 2010, the Bank of Canada halted further interest rate increases and cut its growth forecast for 2011. Despite three consecutive increases in the bank rate, interest rates remain at near historic lows (Figure 1). Further, the federal government's economic stimulus package – the Economic Action Plan – is scheduled to wrap up in 2011. Despite the uncertainty, Canada's economy remains one of the most stable of the industrialized nations. The Canadian dollar remains strong and CIBC World Markets analysts expect the dollar to maintain near-parity levels over the next six months. The high Canadian dollar will impact exports and tourism, especially in the context of weakening U.S. demand.

Figure 1 – Bank Rates 2000-2010

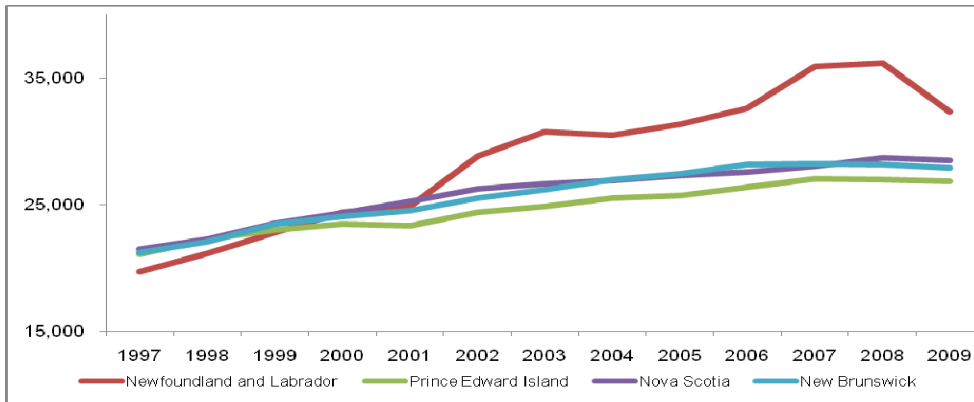


Source: Bank of Canada

Regional Trends

Regionally, Atlantic Canada is considered to have fared well through the economic recession. With the exception of Newfoundland and Labrador, the downturn in the economy in the Atlantic region was much less pronounced than in other areas of Canada. That is offset, however, by the continued low performance in the Maritimes of gross domestic product (GDP) per capita (Figure 2). Bridging the gap in the near future seems unlikely; the Royal Bank of Canada's provincial outlook (September 2010) predicts Nova Scotia's growth rate for 2011 to be fairly weak, at 1.5%.

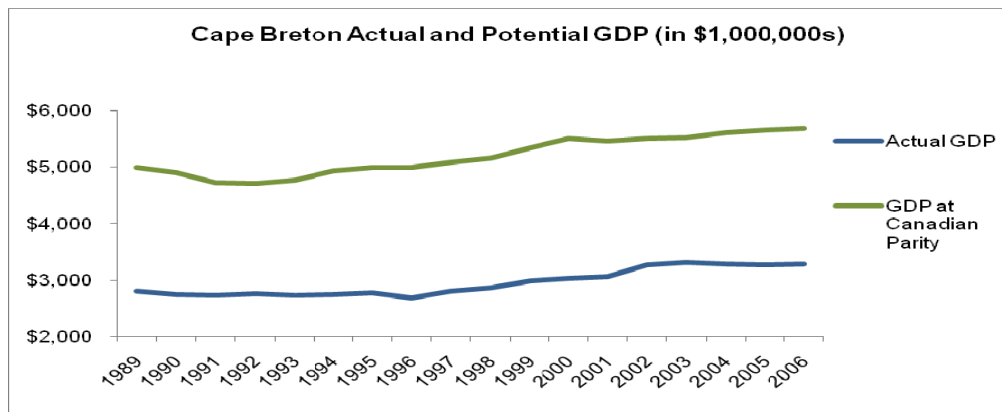
Figure 2 – GDP per Capita, Atlantic Provinces



Source: Statistics Canada

In Cape Breton, the per capita GDP is 10-12% of the provincial average, yet Cape Breton has 15% of the population. *The Cape Breton Prosperity Study (2009)* estimated the GDP per capita in Cape Breton to be \$22,766 in 2006. This falls well below the provincial (\$29,656) and national (\$39,303) levels. As a result, Cape Breton has a significant prosperity gap between its actual and potential GDP if it were performing at the same level as the provincial or national average. If Cape Breton had the same GDP per capita as the Canadian average, its GDP would have been \$2.4 billion more in 2006 (Figure 3). This represents a significant opportunity cost. The main factors underpinning the lower GDP per capita in Cape Breton are low employment rates and low productivity. The challenge for the Cape Breton economy is to narrow this prosperity gap.

Figure 3 – GDP per Capita, Cape Breton



Demographic pressures continue to impact Cape Breton and the regional economy. The population is aging and is in decline. In the near future the shift of the baby-boomer bubble into retirement is expected to have a greater impact in Cape Breton than in other areas due to the lack of younger workers to replace this generation. While the population is generally in decline, the

Aboriginal population in Cape Breton has a healthy growth rate. Although it is still too small to significantly impact overall population numbers, the Aboriginal population will increasingly be seen as a source of young educated workers.

While demographic trends point to labour market shortages in the future, Cape Breton continues to be challenged by high unemployment in the present. The Cape Breton unemployment rate remains approximately double that of Canada.

Fluctuations in Cape Breton's labour market tend to be more extreme due to concentrations in highly seasonal sectors such as primary industries and tourism. In the past ten years, the number of jobs has generally been increasing. Despite the high unemployment rate, there remain shortages of skilled workers in some sectors. ECBC works with the CBU and Nova Scotia Community College to ensure there are adequate programs to address these skills shortages.

Income levels remain lower relative to provincial averages as well. Further, a 2009 Novus Consulting study indicated that 16% of Cape Breton households earn part of their income off-island. A full 25% of all household income is generated through off-island employment. The significant income earned off-island suggests that current population and consumption levels are being supported by economic activity that is not locally based. It is important to note that this income has enabled many households to remain in Cape Breton. Households with off-island income have significantly higher income levels than households with no off-island income.

While the Cape Breton economy, as presented above, is weak, there are a number of current developments that have the potential for positive impact. Port development, renewable energy and the innovation sector all display the potential to form part of a new economic story for Cape Breton. There is a strong role for ECBC to support the development of each of these sectors through strategic investment and partnership. Funding is now in place for the harbour dredging, opening the way for further development of the port assets. The renewable energy sector, while further on the horizon in terms of development, should experience an increase in interest with the recent establishment of the CSEE at Cape Breton University. The recent announcement by the Province of Nova Scotia regarding an energy agreement with the Province of Newfoundland and Labrador is positive. The deal gives the Province access to power from Muskrat Falls in Newfoundland and Labrador by way of a subsea cable to Cape Breton and ensures Nova Scotia gains economic benefits, including thousands of jobs during the construction of the project.

The innovation sector, comprised of the university and individuals and companies undertaking research and development activity, while still small, is showing increasing signs of being able to impact local wealth accumulation in the long term.

The Cape Breton economy remains in a state of transition, from a carboniferous-based economy to a new economy. While Cape Breton is facing serious economic challenges, it is also presented with significant opportunities. It is in this context that ECBC must set its strategies.

3.3 Operational Impacts

Financial Statements

It has been determined that ECBC will transition to Public Sector Accounting Standards (PSAS) on April 1, 2011. ECBC has engaged a consultant to assist in the conversion. The consultant has

developed mock financial statements and position papers on high-impact areas. Quarterly financial reports will be required beginning with the quarter ending June 30, 2011. It should be noted that this transition could impact the presentation of the forecast included in this plan.

Succession Planning

Over the next few years there are a number of ECBC employees eligible for retirement. In conjunction with the Human Resources Committee of the ECBC Board of Directors, the Corporation will continue to work on a succession plan that will meet the long-term needs of the Corporation.

3.4 Planning Process

ECBC does not carry out strategic planning in a vacuum. It is a dynamic and continuous process involving consultation throughout the year with community stakeholders, business leaders and local governments. It engages the Board of Directors and the Senior Management Team. It involves a review of the Corporation's operating environment, including a risk assessment, establishing the future direction, objectives and success measures of the Corporation, and developing strategies and initiatives to move the Corporation forward in terms of carrying out its mandate.

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 plans such as Advantage Canada and the Speech from the Throne.

Over the coming years, ECBC's strategic planning process will take into account the results of an island-wide strategic economic framework. The Cape Breton Partnership is overseeing the development of the framework, which will define a critical path for economic growth on Cape Breton. The objectives include:

- create a road map for the steps required to increase economic prosperity on Cape Breton;
- ensure that economic-development decisions are increasingly purposeful, focused and consistent; and
- ensure that other economic-development organizations recognize the need to align their activities with the framework.

It is anticipated that the framework will be completed in early spring 2011.

4.0 ECBC'S ECONOMIC DEVELOPMENT STRATEGY

ECBC now focuses on four key lines of business to fulfill its expanded mandate: commercial development, community development, environmental obligations, and property development.

4.1 Commercial Development

Small and Medium-sized Enterprises (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, to increase wealth in the region.

The goal for commercial development is to foster a business climate that will encourage private-sector investment, business growth and productivity.

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.

4.1.1 Critical Business Initiative No. 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 to diversify the economy.

Due to the size and makeup 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 to the development and refinement of business proposals, marketing initiatives, online marketing initiatives, innovation, human resource initiatives and capital assistance.

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

Financial assistance can also be provided to non-profit organizations for specialized services that support entrepreneurship and SMEs. Specialized services would include activities that contribute to increasing awareness and interest in entrepreneurship as a viable career option or that help entrepreneurs enhance the business skills they need to start, sustain or grow their businesses.

4.1.2 Critical Business Initiative No. 2 – Trade, Investment and Prospecting

To attract new business investment to Cape Breton and to work with local companies and/or organizations to encourage the exploration of export opportunities and to encourage them to become 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 Nova Scotia Business Incorporated to identify key off-island firms positioned to expand to Cape Breton as part of an investment promotion focus.

A need exists to work with local companies and organizations to encourage the exploration of export opportunities and to encourage companies to become export-ready. To that end, over this planning period, the Corporation will work with companies and organizations to improve their export potential by offering export-readiness training and programs to encourage entry into new markets.

Through partnerships with Nova Scotia Business, ACOA's Head Office and ACOA's regional office in Nova Scotia, ECBC has played a greater role in developing a detailed trade and investment prospecting calendar for 2011-2012. The result is that ECBC will participate in various provincially and federally led trade missions and trade shows of relevance to local business.

4.1.3 Critical Business Initiative No. 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*.

Detailed Sector Profiles of the Cape Breton Economy, completed in 2009, provides a situational analysis of a number of sectors of the Cape Breton economy.

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 few years. The Corporation will continue to implement the sector strategy on tourism that was developed in 2009-2010. The focus of the strategy is to meet customer expectations at every level by developing and implementing experiential tourism products for niche markets as well as by focusing on the meetings-and-conventions market. ECBC will continue to support initiatives such as online marketing, accommodation upgrades and efficiency improvements to address current market deficiencies. The aim is to help Cape Breton tourism businesses become more competitive through product development and to then assist them in packaging and marketing those products.

Energy

The alternative energy sector has been identified as an area of growth for Cape Breton. The Province of Nova Scotia legislated that a portion of electricity production must come from renewable sources in an effort to move away from electricity produced from fossil fuels. Nova Scotia's Renewable Electricity Plan sets out a detailed path for achieving the target of 25% renewable

electricity supply by 2015 and establishes a goal for 2020 of 40% of Nova Scotia's electricity being produced from renewable sources.

To capitalize on this potential, the development of an ECBC energy strategy will focus on renewable, green energy projects. Investment in renewable energy projects will encourage innovation, knowledge and job creation. The provincially legislated feed-in tariff will unlock potential partnerships with Cape Breton businesses and community organizations, promoting energy independence and creating new revenue.

As Nova Scotia moves from coal-fired electricity production, this early investment in renewable-energy infrastructure will ensure Cape Breton takes advantage of its abundant natural resources and continues to be an energy-producing region.

ECBC has directly participated in the two largest wind farms on Cape Breton Island and will participate in further studies and projects related to wind energy, geothermal energy from mine water, biofuel crop production, thin film solar energy, wave buoy technology and alternative clean energy sources such as municipal solid waste. ECBC's participation may be in an advocacy role and/or providing funds to projects. The focus will be on determining long-term feasibility and potential commercial benefits. ECBC works in consultation with the provincial departments of Energy and Natural Resource to ensure a consistent approach for development and to take advantage of expertise in these departments.

ECBC will also work closely with the CSEE in promoting research and innovation to develop an approach for 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 by 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 is currently the only port on the East Coast that can handle these vessels. The Port of Sydney is positioning itself as another option for these vessels once the harbour has been dredged.

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.

Sydney Harbour Dredging Project

Sydney Harbour is strategically located in the northeast coastal region of Nova Scotia. Collectively called the Ports of Sydney, the marine terminals within Sydney Harbour are located along the six-kilometre Y-shaped waterway used for shipping activities. The Ports of Sydney handle passengers through the Marine Atlantic ferry service and the Sydney Marine Terminal's cruise passenger

facilities. Other facilities handle coal, petroleum, break-bulk and project cargoes in well-sheltered marine facilities with ample deep water, lengths of wharf, storage areas, and rail and road connections. Further development of the harbour will provide a broader economic base for the region, which has been heavily resource-dependent, consistent with the economic development direction in the Advantage Canada plan and the 2009 and 2010 budgets.

Marine terminal owners and operators have worked co-operatively as members of the Sydney Marine Group to develop the Ports of Sydney Master Plan. The plan, released in January 2008, evaluates the port's existing function, outlines commercial opportunities and identifies potential port development projects and strategies that will make the port more competitive in the international market. The master plan identifies several capital improvement projects at a number of facilities and sites that will best capture potential business and facilitate operational efficiencies. One project, the dredging of Sydney Harbour, was deemed to be critical to developing the port's real potential.

In November 2009, the proponent for the dredging of Sydney Harbour, the Sydney Ports Corporation Inc., prequalified seven international dredging corporations and invited these companies to submit a tender for the project. The successful candidate, Boskalis, with a bid of \$38 million, was chosen in May 2010. Dredging will begin late in the summer of 2011 and will be completed by December 2011.

With a dredged channel, the opportunity to diversify and broaden port-related business will expand, particularly in the areas of bulk cargo exports and imports, shipbuilding, offshore fabrication and containers.

The master plan estimates that the economic impact of all future harbour activities could potentially generate 9,000 person-years of employment and more than \$100 million in tax revenues for various levels of government.

The proposed dredging is timely as it will support the efficient export of coal from the Donkin mine, recently reactivated by Xstrata, a private-sector company. Other entities that could benefit include Nova Scotia Power and the Harbourside Commercial Park. Dredging is also seen as a first step in plans for the development of a \$200-million container terminal at the Port of Sydney, which would potentially act as a shipping hub for the North American market.

This project supports the Global Commerce Strategy and Advantage Canada. Sydney Harbour is a vital component of the Atlantic Gateway and Trade Corridor. The gateway system supports Canada as a trading nation by ensuring that the transportation system is ready to facilitate growth in international trade.

Technology and Innovation

Technology and innovation will continue to have significant implications with respect to the productivity of the nation and the Maritime region. Cape Breton is well positioned to take advantage of the ever increasing demand for leading-edge technologies. With continuing advances in science and technology, innovation now cuts across all sectors in the production of most goods and services.

The objective of the technology and innovation sector is to stimulate the development and use of new or improved processes and products so that existing businesses and start-ups will be more competitive, will expand and create economic benefit for Cape Breton.

ECBC will continue to work with the private and public sector, industry organizations and networks to promote and build innovation capacity in Cape Breton. There are a number of technology- and innovation-related projects currently under way or being developed. These include:

- SûGen Research Inc. – research, development and pilot testing of unique vertical axis wind turbine.
- Terramac Contracting Limited – development and testing of alloy separation and sorting technology.
- Billdidit Inc. – research, development and commercialization of an innovative musical instrument accessory.

4.2 Community Economic Development

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 necessary to strengthen and enhance their economic foundation and to ensure they are attractive places 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.

CRITICAL BUSINESS INITIATIVES – COMMUNITY ECONOMIC DEVELOPMENT

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

4.2.1 Critical Business Initiative No. 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 attractive places to live and invest.

Investments in infrastructure capitalize on the capacity, strength and opportunity present in communities across Cape Breton Island, as identified in their economic development plans and strategies.

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.

ECBC will review the merits of establishing an initiative directed toward upgrading existing recreation infrastructure. It is anticipated that such an initiative would result in small-scale funding to be matched by community or other funds. These upgrades will provide local economic benefits and enhance community life.

4.2.2 Critical Business Initiative No. 2 – Community Capacity Building

ECBC will 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.

The Corporation will continue to strengthen community planning and development by working with communities and their regional development authorities to elaborate 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 visits throughout this planning period. These include the implementation of an island-wide tourism marketing strategy, a refresh of the delivery model for the golf marketing strategy, the inauguration of a hiking trails branding and marketing initiative, the attraction of major events, as well as the management of the festival and events and community centre initiatives.

4.3 Environmental Obligations

The transfer of CBDC assets and obligations took place on January 1, 2010, along with the hiring of a number of key CBDC technical personnel. They carry with them significant historical knowledge of the CBDC’s activities as well as of the mining activities of companies that predated the CBDC. In addition, ECBC honoured the contractual obligations that the CBDC had with Public Works and Government Services Canada (PWGSC) for the management of the multi-site remediation closure program. The involvement of both the CBDC’s former technical staff and the PWGSC project management team has allowed for a seamless transition and management of the CBDC’s environmental obligations. The systematic development of remediation action plans and their subsequent implementation, along with the development and implementation of a long-term care and monitoring program for remediated sites, continues to meet the requirements of the Government of Canada as well as the local community and regulators.

In 2010, DARR (Cape Breton) Limited established an Environment Committee that now reports to its Board of Directors. The activities of the committee have been aggressive, with the development of governing terms of reference as well as a Master Health and Safety Plan, an Environmental Management Plan, a Risk Management Framework and a quarterly Senior Management Environmental Report that addresses six key areas of risk.

ECBC continues to work with many partners on the delivery of the remediation program and at the same time is developing relationships with the CBU and other private-sector interests to explore alternative energy sources on land formerly used for coal mining activities. The construction of a low-rent senior citizens complex in Glace Bay will draw geothermal energy from mine-water monitoring wells that ECBC installed as part of its Mine Water Management Program. In 2010, ECBC engaged in discussions with private-sector parties from Calgary and Norway to develop a better understanding of how to extract methane from the extensive deep coal reserves that cannot be mined with current coal extraction technology. Test plots of biofuel crops are being planted on remediated lands with the expectation that a new-generation farming industry can be developed on Cape Breton Island.

CRITICAL BUSINESS INITIATIVES – ENVIRONMENTAL OBLIGATIONS

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

4.3.1 Critical Business Initiative No. 1 – Multi-Year Site-Remediation Plan

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

The 2007 Multi-Year Work Plan developed by the PWGSC continues to be the guiding document that supports the activities of both ECBC and the PWGSC on the remediation of 13 major groups of contaminated properties within the Cape Breton Regional Municipality. The plan provides the framework and foundation for the project management, environmental assessment, planning, design and implementation of remediation activities on the contaminated properties. The PWGSC has completed the remediation work on three of these groups, and ECBC has completed one group. There now remain nine groups currently under active program management by the PWGSC. The four completed groups now require long-term care and maintenance, for which ECBC is responsible.

As in previous years, an update of the liability estimate was prepared in November by consultants engaged by the PWGSC. The updated estimate indicates that the program expenditures are in line with previous years' estimates, with minor adjustments for specific project sites. The implementation of remediation activities will be completed for all land groups in 2011-2012, and all remediated properties will then be subject to long-term care and maintenance.

As with previous years' activities, one of the key values of the program adopted by ECBC is the application of scientific rigour and professional and technical competence when undertaking activities associated with addressing contaminated sites and understanding the effects of acid rock drainage on both human health and ecosystems. With that in mind, ECBC will continue to work with the PWGSC and its consultants to ensure 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.

One of the key objectives of the environmental remediation program has been to engage and educate the community about the program. In addition, the program has engaged the appropriate technical and project management support locally and abroad to allow the Corporation to develop a strategy to mitigate the impacts associated with the contaminated sites and mine-water discharge. This objective has been embraced by both the PWGSC and ECBC over the past year and has met with positive response from the community, as well as from municipal, provincial and federal elected representatives. Local consultants, contractors and service providers have benefited from the remediation program and are now in a position to compete for remediation-related projects outside the Cape Breton Regional Municipality.

Recognizing that the PWGSC is on track to complete remediation activities by 2011-2012, increased efforts have begun to install a cap performance monitoring system on the engineered covers and to develop a continually updated data management system. Both systems will have the capacity for trending analysis, which will verify that the remediation efforts are resulting in an overall "net positive

effect” on the ecosystem as a result of the remediation program. Both systems will be designed to collect data electronically to minimize the risk of human error and to minimize long-term operating costs.

4.3.2 Critical Business Initiative No. 2 – Mine-Water Management Program

Develop and implement a mine-water management program.

In the Sydney Coalfield, there are approximately 3,200 kilometres of underground mine workings that are either flooded or in the process of flooding. The abandoned mine workings were dry when the mine closed, but groundwater has infiltrated over time, filling the mines with clean groundwater that comes in contact with pyrite. When an abandoned mine fills to a surface opening, the contaminated mine water discharges into brooks and streams, and wetland, ocean and other ecosystems, causing negative environmental impacts. This mine water is considered a deleterious substance under the *Fisheries Act*.

To understand and address the impacts associated with existing and potential mine water discharges in the Sydney Coalfield, the Corporation will focus on four key activities:

- manage mine water discharge to ensure acceptable off-site quality;
- develop an inventory of mine pools to determine how best to approach potential impacts;
- develop a long-term relationship with the CBU to support the research and development requirements of the Corporation; and
- 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, the United Kingdom, South Africa, Sweden, Norway, Japan, China and the United States). The current liability for the Sydney Coalfield recognizes that funding will be required until at least 2055, and perhaps in perpetuity. The research conducted at CBU on mine water, if successful, may reduce the duration of these obligations.

ECBC’s technical staff will continue to oversee all activities associated with the mine-water obligations to ensure that timely assessments are conducted and that the necessary infrastructure and maintenance programs are in place. The Corporation will establish systems and practices to ensure that any potential mine-water discharge will have minimal environmental impact, thus limiting the Corporation’s day-to-day risk and long-term liability. In conjunction with this initiative, ECBC, together with other stakeholders such as the CBU, will also examine the local economic development potential of geothermal applications related to mine water.

4.4 Property Development and Management

The *Enterprise Cape Breton Corporation Act* provides the Corporation with specific powers related to real property. 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. Proceeds of sales can be reinvested in other development activities.

Property development and management has become a significant focus for the Corporation. With the transfer of the CBDC's former assets, ECBC's 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. A real property framework was developed and approved by the Board of Directors in 2005, and updated in 2009. The objective of this framework is to define processes and authorities for acquiring, transferring and disposing of real property. Real property is defined as land and anything permanently attached to it, including buildings or 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, Nova Scotia, the Point Edward 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 Coal Yard, 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 No. 1 – Real Property Transfers and Acquisitions

Facilitate real property transfers and acquisitions, to provide incentives for investment to create wealth and reinvest resources in 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 preserves 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-proposals process and advertising as well as unsolicited requests in writing.

There are several pieces of land on Sydney Harbour that are strategic for its development. ECBC will investigate the potential to acquire these properties for future development. Discussions are under way with the Cape Breton Regional Municipality to ensure an integrated approach to this development. An amount of up to \$2 million has been included in this year's capital budget for possible acquisitions.

4.4.2 Critical Business Initiative No. 2 – Divestiture Strategy

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

As a result of the integration of the CBDC into ECBC, a divestiture strategy will continue to be developed that will document criteria to assist the Corporation in identifying properties with economic development potential and to assess the ongoing usefulness of these properties for the delivery of its programs.

4.4.3 Critical Business Initiative No. 3 – Property Management Information System

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

During 2010-2011 several new modules were developed and implemented within the electronic property management system (EPMS). They include a mine-features layer and links to the property records system. Additional data was transferred from CBDC internal records, from the Nova Scotia property database and from recently completed property work. As a result of the transfer of assets and liabilities of the CBDC to ECBC on January 1, 2010, additional database upgrades will continue to facilitate handling the volume of information to be transferred. These upgrades will be integrated into the existing EPMS.

Other features to be added in 2011-2012 include the capture of data from the mine-water-treatment monitoring program. The EPMS data will also be available for use by the CSEE at Cape Breton University.

Information on property holdings will be accessible to the public through a link on the ECBC website and via the Directory of Federal Real Property Listings. Development of ECBC's portal is under way and it is scheduled to be operational by 2012.

4.4.4 Critical Business Initiative No. 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 functioning and that tenant concerns are addressed in a timely fashion.

4.4.5 Critical Business Initiative No. 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 assessment of projects that involve federal government decision making.

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

4.5 Policy and Advocacy

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's 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 activities.

In addition to these activities, the policy and advocacy function oversees all planning, reporting and policy development activities. Although ECBC's development strategies centre on its program activity architecture (PAA), it is incumbent upon management to develop strategies across corporate activities, effectively integrating all areas of the Corporation. This is accomplished through regular meetings of senior management to discuss common issues and strategies. ECBC is currently undergoing a policy review exercise led by the policy and advocacy unit. This process involves a comprehensive review of existing policies and procedures by staff at all levels of the Corporation. It is anticipated that the review will be completed in the 2011-2012 fiscal year.

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 that will be the focus of the policy and advocacy function over the planning period.

4.5.1 Critical Business Initiative No. 1 – Create Awareness of ECBC's Programs

Heighten the profile of ECBC, with a goal of creating awareness and understanding of the Corporation and the programs it offers.

On an annual basis, ECBC holds a public meeting to provide an opportunity for the public to learn more about the Corporation's key business lines and to provide a conduit for discussion. 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.

4.5.2 Critical Business Initiative No. 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 moving projects through the regulatory process.

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

Transportation

ECBC continues to work with various stakeholders in an effort to commercialize the Sydney Ports. In 2007-2008 a master plan was developed for the Port of Sydney. The plan evaluates the port's existing functioning, outlines commercial opportunities, and identifies potential development projects and strategies that will make the port more competitive in the international market. The dredging of Sydney Harbour was identified as the enabling event to developing the port's real potential. With a dredged channel, the opportunity to diversify and broaden port-related business expands, particularly in the areas of bulk cargo exports and imports, shipbuilding, offshore fabrication and containers. During this fiscal period, ECBC will contribute approximately \$19 million to the \$38-million dredging of the Sydney Harbour.

In addition to financial support, ECBC is a member of the interim transportation board tasked with recommending a governance and organizational structure for the new and emerging marine transportation corporation.

Another issue of importance is the Cape Breton Central Nova Scotia Railway. The Province of Nova Scotia granted a subsidy this year to keep it operational but indicated this would be the final subsidy and that the rail company would have to develop a sustainable model for the Cape Breton portion of the line. ECBC will work with the appropriate stakeholders to assist in identifying opportunities that may increase rail traffic.

Energy

During this fiscal 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 the CBU in the area of environmental remediation and energy sustainability. This facility, 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.

Clean coal technology involves tapping into the island's vast coal reserves through the use of coal-bed methane and coal gasification technologies. However, a project of this scale requires the support of the power utility. ECBC will maintain a dialogue with the Province of Nova Scotia and Nova Scotia Power in an effort to create awareness of the challenges companies face in entering into power-purchase agreements. A source of clean, lower-cost power would provide significant energy benefits to companies on Cape Breton Island and would increase the value proposition as well as assist Nova Scotia Power in meeting the new regulatory requirement for 40% green energy by 2020.

Tourism

Recognizing the continued growth potential of this industry, particularly in relation to the conventions and events markets, the Corporation will work with the tourism industry to implement an island-wide events strategy. ECBC continues to consult with Events Nova Scotia to ensure Cape Breton benefits from their efforts. In addition, the Corporation will continue to work with industry and municipal, provincial and federal levels of government to implement an island-wide tourism levy that will support future marketing and business development efforts.

ECBC will continue to work closely with Destination Cape Breton (DCB) through participation on its board of directors and various committees.

Over the planning period, ECBC will work with a number of partners to enhance an existing strategy for Golf Cape Breton as the current strategy has not produced anticipated outcomes. ECBC will facilitate discussions on a new model to effectively market Golf Cape Breton.

4.5.3 Critical Business Initiative No. 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. The strategic plan will continue to reflect community interests. The advocacy function will continue to introduce processes to promote an integrated strategy within ECBC business units, particularly in the energy and tourism sectors.

The strategic planning process will be expanded this year because of an island-wide strategy being developed by the Cape Breton Partnership. This process, involving all levels of government, the private sector and non-profit organizations, will produce a framework to advance the economic agenda. This report will be released in early spring 2011 and will provide input into subsequent planning exercises.

4.5.4 Critical Business Initiative No. 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.

In 2007-2008, ECBC contracted the services of a performance-management consulting firm to work with the Corporation in the development of a Management, Resources and Results Structure policy that includes a revised performance measurement framework. The new structure was approved by the Treasury Board in 2009.

In addition, ECBC has developed 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 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 fulfilling its mandate.

4.6 Internal Services

CRITICAL BUSINESS INITIATIVES – INTERNAL SERVICES

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

4.6.1 Critical Business Initiative No. 1 – Communications

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

In this planning period, the communications unit will focus on the implementation of a recently completed integrated marketing strategy.

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 has developed 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.

As a result of the marketing strategy exercise, the Corporation has undergone the first rebranding in its 23-year history, which has resulted in the positioning of the Corporation's activities along four key business lines. A new visual identity has been developed and applied to all corporate signage and collateral materials. A long-term strategy to increase the Corporation's profile among its stakeholders has been developed and is being implemented in a phased approach as budget and human resources allow.

4.6.2 Critical Business Initiative No. 2 – Access to Information and Privacy

Respond in a timely manner to requests 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 increased responsibilities given the transfer of CBDC assets and liabilities to ECBC.

4.6.3 Critical Business Initiative No. 3 – Finance and Administration

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

A key activity to be undertaken by the unit in this planning period is the implementation of the new financial statement disclosure requirements of the Canadian Institute of Chartered Accountants.

It was decided that ECBC would transition to the PSAS on April 1, 2011. ECBC has engaged a consultant to assist in the conversion to the PSAS. The accounting policy changes will be incorporated into the mock financial statements drafted by the consultant subsequent to the approval of the Audit Committee. It should be noted that this conversion could impact the forecast information included in this plan.

With the transfer of the CBDC assets and liabilities to ECBC on January 1, 2010, the finance and administration unit assumed responsibility for managing an increased operating budget.

4.6.4 Critical Business Initiative No. 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.

Human resources will continue to work closely with the Human Resources Committee as it fulfills its oversight responsibilities with respect to the application of sound human resource policies and practices that support ECBC's mission and mandate.

ECBC negotiated its first collective agreement in 2009. The agreement is fair, financially realistic and reflects ECBC's obligations to its stakeholders and clients.

4.6.5 Critical Business Initiative No. 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 responsibility for 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 specific information systems not covered by the service agreement. Management has commenced a process to renew the service agreement with ACOA that will articulate in greater detail the fee-for-service arrangement.

4.6.6 Critical Business Initiative No. 6 – Internal Audit

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

ECBC's internal audit unit works in conjunction with the Office of the Auditor General of Canada, which is the official auditor for the Corporation. 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 as well as 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 Corporation's approved Risk Management Framework 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, once developed, 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 then provide regular updates on the status of the plan to the Audit Committee.

4.7 Regional Service Delivery

ECBC delivers 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 Island and in the Mulgrave area based on an MOU that ECBC and ACOA entered into in 1995. The MOU has been renegotiated three times, each time for an additional five-year term. The latest MOU is in effect until March 31, 2014.

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

- Business Development Program (BDP)
- Consultant Advisory Services (CAS)
- Community-Based Business Development
- Innovative Communities Fund
- Atlantic Innovation Fund

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.

4.8 Human Resource Obligations

Human resource obligations are a large component of the CBDC's long-term liability. The programs delivered as part of these 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 and workers' compensation obligations.

CRITICAL BUSINESS INITIATIVES – 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 No. 1 – CBDC Human Resource Obligations

Effectively and efficiently manage all human resource obligations related to:

- **CBDC employees hired by ECBC upon the dissolution of the CBDC; and**
- **severed and retired employees of the CBDC.**

Effective January 1, 2010, ECBC became responsible for the overall management of human resource obligations to former CBDC employees.

Severed and Retired CBDC Employees – Benefits

Benefits managed on behalf of severed and retired CBDC employees include:

Early Retirement Incentive Plans (ERIPs) – There are 650 former employees participating in a number of ERIPs that 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 10 years as recipients reach age 65. The ERIPs are scheduled to expire in 2022.

Future Employee Benefits (FEB) – This program's administration and funding includes medical benefits for a group of approximately 260 severed employees as well as approximately 75 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 16 years.

Workers' Compensation Benefits (WCB) – There are approximately 2,100 former employees with active workers' compensation claims at this time. ECBC will continue to oversee and respond to these claims and will fund the financial liability. In 2011, ECBC will engage an independent actuary to ensure that the workers' compensation liability is adequately assessed and that variances in the liability from year to year are explained.

Changes in Liabilities

This corporate plan shows an increase in human resource liabilities related largely to WCB. Based upon actuarial calculations of \$180 million as forecasted at March 2010, the projection for March 2011 is \$174 million, with a gradual reduction over the next few years. However, the projections in the 2010-2011 Corporate Plan were lower as they were based on actuarial calculations previously forecasted at March 2009 of \$145 million and based on the assumptions in 2009.

The actuarially calculated balance takes into account experience losses/gains, interest rates, inflation rates and other factors. Changes in these assumptions can have significant impacts on the total liability.

The cash flow requirements for WCB are subject to future changes as payment amounts and circumstances change.

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 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 time frame and measurement approach, which is monitored on a regular basis and reported quarterly to management as well as in the Corporation's annual report.

The Corporation has also 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.

5.1 Performance Measurement

Over the past few years, the Corporation has focused on the development of a Management, Resources and Results Structure (MRRS). Since April 1, 2005, the Government of Canada's MRRS policy has required federal government organizations to develop an MRRS consisting 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 outcomes (S.O.) and a complete program inventory that links all departmental programs and program activities so that they roll up to these strategic outcomes.

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

ECBC 2011-2012 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

5.2 Risk Management

ECBC works in a dynamic and ever changing environment, which exposes the Corporation to various risks. 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 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.

The ECBC Board of Directors Charter incorporates enterprise risk management as a governing principle. Developed in accordance with Treasury Board guidelines, the charter outlines the expectations of both the ECBC Board of Directors and senior management with respect to enterprise risk management.

ECBC has incorporated the mitigating measures identified in its risk management framework into the applicable unit operational plans for each area of responsibility. Over this planning period, a process will be established whereby senior management will regularly conduct reviews and provide updates at management committee meetings, 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 continue to be the most critical and will remain relevant to this planning period.

The transfer of CBDC assets and liabilities to ECBC in fiscal 2009-2010 resulted in the Corporation assuming an increased amount of risk, 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 adherence to the CEAA. The Environment Committee established under ECBC's subsidiary corporation, DARR, is mandated to specifically identify, monitor and mitigate the risks associated with the environmental liabilities. On the recommendation of the Environment Committee, the DARR Board of Directors will annually review and approve the strategic environmental risk management framework that outlines the risks and mitigating strategies specific to the additional environmental liabilities assumed by ECBC. Over the coming year, the committee will regularly review the framework and quarterly status updates provided by senior management. Risk management will continue to be a standard agenda item at each Environment Committee meeting; and through this process, the framework will continue to evolve and be revised where deemed necessary.

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

COMMERCIAL DEVELOPMENT

Expected Result	Performance Indicators	Targets	Timing and Methodology
Change in competitiveness and sustainability of SMEs on Cape Breton	Survival rates of ECBC–assisted firms	ECBC-assisted businesses survive for five years or more.	March 31, 2012
	Dollar amount leveraged per dollar invested by ECBC	1:1 (\$1 for every dollar invested by ECBC)	March 31, 2012
	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, 2012

COMMUNITY ECONOMIC DEVELOPMENT

Expected Result	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 every dollar invested by ECBC)	March 31, 2012
	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, 2012

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, 2012
	Number of transactions that facilitate a development project resulting in commercial or community economic development	10 per year	March 31, 2012
Generation of revenue to offset ECBC's operating costs in relation to its facilities	Revenue generated from property management services	\$670,000	March 31, 2012

ENVIRONMENTAL OBLIGATIONS

Expected Results	Performance Indicators	Targets	Timing and Methodology
Remediation completed on identified sites	Percentage of identified sites that 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

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, leading 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, 2012 A sample of initiatives will be examined
Cape Breton interests are reflected in emerging and changing economic policies and programs of the federal and provincial governments	Linkages between ECBC position taken with respect to economic development policies and programs of federal and provincial governments	Demonstrated linkages between ECBC position and positions taken by other government departments or agencies	March 31, 2012 A sample of initiatives will be examined

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 Public Sector Accounting Standards	Unqualified audit report	June 30, 2011

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

REGIONAL SERVICE DELIVERY

Expected Result	Performance Indicator	Targets	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 March 31, 2013 Client satisfaction survey

HUMAN RESOURCE OBLIGATIONS

Expected Result	Performance Indicator	Target	Timing and Methodology
Efficient and effective delivery of all human resource obligations to former CBDC employees	Services delivered on time and within budget	100% of budget disbursed	March 31, 2012 Internal human resource files