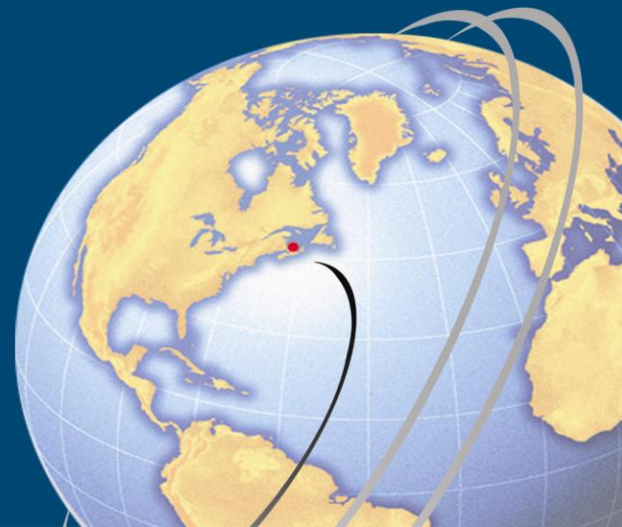


Enterprise Cape Breton Corporation

Amended Corporate Plan 2009-2010 to 2013-2014

Amended Operating Budgets/Capital Budgets 2009-2010



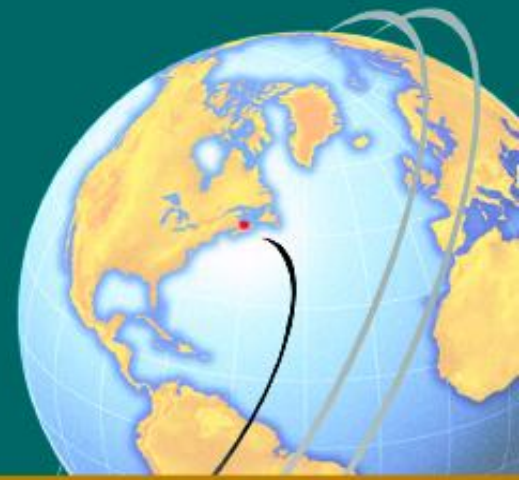
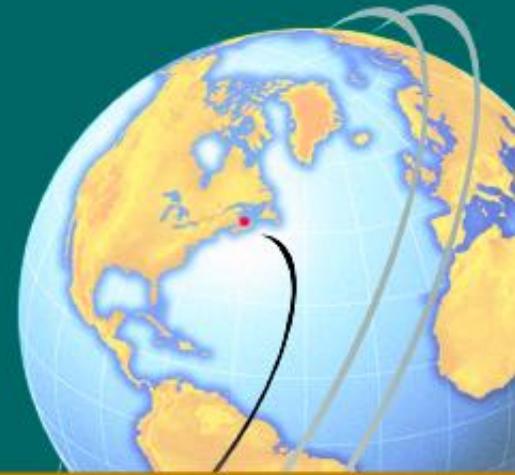


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Executive Summary

Enterprise Cape Breton Corporation (ECBC) is a federal Crown corporation that promotes and coordinates economic development throughout Cape Breton Island and a portion of mainland Nova Scotia in and around the town of Mulgrave. In addition to its own programs, ECBC is also responsible for the delivery of programs of the Atlantic Canada Opportunities Agency (ACOA) on Cape Breton Island.

Presented here are the Amended Corporate Plan and Operating and Capital Budgets for ECBC for the 2009-2010/2013-2014 planning period.

The amendment to the corporate plan is required at this time, given the announcement by the Government of Canada on October 2, 2009, to dissolve the Cape Breton Development Corporation (CBDC) and to proceed with the transfer of CBDC assets and liabilities to ECBC effective January 1, 2010.

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

The recommendation to proceed with the transfer of CBDC assets and liabilities to ECBC originated from the recently completed ECBC mandate review.

The review was undertaken in 2008-2009 by a management consulting firm under the auspices of a steering committee comprised of senior management representatives from ECBC, the Atlantic Canada Opportunities Agency (ACOA), Natural Resources Canada, and third-party community stakeholders.

The outcome of the review was a reconfirmation of ECBC's mandate by the Government of Canada.

In addition, the ECBC mandate review suggested that efficiencies could be gained by dissolving the CBDC and transferring the assets and liabilities into ECBC. The transfer of CBDC's assets

and liabilities to ECBC will help streamline government operations and establish one strong federal organization providing leadership in the economic development of Cape Breton.

The dissolution of the CBDC is the final step of a process originally commenced in 2000 when the *Cape Breton Development Corporation Divestiture Authorization and Dissolution Act* was passed, authorizing CBDC to sell or otherwise dispose of its assets and wind up its affairs. In 2001 CBDC closed its last coal mine and concluded a sale of its surface assets.

The transfer of the CBDC's role to ECBC will ensure that the CBDC will continue to honour its responsibilities to current and former employees and their families, its commitment to the remediation of contaminated mine sites, the management of mine water, and land divestiture.

The dissolution of CBDC and the transfer of its assets and liabilities to ECBC will avoid duplication, including the governance structure and oversight services required to operate two Crown corporations. The change will result in annual cost-efficiencies to the Government of Canada.

It is anticipated that the transfer of CBDC assets and liabilities to ECBC will be a smooth and seamless process, given the broad economic mandate and flexible powers set out in ECBC's enabling legislation.

It is the intention of ECBC to continue to fulfill all stewardship obligations stemming from CBDC past operations in a way that protects the government's interest and utilizes the existing mandate of ECBC to redeploy the remaining assets to the maximum benefit of the communities and citizens of Cape Breton.

In order to fulfill the remaining obligations of the CBDC, the Corporation has added two new areas of activity. They are Environmental Obligations and Human Resource Obligations related to current and former CBDC employees. Both activities relate closely to ECBC's broad economic development mandate. As part of ECBC's property development and management activities, the Corporation makes land available to businesses, organizations and the community in an effort to foster commercial and community economic development opportunities. As of January 1, 2010, ECBC will assume all of CBDC's land holdings bringing ECBC's land portfolio to more than 12,600 acres. Once lands are remediated, ECBC will redeploy as much of the land holdings as possible for economic development purposes. In addition, the Corporation will work with the Cape Breton University (CBU), the private sector, and other government agencies to promote the research and commercialization of alternative energy opportunities that are possible within the current land holdings.

The human resource obligations related to current and former CBDC employees constitute an ancillary service that is similar to that currently carried out by ECBC in the delivery of its own human resource programs. Hence, processes and procedures are presently in place to deal effectively and efficiently with the addition of these programs.

ECBC has a history of working in partnership with Service Canada, Nova Scotia Economic Development, Nova Scotia Business Inc., the CBDC, Cape Breton Business Partnership, regional development authorities, community development corporations, municipalities, businesses, and non-profit organizations to address a number of economic development initiatives. ECBC will continue to foster working relationships with governments and organizations at all levels.

Over the past year, the Corporation embarked on an extensive strategic planning process with staff, senior management and the Board of Directors, that has resulted in a fundamental culture shift. As a result of this process, a renewed emphasis has been given to organizational proactivity. In all aspects of the Corporation's work, employees, with the support of the Board of Directors, are encouraged to be proactive in the development of projects for clients and for the Cape Breton economy in general. Employees will be empowered to make decisions, and have access to the appropriate training and support necessary to be effective professionals. Of equal importance is leadership. ECBC's senior management will provide executive leadership to ensure that community and business initiatives are advanced. ECBC is also committed to partnerships, and will bring the appropriate stakeholders together to plan and execute activities for the betterment of the community.

An environmental scan of Cape Breton Island and Mulgrave reveals that one of the biggest challenges facing the area is population decline. This decline has resulted in significant demographic shifts, particularly as they relate to the labour force. A recent study on demographics in Nova Scotia notes that "as a result of the demographic changes taking place, it is anticipated that within the next decade the people available to work in Nova Scotia will be less than the jobs available for them."¹ This in essence represents a major paradigm shift for policy-makers, as the emphasis for economic development policy moves away from job creation in favour of productivity improvement, skills retention and attraction. In 2009, ECBC undertook an analysis of demographic shifts on Cape Breton in an effort to understand the present and future implications for the Cape Breton economy.

Over the planning period, ECBC will concentrate its efforts on eight areas of business/services. The goal of each is to ensure that the Corporation is positioned to effectively meet the needs of businesses and communities in Cape Breton, helping them realize sustainable economic growth. The Corporation places a priority on ensuring that its resources are used effectively and efficiently to support the strategies outlined in this plan.

The strategic direction over the next five years will focus on the following:

Policy and Advocacy

As part of ECBC's advocacy role, the Corporation must ensure an effective two-way process of information sharing in an effort to bring insight and knowledge to policies, perspectives and priorities on and off the island. ECBC will work to ensure that Cape Breton interests, priorities and concerns are considered by stakeholders and all levels of government, in policy development, program access, and the allocation of financial resources. With the transfer of CBDC assets and liabilities to ECBC, the advocacy function will play an integral role in the development of the Centre for Sustainability in Energy and the Environment at Cape Breton University (CBU), particularly as it relates to the advancement and commercialization of opportunities connected to the coal resource and former coal workings of the CBDC. The Centre will be a cutting-edge and fully green facility that will allow researchers and experts from around the world to explore sustainable energy and environmental energy technologies. The role of the Centre is twofold: to complement and work with the scientific community and commercial partners to help foster and develop sustainable energy and environmental technological breakthroughs; and to develop the skills and training these industry sectors require.

¹ Nova Scotia Demographic Research Report: A Demographic Analysis of Nova Scotia into 2026, December 2006 (Canmac Economics Ltd., Jozsa Management and Economics, Dr. Jim McNiven, David Sable and Associates)

Community Economic Development

To realize sustainable economic growth, investments are required to strengthen and enhance the social and economic foundations of communities so that they are attractive as a place to live and invest. Community initiatives must encourage and support attraction of leveraged investment, create sustainable wealth, develop a competitive advantage, and enhance quality of life. The transfer of CBDC assets and liabilities to ECBC will make available to ECBC a number of land holdings that can potentially be used for community economic development purposes.

Commercial Development

ECBC's commercial development activities will utilize the ECBC tools available, such as advocacy, guidance, expertise, and financial incentives, to foster a climate which will encourage existing business owners or potential entrepreneurs to establish, expand or modernize a business; seek new markets; establish new product lines or services; improve efficiency; and develop human resources – resulting in wealth creation and an improved economy. The Commercial Development unit will work closely with the Property Development and Management unit to identify and exploit a number of CBDC properties with the greatest potential for commercial development.

Property Development and Management

The Corporation's real property will be managed in a manner that will ensure the maximum long-term benefits to Cape Breton. The Corporation will acquire, manage, sell and dispose of real property to support the delivery of commercial and community economic development programs administered by ECBC, while at the same time analyze the need for further incentives for investment or the reinvestment of profits into program initiatives. With the transfer of CBDC assets and liabilities to ECBC, the remaining land inventory of CBDC will be merged with ECBC's current real property portfolio, bringing ECBC's land portfolio to more than 12,600 acres.

Internal Services

Internal services provide support and advance the Corporation's mandate by providing systems and resources that effectively support and promote the Corporation's main business lines. It includes a number of functions, consisting of finance and administration, human resources, communications, access to information, internal audit and information technology. With the transfer of CBDC assets and liabilities to ECBC, various units within internal services will be impacted as ECBC assumes responsibility for an increased operating budget, people management responsibilities, as well as the future obligations of current and former CBDC employees.

Regional Service Delivery

In addition to its own programs, ECBC is responsible for the delivery of ACOA's programs on Cape Breton Island. The dual role that ECBC plays in program delivery creates cost efficiencies for the Government of Canada, avoiding unnecessary duplication of services by the two entities, while at the same time representing a seamless approach to service delivery.

The CBDC land holdings provide new commercial and community economic development opportunities that can be leveraged with funding programs from ACOA.

Environmental Obligations

With the transfer of the assets and liabilities of CBDC, ECBC will be responsible for the environmental stewardship of all CBDC land holdings and the implementation of a mine water management program. An environmental committee will be established under ECBC's subsidiary corporation, DARR (Cape Breton) Limited (a real estate holding and development company), to specifically monitor and manage the risk associated with the environmental liabilities assumed by ECBC.

By working with partners in environment and energy, such as the Centre for Sustainability in Energy and the Environment at CBU, Sydney Tar Ponds Agency, Nova Scotia Department of the Environment, Department of Energy, Environment Canada and the private sector, ECBC will promote the research and commercialization of alternative energy opportunities that are possible within the current land holdings.

Human Resource Obligations

The human resource obligations assumed by ECBC as a result of the transfer of CBDC assets and liabilities to ECBC are a large component of the CBDC's long-term liability. They include early retirement incentive programs, liability for future employees, workers' compensation benefits, and a domestic coal subsidy program. The remaining human resource obligations are expected to be completed by 2047. Although large in scope, they are ancillary in nature and will be delivered through ECBC's Human Resources and Finance and Administration units in the same manner as other current human resource obligations are discharged.



1.0

Overview

Enterprise Cape Breton Corporation

PUBLIC POLICY PURPOSE

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

The Corporation's fundamental public policy purpose is to develop and broaden the base of the Cape Breton economy.

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

- lend money either with or without security or interest;
- fund grants;
- purchase 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 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.

The Government of Canada recently reconfirmed the mandate of ECBC. A review, undertaken in 2008-2009, concluded that the Corporation's mandate continues to be relevant.

The review concluded that:

- the ECBC mandate should be reconfirmed;
- the Corporation's mandate continues to be relevant, given the current economic and demographic conditions in Cape Breton;
- the ECBC brand is strong and the Corporation has the respect and confidence of the community it serves;
- the community wants ECBC to take an even stronger leadership role in commercial and community economic development; and
- while the Corporation is efficient and cost-effective in delivering programs, it could further enhance its effectiveness by strengthening performance indicators to better evaluate its strategic directions.

The ECBC mandate review also suggested that efficiencies could be gained by integrating the assets and liabilities of the CBDC into ECBC.

On January 1, 2010, ECBC will assume responsibility for all existing CBDC assets and liabilities. The acquisition of the assets by ECBC will better position the Corporation to exploit the economic opportunities that can be derived from the management of the CBDC properties.

CORPORATE PROFILE

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

ORGANIZATIONAL STRUCTURE

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

There are two sub-committees of the ECBC board: Audit and Human Resources. The primary function of the Audit Committee is to oversee the Corporation's financial performance and to ensure the integrity, effectiveness and accuracy of ECBC's financial reporting, control systems, risk management process and internal audit functions. The primary function of the Human Resource Committee is to assist the board in fulfilling its oversight responsibilities with respect to the application of sound human resource policies and practices that support ECBC's mission and mandate.

The ECBC Board of Directors contributes to the fulfillment of the Corporation's legislated mandate by overseeing the management and operations of the Corporation. The board supports the leadership and management of the Corporation in the achievement of its strategic and operating objectives through good corporate governance, the provision of advice and

counsel and through input to the planning process, as well as the review and approval of the strategic business plan and annual report.

The board's role is not to manage the Corporation, but to govern and review corporate performance and to strengthen management accountability. As such, it requires management to provide it with regular, complete and accurate information, including identification and reports on evolving issues that may materially impact the strategic direction or performance of the Corporation, and requires the implementation of systems and controls necessary to identify and manage the risks facing the Corporation.

Board members receive orientation and training as required. An orientation session on ECBC operations is presented to new directors, and they are provided an opportunity to participate in yearly training on relevant issues (governance, financial literacy, how government works, etc.). Directors receive copies of the relevant sections of the *Financial Administration Act* pertaining to their duties and responsibilities, as well as a copy of the Conflict of Interest Code for Directors. In 2009-2010, the Board reviewed and updated its charter and profile.

The Corporation operates from its main office in Sydney, Nova Scotia, with a satellite office in Port Hawkesbury, Nova Scotia. Internally, ECBC is organized into a number of business lines and services, including commercial economic development, community development, property development and management, policy and advocacy, and supporting and enabling services.

In this planning period, the organizational structure has been revised to include the role of executive director general, policy and advocacy. This change reflects the increased emphasis by the Corporation on these areas of activity. The Corporation has hired a staff economist, as well as an additional staff person in the advocacy function to support the Corporation's policy and advocacy activities.

In addition, the Corporation has hired a trade and investment officer to support the increased activities planned in this area. The Corporation has also added an individual to oversee legal services and strategic initiatives.

To effectively complete a seamless transfer of CBDC assets and liabilities to ECBC, ECBC will review the technical expertise and experience of CBDC staff in an effort to identify those skills that are required to enable the Corporation to meet the environmental stewardship and human resource obligations of the CBDC in the most effective and efficient way. A new organizational structure will be developed and approved by the ECBC Board of Directors as a result of this process.

FEDERAL IDENTITY PROGRAM

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

ECBC'S PURPOSE

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

**The definition of Cape Breton Island includes the Mulgrave area.*

CORPORATE VALUES

The Corporation has adopted a set of values that drives ECBC's corporate culture and behaviour. These core values serve to guide staff in their daily interactions both internally and externally. Putting an emphasis on corporate values strengthens the organization by promoting behaviours that consistently demonstrate a focus on quality service and integrity. ECBC's corporate values represent a commitment to the following:

Ethically-based decisions and behaviour

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

Proactive approach in attracting business and identifying community solutions

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

Effective stewardship of taxpayers' dollars

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

Service First Culture

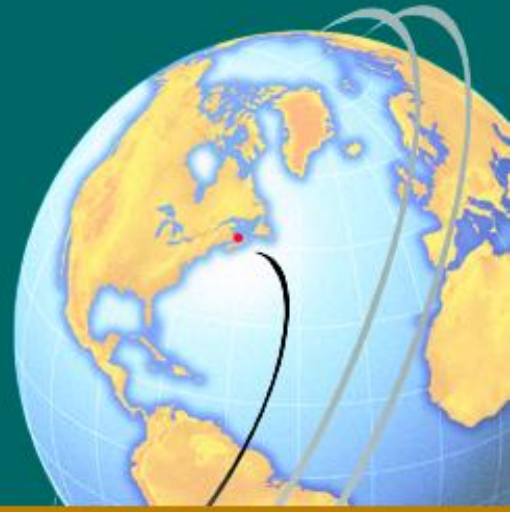
A philosophy that places the client first is the foundation of ECBC's corporate culture, and serves to guide the Corporation's daily business activity.

Empowerment

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

Providing executive leadership within the Corporation and community

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



2.0 Strategic Planning Overview

Strategic planning is the process of determining an organization's long-term goals and identifying the best approach for achieving them. For ECBC, strategic planning contributes to the development of a road map to guide the Corporation in fulfilling its mandate over the next five years. Broadening the base of the local economy is a complex, multi-faceted challenge that is impacted by global, national and regional economics beyond ECBC's control. The ECBC mandate is shared by all communities and enterprises on the island. Local residents view economic development in their individual communities as critical to their future. As such, strategic planning for ECBC should reflect and align with the economic development goals of the community at large.

While the ECBC mandate is broad, encompassing the economic development of Cape Breton Island, the Corporation has been granted broad powers that include lending money, funding grants, guaranteeing repayment, purchasing and leasing real property, holding mortgages and "all other things the Corporation deems incidental or conducive to the attainment of its objects." Clearly the mandate and accompanying powers underscore the need for the Corporation to work strategically with the community and to assume an executive leadership role.

The ECBC mandate review, while confirming the Corporation's mandate, also determined that the Corporation has the respect and confidence of the community it serves and that the community wants ECBC to take an even stronger leadership role in commercial and community economic development.

To successfully execute its mandate, ECBC must look beyond its corporate confines to engage and leverage the resources of the community and other levels of government. In an effort to enhance the strategic approach for the Corporation and the island as a whole, ECBC will continue to develop and refine the strategic direction established during the current corporate planning process. In conjunction with stakeholders and communities, it will commence and lead a planning process to develop a strategic business framework that will outline a common vision for the island and a long-term business and community economic development plan.

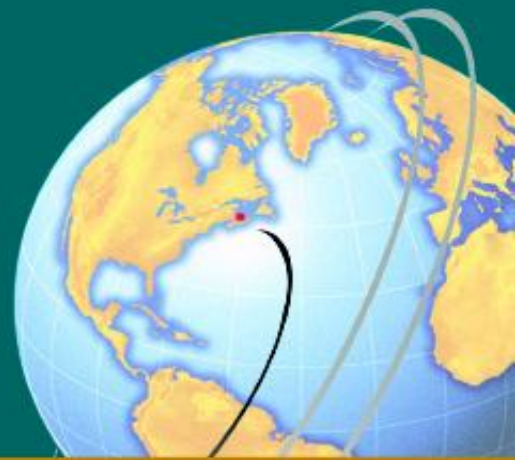
ECBC is viewed by stakeholders as the leading economic development agency, and the only such agency with an annual appropriation of funds dedicated exclusively to community and commercial economic development on Cape Breton Island. In addition to this, ECBC is the only economic development agency with a mandate specific to the island as a whole. The mandate review determined that the transfer of CBDC assets and liabilities to ECBC would help streamline government operations by establishing one strong federal organization to provide leadership in the economic development of Cape Breton. Therefore, ECBC is naturally positioned to initiate and participate in an island-wide strategic planning process.

The current corporate plan lays the groundwork for a broader strategic framework. A situational analysis of a number of sectors has been conducted within the mandate area to determine which sectors have the most potential for development and growth.

ECBC has also developed an economic model, known as the Prosperity Gap Model. In 2002, Voluntary Planning – Nova Scotia's unique citizens' policy forum – commissioned a study entitled "Closing Our Prosperity Gap", where a model was developed to track performance, identify areas of weakness and strength, and to help channel programs and policy to improve the economic performance and prosperity of the province.

This model has been adapted to the Cape Breton economy, and is used as a predictive economic tool to allow policy-makers to generate "what if" scenarios tailored to reflect the economy of Cape Breton Island. It benchmarks Cape Breton against a group of its peers, identifying existing gaps and pertinent contributing factors. It also gives policy-makers the tools to assess the key drivers known to improve economic performance (education, physical assets, research and development, and trade) and to identify those which could accelerate closing the Cape Breton prosperity gap.

A key objective for the Corporation over the planning period is to pursue the priorities outlined in the current corporate plan with a view to engaging the Cape Breton community at large in the development of a strategic business framework that will serve as a roadmap for all stakeholders. As this framework unfolds, ECBC will review and revise its course to ensure that its strategic direction remains relevant to the local community and to the Corporation's shareholder, the Government of Canada.



3.0

ECBC's Planning Environment

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

At the time of writing, the global economy continues to struggle with the aftermath of the recession. While government intervention around the world was able to stabilize financial markets, the impact of economic stimulus spending in Canada will not peak until 2010. Already there has been positive economic growth in Canada and, despite mounting job losses, it is expected that there will be growth in the United States before the end of 2009 (Conference Board of Canada, "Canadian Outlook Economic Forecast: Autumn 2009", October 2009). BMO Capital Markets (Canadian Economic Outlook, October 23, 2009) forecasts that Canada's real gross domestic product (GDP) will grow by 2.6% in 2010, and 3.6% in 2011. Over this period, inflation (as measured by the consumer price index – all items) is expected to be 1.5% and 1.8% respectively. There are, however, a number of concerns within this generally positive outlook. In particular, the federal and provincial governments now face mounting deficits that are expected to last for several years.

The manufacturing and export sectors, including construction, will be relatively slow to recover. This is linked to the fact that Canada's largest trading partner, the United States, continues to experience job losses, weak consumer confidence, and a housing market that is just starting to stabilize. In addition to this, export sales are negatively affected by a Canadian dollar that is much stronger in 2009 than had been anticipated. At present, the two-year outlook is for the Canadian dollar to achieve parity with the U.S. dollar (BMO Capital Markets, "Canadian Economic Outlook", October 23, 2009). If this happens, economic recovery will be impeded. However, in recent weeks, the Bank of Canada has stated that it will intervene if the dollar remains high. The Bank has also indicated that the baseline interest rate will be maintained in an effort to support economic recovery (The Globe and Mail, October 22, 2009).

Nova Scotia was negatively affected by the recession, but the provincial economy was able to endure with the help of provincial pre-election program spending. The Conference Board of Canada (Provincial Outlook Executive Summary, Summer 2009) forecasts GDP growth of 0.3%

in 2009. The export sector, including natural gas, fish, and forestry, will continue to be negatively affected by weak demand in the United States. Uncertainty around the exchange rate will only serve to complicate matters. Provincially, the finance, insurance, real estate, and public sectors remain healthy. One of the single largest, positive economic impacts in the province will stem from the \$67-million Sydney Tar Ponds contracts announced in 2009.

The economy of Cape Breton has been slowly restructuring as it moves from an industrial-based to a more product and service-oriented foundation. Although progress has been made, some key challenges remain, including out-migration, an aging labour force, distance from markets, a small export base, and employment seasonality in some industries.

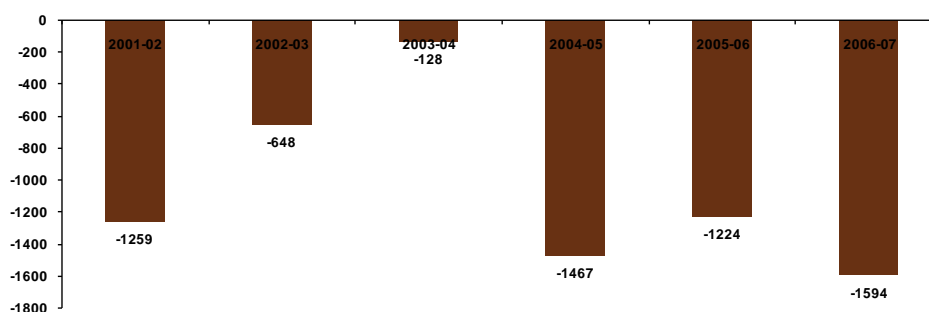
One of the most significant issues facing the Cape Breton economy at this time is population decline. Between the 1996 and 2006 census periods, Cape Breton lost 10% of its people. Population decline in Cape Breton mirrors a number of regions in Nova Scotia. However, the scale of the decline is significantly higher than any other region in Nova Scotia over this ten-year period.

While Nova Scotia has one of the oldest populations in Canada, with a median age of 41.8 years, in Cape Breton the median is even higher, with Cape Breton and Inverness counties both at 44.3 and Richmond and Victoria counties at 46.6 and 45.5 respectively (2006 Census data). At the same time there has been a considerable decline in the younger population on Cape Breton. Between 2001 and 2006, the population under age 25 declined by 6.5% and 11.9% for Nova Scotia and Cape Breton respectively. In addition, the population aged 25-44 declined by 9.6% for Nova Scotia and 16.2% for Cape Breton.

Cape Breton's labour force has been undergoing some fundamental changes as a result of the demographic shifts, particularly the trend toward an older work force influenced by the aging baby boomers. In the Cape Breton region this trend is considerably more pronounced, as it has been coupled with a long period of economic adjustment and decline resulting in a large out-migration of the population. Between 1987 and 2007, the percentage of the employed workforce in the 45 to 64 age group increased from 26% to 46% in Cape Breton. During the same period, the percentage of the employed workforce between the ages of 25 to 44 decreased from 54% to 39%.

From 2001 to 2007, Cape Breton Island experienced a net out-migration of 6,320 individuals. Over 95% or 6,007 of these people were under 45 years of age, and 68% were under 25. Statistics Canada small area data shows that in 2006-2007, 54% of the out-migration was to Alberta.

NET MIGRATION - CAPE BRETON ISLAND



Labour force indicators for 2008 showed improvement for Cape Breton, with strong employment growth compared to the previous year. This did not continue into 2009. Although the long-term decline in the working-age population continues, the region's labour force remains steady. The unemployment rate has now stabilized at about 13.5%, and the employment rate is approaching its pre-recession level. Year-over-year comparisons also point toward a higher participation rate, as more people continue to enter the labour force.

Although employment income per earner remains below provincial and national averages, the most recent income data available for the island shows growth at a steady pace. In 2006, average employment incomes per earner grew by approximately 3.8%. For Nova Scotia and Canada, incomes grew by approximately 3.7% and 4.6% respectively in 2006.

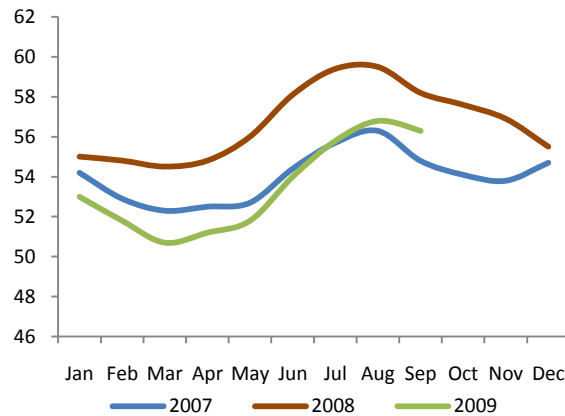
There are a number of large-scale projects currently underway or anticipated that could provide significant areas of economic activity for certain sectors on the island.

Multimillion-dollar remediation projects for the Sydney Tar Ponds and the former mine sites owned and operated by the CBDC are currently underway. The remediation will create up to 150 construction jobs, providing opportunities for local, national and international companies. The tendering process for the cleanup includes set-asides for local economic benefits.

A decision to proceed with the \$300-million Donkin coal mine project is still pending. Xstrata PLC, a Swiss multi-national mining firm, was selected to revive the abandoned mine. A feasibility study is nearing completion. If the company chooses to proceed with the project, it will be two to three years before the mine is operational, employing up to 300 people. The CBDC concluded a sale of its Donkin property to Xstrata PLC in the summer of 2009.

EMPLOYMENT CAPE BRETON

Statistics Canada: Labour Force Survey



OPERATIONAL IMPACTS

In 2006-2007 a mandate review of ECBC was requested by the Treasury Board of Canada. The review is now complete and the report has been accepted and finalized by the Steering Committee, confirming the Corporation's mandate. ECBC continues to be relevant, especially in light of current economic and demographic conditions. One of the recommendations of the mandate review is for ECBC to assume responsibility for all existing CBDC assets and liabilities. The outstanding obligations of the CBDC include administering human resource benefits to current and former employees, disposition of real property, environmental remediation of former sites, long-term care and monitoring programs, and management of mine water.

CBDC's current land holdings include approximately 7,300 acres located mainly in the Cape Breton Regional Municipality. The Corporation owns and operates a number of water treatment facilities at its various sites, both active and passive systems. The CBDC operates the Dominion and Sydney Mines coal yards as part of its contractual obligation to sell coal for domestic heating to current and former employees. In 2007-2008, a multi-year Site Closure Program addressing assessment and remediation requirements of all CBDC sites (13 groups of sites) was prepared. All of the long-term environmental obligations will be completed by 2055, except the mine water obligation, which may require management in perpetuity. In 2008, the environmental liability estimate for the CBDC was updated. The liability estimate as at March 31, 2009, was \$192 million.

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

\$118 million at March 31, 2009, with expiration in 2023. The liability for future employee benefits was \$5.4 million at March 31, 2009, forecasted to continue until 2027. The actuarial estimate for workers' compensation obligations is \$145 million (at March 31, 2009), and settlement will continue for another 25 to 30 years.

Due to efficiencies achieved by the transfer of CBDC assets and liabilities to ECBC, there will be annual cost savings in the area of operating and administration as compared to the combined operating budgets for both corporations. However, substantive work in the continued administration and management of long-term human resource and environmental liabilities will require the staffing complement of ECBC to increase. Due to their knowledge and expertise, it is anticipated that the majority of the CBDC employees will be required within the integrated organization. Funding for these incremental costs to ECBC will be required for the near-term, and in the future until such time as these activities cease to exist. In addition, there are incremental onetime restructuring costs associated with the transfer of CBDC assets and liabilities to ECBC such as vacation and severance pay. These costs will need to be funded in the first year of operation only.

On a go forward basis, in order for ECBC to administer the numerous financial and environmental commitments of the CBDC in the most efficient and effective way, ECBC will incur administration costs in the amount of \$2,753,000 in 2010-2011, as well as one-time costs in the amount of \$800,000 for vacation payouts and severance for the period commencing January 1, 2010 to March 31, 2010.

Request for Exemption from the Drawdown Policy on Crown Corporation Funding

The Cape Breton Growth Fund Corporation (CBGF) was incorporated on August 25, 2000, as a subsidiary of ECBC, with a mandate for economic development on Cape Breton Island and the Mulgrave area. The CBGF was set up specifically to administer an economic adjustment fund established by the Government of Canada and the Province of Nova Scotia in the wake of the federal government's decision to discontinue the coal mining operations of the CBDC. The Province of Nova Scotia contributed \$12 million to the fund, and the remaining \$79 million constituted the federal investment. The CBGF was set up as a transitional corporation, legislated to wind up its operations once the majority of the economic development fund was committed, or sooner if deemed appropriate by the Government of Canada.

With the majority of the \$91 million fund committed, the balance of the assets and liabilities (including project commitments) was transferred to ECBC on April 1, 2008, when the CBGF Corporation was dissolved.

When the CBGF was incorporated, ECBC received an exemption from the Drawdown Policy for Crown Corporation Funding for the CBGF allocation. As a result, the Corporation was able to draw its appropriations despite its investment balance. CBGF funding was invested in short-term secured investments until the monies were disbursed. The interest generated from these investments, less administrative costs, was available for investment on Cape Breton Island. The rationale for this exemption was based on the principle that the fund was intended to be incremental to existing federal and provincial economic development programs.

Under the Drawdown Policy for Crown Corporation Funding, Crown corporations are only permitted to drawdown funds from the fiscal framework in the amount required to operate for the fiscal period. As a result, ECBC issues a request for funds to the vice-president of finance

and corporate services of the Corporation's portfolio agent, the Atlantic Canada Opportunities Agency. Requests for drawdown are made four to five times annually, and are based on the Corporation's estimated needs for the forthcoming two to three-month period.

At March 31, 2008, the CBGF had an undisbursed balance of \$21,156,000. The March 31, 2009, undisbursed balance is estimated at \$10.6 million. This amount exceeds ECBC's operational requirements for several drawdown periods, and the current exemption expires on March 31, 2009. Consequently ECBC will be unable to drawdown its appropriation unless exempted.

ECBC continues to disburse project funds to satisfy CBGF contractual commitments and to incur CBGF related administrative costs. As per the table below, it is anticipated that \$10.7 million will be disbursed in 2008-2009. The balance of funds will be disbursed over the next two fiscal years, approximately \$8 million in 2009-2010 and \$2.4 million in 2010-2011.

Granting the drawdown exemption for 2009-2010 will allow the Corporation to continue to meet its annual programming and operational needs while honouring the CBGF commitments. This would allow ECBC to draw from its appropriation as normal. Thereby, the CBGF investment balance would not have a negative impact on ECBC's ongoing economic development activities. This would be consistent with past practice and also in keeping with the original intent of the CBGF, i.e. be an incremental adjustment fund to promote economic development on Cape Breton Island. Furthermore, given the current economic uncertainty, and the impending closure of a number of local manufacturing facilities, the CBGF funding would serve as an economic stimulus to generate economic activity in Cape Breton.

Cape Breton Growth Fund Projects December 1, 2008							
Project Number	Name	Approved Amount	2008-2009		2009/10	2010/11	Total
			Disbursed	Outstanding			
8600428	Hospice Palliative Care	17,500	17,500	-	-	-	17,500
8600451	Keata Pharma Inc. and PharmEng	500,000	500,000	-	-	-	500,000
8600515	Precision Finished Components	951,350	-	951,350	-	-	951,350
8600559	Jacques Whitford	22,829	11,700	11,129	-	-	22,829
8600560	AMEC Earth & Environmental	11,352	1,336	10,016	-	-	11,352
8600569	Dillon Consulting	6,761	-	6,761	-	-	6,761
8600610	Ben Eoin Golf Club Ltd.	3,500,000	3,000,000	500,000	-	-	3,500,000
8600619	Cape Breton Family YMCA	4,000,000	2,037,472	1,962,528	-	-	4,000,000
8600700	Sydney Ports Corporation	500,000	450,000	50,000	-	-	500,000
8600801	Cape Breton Flight Institute	750,000	108,590	641,410	-	-	750,000
8600840	Cape Breton Health Recreation Complex	3,000,000	-	500,000	2,500,000	-	3,000,000
8600318	Island Sunset	4,000,000	-	-	500,000	-	500,000
8600570	Cabot Links at Inverness Ltd.	2,500,000	-	-	2,500,000	-	2,500,000
			6,126,598	4,633,194	5,500,000	0	16,259,792
Projects for consideration					2,500,000	2,396,208	4,896,208
Total			6,126,598	4,633,194	8,000,000	2,396,208	21,156,000

PLANNING PROCESS

To ensure consistency with the Government of Canada's priorities, ECBC's planning process takes into consideration the Government of Canada's plans and priorities, as outlined in documents such as *Advantage Canada* and the *Speech from the Throne*. The planning process for the 2009-2014 corporate plan consisted of:

- an environmental scan carried out by the ECBC policy unit;
- a review of ECBC's quarterly performance reports;
- strategic planning sessions organized with ECBC staff;
- strategic planning sessions carried out by ECBC senior management;
- strategic planning review with ECBC's Board of Directors; and
- a review of research carried out by the Corporation.

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

In keeping with Treasury Board guidelines for the corporate planning process, the 2009-2010 to 2013-2014 corporate plan strives to create a clearly defined link between the Corporation's mandate, economic development strategies and critical business initiatives.

Also, in keeping with the Management, Resources, and Results Structure Policy of the Government of Canada, in 2007-2008 the Corporation initiated a process to develop a Management, Resources, and Results Structure (MRRS). This new structure was approved by the Treasury Board of Canada in May 2009.

Changes Relative to the 2008-2009 to 2012-2013 Corporate Plan

Over the past year, ECBC worked with the Performance Management Network to develop a new performance management framework as part of an overall Management, Resources and Reporting Structure. In the process, a number of workshops were organized with ECBC staff and senior management. As a result of those workshops, as well as corporate planning sessions throughout the year, it was determined that, while the Corporation will continue the activities outlined in the 2008-2009 Corporate Plan, it would be more appropriate to combine a number of them. At the same time, some of the activities were renamed to provide greater clarity.

The changes are shown in the table below.

2008-2009	Comments/Changes	2009-2010
Provision of Services for the Government of Canada	The activity remains the same, but the name was changed. Activities related to the CBDC are included in Property Development and Management.	Regional Service Delivery
Support to Business	<p>The activity remains the same, but now integrates Business Recruitment Trade and Investment. The name of the activity was changed.</p> <p>Support for e-commerce and human resource development will continue as part of commercial development activities. Given that ECBC is in the process of hiring a new trade and investment officer, there is a greater focus on trade and investment activities.</p>	Commercial Development
Support to Communities	Many of the activities remain the same, but the name has changed. In this planning period, aboriginal development is no longer a stand-alone program sub-activity. It will, however, continue to be carried out through community economic development activities, as well as other program areas.	Community Economic Development
Business Recruitment, Trade and Investment	These activities have been integrated with Commercial Development	
Policy and Research	This activity remains the same, but has been integrated with Advocacy. The policy and advocacy focus now incorporates corporate planning and reporting activities undertaken by the policy and advocacy function.	Policy and Advocacy
Advocacy	This activity remains the same, but has been integrated with Policy. Advocacy priorities continue to change as new issues emerge. In this planning period, advocacy priorities continue to include transportation and environment as outlined in	

	the 2008-2009 corporate plan. Tourism has been added as an additional priority for 2009-2010.	
Property Management	This activity remains the same, but the name was changed to reflect activities related to the transfer and disposal of real property from the CBDC.	Property Development and Management
Internal Services not identified as a separate activity in the 2008-2009 corporate plan	Internal Services has been included this year as a separate activity as it encompasses a large part of the Corporation's activities including finance and administration; human resources; internal audit; access to information and privacy; information technology; and communications. Previous to the 2008-2009 Corporate Plan, many of these activities were included under Corporate Services.	Internal Services

On October 2, 2009, the Government of Canada announced the dissolution of the CBDC and the transfer of CBDC assets and liabilities to ECBC as of January 1, 2010. As a result, ECBC will assume all the assets and liabilities of the CBDC, including the administration of human resource benefits to current and former employees, remediation of former mine sites, and disposal of land. The transfer of CBDC assets and liabilities to ECBC will result in two new areas of activity for ECBC, environmental and human resource obligations. The transfer of CBDC assets and liabilities to ECBC will also impact a number of ECBC's current activities, which are highlighted in the table below.

Impact On ECBC Activities As A Result Of The Transfer Of CBDC Assets And Liabilities To ECBC

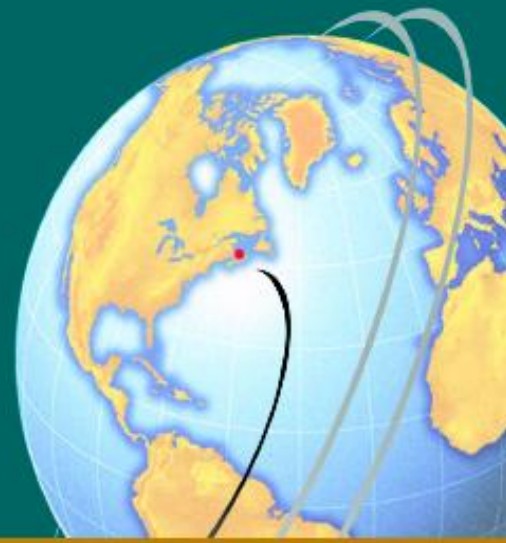
2009-2010	Comments/Changes
Regional Service Delivery	The activity remains the same. However, the CBDC land holdings provide new commercial and community economic development opportunities that can be leveraged with funding programs from ACOA.
Community Economic Development	The transfer of CBDC assets and liabilities to ECBC enhances the activities carried out by the Community Economic Development unit by making available a number of land holdings that can potentially be redeployed for community economic development purposes.
Commercial Development	The Commercial Development unit will work with the Property Development and Management unit to identify and utilize various CBDC land holdings that have the potential for commercial development.
Policy and Advocacy	The advocacy function will play an integral role in the development of the Centre for Sustainability in Energy and the Environment at CBU particularly as it relates to the

	advancement and commercialization of opportunities connected to legacy activities at CBDC, including the coal resource and former coal workings of the CBDC.
Property Development and Management	With the transfer of CBDC assets and liabilities to ECBC, the remaining land inventory of CBDC will be merged with ECBC's current real property portfolio bringing ECBC's land portfolio to more than 12,600 acres.
Internal Services	A number of units within internal services will be impacted by the transfer of CBDC assets and liabilities to ECBC: <ul style="list-style-type: none"> - the Finance and Administration unit will take on responsibility for managing an increased operating budget; - the Internal Audit unit will take on an increased role in terms of monitoring the increased risks assumed by the Corporation as a result of the transfer of CBDC assets and liabilities to ECBC; and - the Communications and Access to Information/Privacy unit will be responsible for a communications strategy directed at the transfer of CBDC assets and liabilities to ECBC, as well as assuming responsibility for current and former access to information and privacy requests related to CBDC activities.
Environmental Obligations	This is a separate activity now included in the 2009-2010 amended corporate plan. ECBC will be responsible for all real property obligations of the CBDC, the most significant being the environmental stewardship of all CBDC land holdings and the implementation of a mine water management program. Both activities have been included as new critical business initiatives in the amended 2009-2010 corporate plan. ECBC will work with partners in environment and energy to examine alternative energy opportunities related to the current property holdings. <p>An environmental committee will be established under DARR (Cape Breton) Limited to oversee the environmental liabilities assumed by ECBC as part of the transfer of CBDC assets and liabilities to ECBC.</p>
Human Resource Obligations of former CBDC employees	This is a new activity included in the 2009-2010 amended corporate plan. ECBC will be responsible for the overall management of the human resource obligations related to current and former CBDC employees.

The new performance management framework is reflected in this corporate plan. The plan now contains a section entitled Performance Indices that includes a number of indicators and targets measuring the Corporation's performance over the planning period.

In this corporate plan there is an increased emphasis on policy and advocacy as reflected in a revised corporate structure. An important aspect of this plan is the Corporation's commitment to the establishment of a strategic framework for Cape Breton Island. Once developed, the framework will serve as a roadmap for ECBC, other economic development organizations, and all levels of government.

During this planning period there is a renewed emphasis on corporate values and proactivity by the Corporation. Placing emphasis on corporate values strengthens the organization by promoting behaviours that consistently demonstrate that the Corporation operates with a focus on quality service and integrity.



4.0

ECBC's Economic Development Strategy

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

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

The economic development strategy outlined in this plan is comprised of eight areas of activity. They include Policy and Advocacy; Community Economic Development; Commercial Development; Property Development and Management; Internal Services; Regional Service Delivery; Environmental Obligations; and Human Resource Obligations. Each is described below.

POLICY AND ADVOCACY

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

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

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

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

In addition to these activities, the policy and advocacy function oversees all planning and reporting activities for the Corporation.

ECBC has created an executive director general position responsible for the policy and advocacy function. This individual will work with the other managers in programs and property to ensure the appropriate efforts are made to advance specific projects. There will also be regular liaison with other federal agencies including ACOA, as well as provincial and municipal officials, to ensure that the interests of Cape Breton and Mulgrave are considered, and that ECBC initiatives and projects are given appropriate attention.

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

CRITICAL BUSINESS INITIATIVES: POLICY AND ADVOCACY

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

CRITICAL BUSINESS INITIATIVE #1

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

During this planning period, the Policy and Advocacy unit will work to inform communities and other stakeholders of the various programs offered by the Corporation. This will be carried out through a number of community meetings, presentations, as well as one-on-one meetings with stakeholders.

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

Working with the Communications unit and in support of these efforts the Corporation will profile, in various media, a number of successful initiatives supported by ECBC.

CRITICAL BUSINESS INITIATIVE #2

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

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

Transportation

In recognition of the critical role that gateways and corridors play in Canada's international competitiveness, the Government of Canada announced the National Gateways and Border Crossing Fund in Budget 2007.

The Asia-Pacific Gateway and Corridor, the Ontario-Quebec Continental Gateway and Trade Corridor, and the Atlantic Gateway are the three most prominent components of the national system.

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

The policy and advocacy function will continue to advance Cape Breton's interests in policy and program development with regard to Atlantic Gateway, in order to ensure that government initiatives are responsive to the needs of Cape Breton. It will also continue to work with the Port of Sydney and the Port of Melford to successfully implement port master plans.

Environment

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

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

Tourism

Cape Breton has received a number of national and international tourism accolades recognizing the island as one of North America's most scenic destinations. The industry in Cape Breton has been a key economic generator for decades. Recognizing the continued growth potential of this industry, particularly related to the convention and events markets, the Corporation will work

with the industry and other stakeholders to implement an island-wide events strategy. In addition, the Corporation will work with industry, municipal and provincial levels of government to implement an island-wide tourism levy that will support future marketing and business development efforts.

CRITICAL BUSINESS INITIATIVE #3

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 lead a structured corporate planning process to review the Corporation's strategic direction for the next planning period. This process will involve the Board of Directors, ECBC staff, as well as community consultations with ECBC stakeholders. The strategic plan will continue to be reflective of community interests. It will also take into account the key priorities identified in the island-wide strategic business plan to be developed over the coming year.

Strategic Framework

Initiation of a structured consultation process to develop an island-wide strategic business plan.

To be competitive in the global economic environment, it is imperative that Cape Breton communities develop a common vision for the island with a long-term economic plan. Over this planning period, the Policy and Advocacy unit will work with the office of the CEO to commence a process that will engage the community in the development of a strategic framework for Cape Breton Island. The process will begin with an examination of best practices employed in other regions to develop a similar framework. Once developed, the framework will serve as a road map for ECBC, other economic development organizations, and all levels of government.

CRITICAL BUSINESS INITIATIVE #4

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

Implemented by the Government of Canada, the Management, Resources and Results Structure Policy became effective April 1, 2005. The policy provides the federal government with an integrated, modern expenditure management framework to establish a common government-wide approach to the collection, management, and public reporting of financial and non-financial performance information. The Management, Resources and Results Structure Policy applies to all departments as defined in Section 2 of the *Financial Administration Act*. It also applies to any Crown corporation seeking appropriations from Parliament.

In 2007-2008, ECBC contracted the services of a performance management consulting firm to work with the Corporation in the development of a management, resources and results structure. The new structure was approved by the Treasury Board of Canada in May 2009.

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

COMMUNITY ECONOMIC DEVELOPMENT

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

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

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

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

CRITICAL BUSINESS INITIATIVES: COMMUNITY ECONOMIC DEVELOPMENT

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

CRITICAL BUSINESS INITIATIVE #1

Community Infrastructure

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

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

Community infrastructure initiatives will focus on community-led projects that link to strategic plans/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.

CRITICAL BUSINESS INITIATIVE #2

Community Capacity Building

Work with economic development stakeholders, community leaders and organizations to increase the capacity in the community's decision-making, planning, and implementation of CED initiatives.

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

Tourism

The CED unit will work with the tourism industry on a number of island-wide initiatives throughout this planning period. They include a marketing strategy, a golf marketing strategy, as well as festival and events initiatives.

Island-wide Tourism Marketing

In 2008-2009, ECBC provided leadership and funding to develop an island-wide tourism marketing plan. Over the coming year, the CED unit will continue to work with industry and stakeholders to implement the plan. It is envisaged that the marketing strategy will stimulate a renewed and more vigorous approach to attracting visitors to Cape Breton. Given the competitive marketplace, it is important that everyone work together to promote the key strengths and opportunities the island has to offer. A more targeted focus will create a greater return on investment, avoid duplication of effort and maximize effectiveness.

Island-wide Golf Marketing

The golf sector remains an integral part of the tourism product on Cape Breton. Golf continues to experience rapid growth throughout Canada. As a result, the extent of competition among golf destinations has intensified. To become a prime golf destination, co-operation and the integrated marketing and packaging of Cape Breton golf courses will be essential. Over the planning period, ECBC will work with the golf sector on Cape Breton to develop an island-wide strategy targeting both the Canadian and international markets.

Festival and Events Initiatives

The Corporation launched the Festival and Events Initiative in fiscal year 2002-2003 to assist interested incorporated, non-profit organizations in Cape Breton.

The assistance is targeted at events with the potential to generate new visitation or to better serve visitors to the island, increase lengths of stay and spending, and improve the quality of the visitor experience.

Given the success of this initiative as evidenced in an economic impact analysis carried out by MRSB Consulting Services Inc. (this study can be found at <http://ecbc.ca/e/publications.asp>), ECBC will continue to support festival and events around the island, commencing with a request for proposal process at the beginning of each fiscal year.

Major Events

The Community Economic Development unit will work with the tourism industry to develop and implement an island-wide events management initiative to attract regional, national and international events.

COMMERCIAL DEVELOPMENT

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

SMEs are one of the key economic drivers on Cape Breton Island. Almost 90% of companies in Cape Breton have fewer than 20 employees. ECBC recognizes the contribution that SMEs make to the economy. The Corporation pursues a broad range of strategies to enhance their competitiveness and ultimately increase wealth in the region.

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

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.

CRITICAL BUSINESS INITIATIVE #1

Access to Capital

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

Due to the size and make-up of the Cape Breton economy and its distance from major markets, 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 assess and to provide as appropriate, access to capital.

Potential and Existing Entrepreneurs

The Corporation provides a continuum of funding programs for potential entrepreneurs. Assistance will be directed at development and refinement of business proposals, marketing

initiatives, e-commerce initiatives, innovation, human resource initiatives, and capital assistance.

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

CRITICAL BUSINESS INITIATIVE #2

Trade and Investment/Prospecting

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

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

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

ECBC will actively participate in provincial and other Government of Canada trade missions, and shows of relevance to local businesses.

The Corporation will explore the potential of hosting incoming trade missions to Cape Breton in an effort to educate and expose potential markets to island products and services.

CRITICAL BUSINESS INITIATIVE #3

Sector Development

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

In 2008-2009, ECBC contracted the services of an economic consulting firm to carry out a situational analysis of a number of sectors in the Cape Breton economy. One of the objectives of the study was to identify those sectors with the greatest potential to generate sustained wealth. As a result of this exercise, opportunities for economic growth were identified in a range of sectors, which will serve to focus the Corporation's efforts over the coming years.

Energy

Over the planning period, the Corporation will explore the wide range of alternative energy opportunities that exists in Cape Breton today. A number of these options require further study to determine their level of feasibility and potential benefit to Cape Breton. Opportunities include geothermal energy stored in mine water reserves; methane gas potential of the island's coal beds; green extraction of existing coal energy; biofuel crop production; and wind energy.

Tourism

The Cape Breton tourism sector is characterized by a number of key strengths that have allowed it to remain viable in the face of significant challenges, both national and international, over the past number of years. Over this planning period, the Corporation will provide support for accommodation upgrades that address market deficiencies and meet customer expectations; packaging; efficiency improvements; e-commerce initiatives; green products; experiential tourism products; and niche markets.

Technology and Innovation

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

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

Transportation

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

The Atlantic Gateway presents a significant opportunity for the transportation sector on Cape Breton, offering the potential to increase economic development in the region through supporting and enabling businesses and services.

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 presented, particularly through the Atlantic Gateway initiative.

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

PROPERTY DEVELOPMENT AND MANAGEMENT

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

The Corporation has the ability to purchase, lease, and sell land, and to hold mortgages. These activities serve to support the Corporation's mandate. Property can be used as a development tool to complement funding programs. In addition, proceeds of sales can be reinvested in other development activities.

During recent planning periods, property management became a significant part of the activities carried out by the Corporation, as a result of the numerous properties transferred to ECBC from the CBDC since 2003.

With the transfer of all assets and liabilities of CBDC to ECBC, the role of property management and development has been enhanced, given the transfer of approximately 7,300 acres of land from the CBDC. As part of the land acquisition and disposal process, the Corporation makes land available to businesses, organizations and the community in an effort to foster commercial and community economic development opportunities. 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 from land sales go directly into economic development projects within ECBC's mandate area.

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

CRITICAL BUSINESS INITIATIVES: PROPERTY DEVELOPMENT AND MANAGEMENT

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

CRITICAL BUSINESS INITIATIVE #1

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

The property division acquires, manages and disposes of real property to support the delivery of economic development programs administered by ECBC. Real property will be managed in a manner that will preserve the maximum long-term benefits to Cape Breton and the Mulgrave area. ECBC's property inventory will be made available to the public to promote investment or acquisition opportunities. To complement this process, ECBC will actively promote land and other property holdings on its website, through a request for proposal process and advertising.

In 2002-2003, the Corporation entered into a five-year MOU with the CBDC. The overall purpose of the MOU was, "to enable the development of a decision-making and management framework for the identification, environmental assessment and remediation, and the potential

transfer of properties with economic development potential from the CBDC to ECBC in a timely and efficient manner."

In June of 2006, the CBDC transferred 96 properties totaling 4,412 acres of land, which represents a significant property portfolio to be managed by ECBC. These properties, combined with ECBC's existing portfolio, total over 5,000 acres.

As of January 1, 2010, ECBC will assume all of CBDC's land holdings bringing ECBC's land portfolio to more than 12,600 acres. As part of the property management strategy, ECBC will categorize its property inventory to identify and prioritize the expected economic development potential of the lands.

CRITICAL BUSINESS INITIATIVE #2

Ensure a fully operational property management information system that is essential to make informed investment decisions regarding real property. In addition, a web presence will be developed that will allow full access to all real property listings.

Data will be transferred from the CBDC, internal records, and the Nova Scotia Property Online website to the Property Records System of DARR (Cape Breton) Limited, ECBC's real estate subsidiary.

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

The electronic property registry system was originally targeted to be fully functional in 2008-2009. However, this process was ongoing and completed in 2009-2010.

CRITICAL BUSINESS INITIATIVE #3

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 the land and buildings.

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

The Corporation will also proceed with a revitalization project at its head office.

In 2009-2010, the Corporation will develop and implement a green plan initiative for its current facilities in an effort to reduce ECBC's overall environmental footprint.

CRITICAL BUSINESS INITIATIVE #4

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

The Property unit is accountable for evaluation and mitigation measures for ECBC project requirements under the *Canadian Environmental Assessment Act*. This function supports ECBC's core program delivery by fulfilling its obligations under the Act.

ECBC ensures that all projects it supports are subjected to appropriate environmental assessment. Managing the *Canadian Environmental Assessment Act* function affords ECBC the ability to provide delivery of the screenings under the Act, and ensures due diligence of project files through the monitoring function.

INTERNAL SERVICES

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

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

CRITICAL BUSINESS INITIATIVES: INTERNAL SERVICES

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

CRITICAL BUSINESS INITIATIVE #1

Communications

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

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

In this planning period, Communication Services will focus on increasing public awareness of the Corporation and its programs and services, through improved public relations activities including news releases, public events, speeches, paid advertisements and a revamped website.

In the interests of transparency and good governance, ECBC held an annual meeting in July of 2009, to inform the public of its strategic direction and receive feedback from the community.

As part of the transfer of CBDC assets and liabilities to ECBC, the Communications unit will develop a strategy that instills confidence in ECBC's commitment to honour CBDC's responsibilities to current and former employees and their families, to the remediation of contaminated mine sites, the management of mine water, and land divestiture.

CRITICAL BUSINESS INITIATIVE #2

Access to Information and Privacy

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

In keeping with ECBC obligations under the *Access to Information and Privacy Acts*, the Corporation will continue to provide staff training so that it can respond to applications and manage its responsibilities under these acts, particularly in light of the increased responsibilities given the transfer of CBDC assets and liabilities to ECBC.

CRITICAL BUSINESS INITIATIVE #3

Finance and Administration

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

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

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

In addition, International Financial Reporting Standards (IFRS) will become mandatory accounting standards for all Canadian "publicly accountable enterprises" including Crown corporations, for fiscal years beginning on or after January 1, 2011.

Recently, several stakeholders expressed concerns to the Public Sector Accounting Board (PSAB) regarding applicability of IFRS for government business enterprises and government business-type organizations. As a result, the PSAB is developing an invitation to comment, seeking additional input from all its stakeholders. The outcome of this exercise is presently unknown. Therefore, ECBC will continue with a diagnostic assessment for conversion to IFRS in order to meet the present requirements.

As required, ECBC will engage the services of a consultant to carry out a diagnostic assessment to determine the impact on the Corporation, to ensure that its accounting policies comply with the new standards and meet the required timelines for conversion to IFRS.

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

With the transfer of CBDC assets and liabilities to ECBC, the Finance and Administration unit will take on responsibility for managing an increased operating budget. ECBC currently has processes and procedures in place to deal effectively with the transfer of CBDC assets and liabilities to ECBC. Therefore, a smooth transition is anticipated.

The unit will ensure the information technology needs, both internally and externally, are serviced on a proactive basis in concert with the MOU with ACOA.

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

CRITICAL BUSINESS INITIATIVE #4

Human Resources

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

ECBC places a high priority on human resource development. A culture of empowerment supported by continuous learning and engagement is an important objective for the Corporation. Human resource planning over the coming years will include the development of a new executive performance review process, a review of the Corporation's succession planning, as well as a review of the balance of human resource policies. ECBC negotiated its first collective agreement in 2009 in a manner that is reflective of its obligations to all its stakeholders and clients. The implications of the ratified collective bargaining agreement may affect costs and workload.

CRITICAL BUSINESS INITIATIVE #5

Information Technology

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

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

Over the planning period, the Information Technology unit will continue to implement services in accordance with the current MOU with ACOA, as well as maintain ECBC's own specific information systems, not covered by the MOU. The unit will also assist with enhancement of the ECBC website. Management will also commence a process of renewing the MOU with ACOA that will articulate in greater detail the fee-for-service arrangement.

CRITICAL BUSINESS INITIATIVE #6

Internal Audit

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

ECBC's Internal Audit unit works in conjunction with the 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, applicable laws and regulations; and to review control over assets and expenditures.

The board's Audit Committee oversees the Internal Audit unit.

The unit developed its annual audit plan for the Corporation in conjunction with the Audit Committee, outlining the major internal audit work to be completed. Regular updates on the status of the plan are made to the committee.

The Internal Audit unit works with the ECBC Audit Committee of the ECBC Board of Directors to regularly monitor and update the Corporation's risk management framework. In light of the transfer of CBDC assets and liabilities to ECBC, over the coming months the unit will work closely with this committee to profile the increased risk to the Corporation as a result of assuming the assets and liabilities of the CBDC. Once this exercise has been completed, the risk management framework will be updated. In addition, an environmental committee will be established under ECBC's subsidiary corporation DARR (Cape Breton) Limited to specifically monitor and manage the risk associated with the environmental liabilities assumed by ECBC.

REGIONAL SERVICE DELIVERY

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

In addition to its own programs, ECBC is responsible for the delivery of ACOA's programs on Cape Breton Island. In 1995, ECBC and ACOA entered into an MOU under which ECBC delivers ACOA's programming on Cape Breton Island and in the Mulgrave area. The MOU was renegotiated twice, each time for additional five-year terms. The latest MOU remains in effect until April 1, 2010. ECBC will engage in a process to renew the MOU on a fee-for-service basis.

The delivery of ACOA programming on Cape Breton Island encompasses a significant portion of the Corporation's overall activities. On an annual basis ECBC administers a budget in the amount of \$19.3 million.

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

- Business Development Program (BDP): This program is designed to help SMEs to establish, expand and modernize. The BDP offers access to capital in the form of

interest-free, unsecured loans, and provides non-repayable support to non-profit organizations.

- Consultant Advisory Services (CAS): The CAS program provides clients with access to consulting expertise in pursuing business opportunities or solving problems.
- Community Futures Program: This program supports autonomous, not-for-profit Community Business Development Corporations to help entrepreneurs in rural areas obtain access to the information, advice and capital required to succeed.
- Atlantic Investment Partnership (AIP) - Second Wave: In 2000, the AIP was launched to support economic development in Atlantic Canada. The AIP has entered its second phase with a new, five-year initiative that addresses areas fundamental to continued economic growth - investing in innovation, investing in communities, investing in people, and investing in the business climate.
- As part of the investing in innovation component of the AIP, the Atlantic Innovation Fund (AIF) has been allocated an additional \$300 million in Atlantic Canada over five years. The AIF provides financing for research and development and related initiatives in the areas of natural and applied sciences, and social sciences and humanities linked explicitly to the development of technology-based products, processes or services or their commercialization.
- The investing in communities component is designed to diversify and enhance the economies of communities in Atlantic Canada. It is delivered through the Innovative Communities Fund, which is designed to respond to the unique and varying economic development needs of communities in Atlantic Canada, focusing on projects that demonstrate the potential for sustainable economic impact on rural communities.
- Investing in people is concentrated in four primary areas:
 - Women in Business Initiative;
 - Young Entrepreneur Development Initiative;
 - Productivity and Business Skills Initiative; and
 - Atlantic Population Strategy.
- The investing in the business climate component focuses on initiatives to bolster the region's trade, investment and tourism, as well as access to investment capital for SMEs. This component invests in the:
 - Atlantic Trade and Investment Partnership; and
 - Atlantic Canada Tourism Partnership.
- Community Adjustment Fund (CAF): As announced on January 27, 2009, as part of the government's Economic Action Plan, the CAF is providing \$1 billion across the country to help create jobs and employment opportunities in communities affected by the global recession. The CAF allocation for Atlantic Canada, delivered by ACOA, is \$100.4 million.

- Recreational Infrastructure Canada (RInC) Program: As announced on January 27, 2009, as part of the government's Economic Action Plan, the Recreational Infrastructure Canada (RInC) Program is providing \$500 million to help renovate and update recreational facilities across Canada. The initial RInC allocation for Atlantic Canada, delivered by ACOA, is \$12 million, with the remaining funding over the next two years to be based on applications submitted to the Agency.

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/.

ENVIRONMENTAL OBLIGATIONS

As part of the transfer of CBDC assets and liabilities, ECBC will assume stewardship responsibility for all CBDC land holdings. As a result, ECBC will be responsible for the environmental obligations related to these sites. To manage these obligations, ECBC will enter into a strategic partnership arrangement with Public Works and Government Services Canada (PWGSC), similar to that previously in place between CBDC and PWGSC. As part of this relationship, projects are planned and managed by PWGSC with oversight, monitoring and funding provided by ECBC. Environmental remediation projects currently underway and managed by CBDC will continue to be managed by ECBC, in conjunction with those CBDC employees maintained as ECBC staff.

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

CRITICAL BUSINESS INITIATIVE #1

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

In 2007-2008, a multi-year Site Closure Program addressing assessment and remediation requirements of all CBDC sites was developed (13 groups of sites). This plan provides the framework and foundation for remedial construction activities on remaining CBDC property, and identifies the work required and the project schedule over the next five years.

SCHEDULE FOR SITE REMEDIATION PROGRAMS

SITE/CALENDAR YEAR	2009-10	2010-11	2011-12	2012-13	2013-14
Gowrie	EC	EC	CM	LTC	LTC
Dominion #6	EC	EC	M	LTC	LTC
Broughton	EC	EC	CM	LTC	LTC
Dominion #25	E	EC	CM	LTC	LTC
Summit	EC	C	CM	LTC	LTC
Dominion #11	ECM	LTC	LTC	LTC	LTC
Dominion #4	C	CM	LTC	LTC	LTC
Victoria Junction (VJ) Main	ECM	LTC	LTC	LTC	LTC
VJ Tailings	E	EC	M	LTC	LTC
Franklyn	EC	EC	M	LTC	LTC
Lingan	EC	CM	LTC	LTC	LTC
Princess /Edwards Pond	EC	C	CM	LTC	LTC
Louisbourg	E	CM	LTC	LTC	LTC

Legend:

E - Engineering/assessment phase

C- Construction phase

M - Close-out and begin to implement long-term care and maintenance

LTC - Site in long-term care and maintenance program

Compliance with environmental laws and regulations is an integral part of the program. In 2008, the environmental liability for all sites was updated. The update included: a liability estimate for completing site remediation for each of the 13 groups of sites; a 47-year estimate of the long-term care and monitoring of each site; and an estimate for managing the mine water obligation.

The remediation work is scheduled to be completed during the fiscal period 2011-2012, and from that point forward, long-term care and maintenance will be the main focus. It is anticipated that all of the long-term environmental obligations will be completed by 2055; except the mine water obligation, which may require management in perpetuity.

It is the intention of ECBC to continue with the multi-year site closure program initiated by CBDC. In addition to meeting remediation requirements, the plan will be used to ensure that timelines and budgets are respected.

To effectively complete a seamless transition and implementation of the site remediation program, it is the intention of ECBC to add former CBDC staff that have the necessary experience and technical expertise to complement the existing human resource capability.

An environmental committee will be established under ECBC's subsidiary corporation DARR (Cape Breton) Limited to specifically monitor and manage the risk associated with the environmental liabilities assumed by ECBC.

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

CRITICAL BUSINESS INITIATIVE #2

Develop and implement a mine water management program.

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

ECBC will continue the work of the CBDC in the development and implementation of a mine water management program. Such a program will establish systems and practices to ensure that any potential mine water discharge will have minimal environmental impact, and therefore limit the Corporation's long-term liability. In conjunction with this initiative, ECBC, together with other stakeholders such as CBU, will also examine the local economic development potential of geothermal applications related to mine water.

HUMAN RESOURCE OBLIGATIONS

The human resource obligations are a large component of the CBDC's long-term liability. The programs delivered as part of these compensation obligations are nondiscretionary items that the Corporation is required to deliver to current and former CBDC employees. They are a result of post employment benefits and various human resource strategies, many of which will continue beyond 20 years. They include early retirement incentive programs, liability for future employee benefits, workers' compensation obligations, and a domestic coal subsidy program.

CRITICAL BUSINESS INITIATIVE #1

Effectively and efficiently manage all human resource obligations related to current and former employees of CBDC.

ECBC will be responsible for the overall management of human resource obligations to current and former CBDC employees, expected to be completed by 2047.

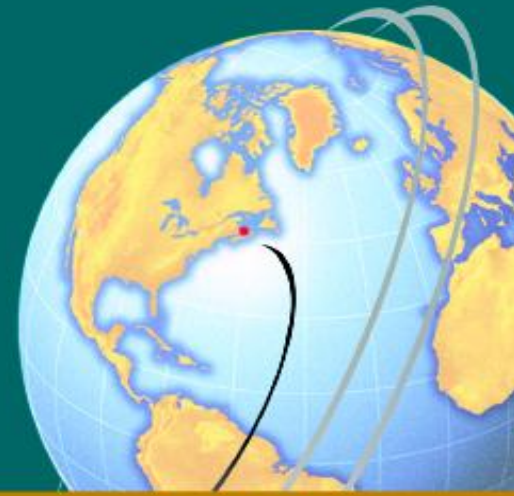
The Early Retirement Incentive Plans (ERIPs) were negotiated through the collective bargaining process during downsizing and mine closures. There are over 800 former employees participating in the various early retirement plans. The cost for this plan will decrease annually over the next 15 years as recipients reach age 65. The ERIP is scheduled to expire in 2023.

Future employee benefits (FEB) requiring administration and funding include medical benefits for a group of 263 severed employees, as well as 158 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 pensioned employees. An additional benefit under FEB is a payment of a retiring allowance of \$1,400 to ERIP and CDP recipients when they reach age 65. The FEB is scheduled to continue for another 18 years.

There are approximately 2,800 claimants receiving workers' compensation benefits. ECBC will continue to oversee, monitor and fund the financial obligation to the Workers' Compensation Board of Nova Scotia, which administers workers' compensation benefits for all former CBDC employees. Although there are no new accidents being reported, there are numerous accident reports on file from former employees that could still result in claims. In 2008, the CBDC engaged an independent actuary to ensure its workers' compensation liability was adequately determined and that variances from year to year are explained.

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

The Finance and Administration unit will be responsible for the delivery of the human resource programs related to current and former CBDC employees. There are a number of processes currently in place at ECBC to deal with the increased level of activity related to the human resource obligations. Therefore, a smooth transition is anticipated.



5.0 Key Performance Indices

In the advancement of the Management, Resources and Results Structure (MRRS) for ECBC, the Corporation developed a set of performance indicators that will serve to measure the overall progress in achieving its business strategy and progress in carrying out its mandate.

While a number of indicators have been changed since the 2008-2009 Corporate Plan, comparisons can continue to be made to previous years. The Corporation will continue to track leveraged investment for both commercial and community economic development activities. The amount of information for both these areas will be enhanced to give a clearer picture of the impact of the Corporation's assistance. By way of case studies, the Corporation will look at actual results realized for individual businesses as a result of ECBC assistance, including incremental export sales, new export markets, and number of new employees. In addition, performance indicators have been added to track the Corporation's trade development and sector development activities. Through a number of case studies, ECBC will also report on the outcomes of community infrastructure and community capacity building projects and demonstrate their impact on communities around the island.

Advocacy will continue to link actual advocacy priorities and interventions to economic development outcomes. The level and scope of research undertaken by the Corporation will continue to be reported through the Policy and Advocacy function. This information will now be enhanced to demonstrate its impact on the Corporation's strategic direction.

Performance indices are now included for Property Development and Management, Regional Service Delivery and Internal Services.

Enterprise Cape Breton Corporation

Performance Indicators	Target	Timing and Methodology
Increase in Cape Breton GDP related to ECBC clients	(X)\$ in Cape Breton gross domestic product gains for every \$ of ECBC expenditure The dollar amount will be determined over the next fiscal year	Five-year target March 31, 2013 Q-Access

Policy and Advocacy

Expected Results	Performance Indicators	Targets	Timing and Methodology
Better understanding of Cape Breton economic issues and challenges, in order to develop and implement policy resulting in better decisions which lead to sustainable growth	Instances where ECBC's policy and advocacy activities have resulted in benefits for Cape Breton	Ability to link actual advocacy priorities and interventions to economic development outcomes	March 31, 2010 Sample of initiatives will be examined
Create an increased awareness of ECBC's contribution to the Cape Breton economy	Increased awareness of ECBC's contribution to the Cape Breton economy	Awareness among business and community stakeholders increased by 10%	Survey every two years Establish survey baseline in 2009
Cape Breton projects or community development initiatives are aligned with government policies and decisions	Linkage between ECBC position and those positions taken by other government departments or agencies	Demonstrated linkages between ECBC position and those positions taken by other government departments or agencies	March 31, 2010 Sample of initiatives will be examined
Corporate plan reflects a vision which is strategic for Cape Breton and incorporates the position of the leadership of the Corporation and its Board of Directors	Acceptance of corporate plan by Board of Directors and Treasury Board Extent to which policy analysis and research are useful and/or provided input into the strategic direction	Approval of the corporate plan by the Governor in Council Continue to provide sound advice based on research related to Cape Breton development issues and opportunities	March 31, 2010 Evidence of on-time filing of corporate plan annually March 31, 2010 Sample of initiatives will be examined
Implementation of Management Resources and Results Structure consistent	Implementation and approval of Management Resources and	Management Resources and Results Structure is accepted by Treasury	March 31, 2011

with Treasury Board guidelines	Results Structure	Board	
Annual Report reflecting the performance of the Corporation in comparison to the corporate plan	Annual Report tabled on time annually	Annual Report tabled in Parliament within appropriate time lines	Annual report - submitted to minister for tabling in Parliament within three months after end of fiscal year (i.e. June 30)

Community Economic Development

Expected Results	Performance Indicators	Targets	Timing and Methodology
Cape Breton communities have the capacity required to promote economic activity to ensure that they are an attractive place to live and invest	Increased community benefits resulting in improved infrastructure and community capacity	Evidence of impact (case studies and evaluations)	March 31, 2010 Sample of initiatives will be examined Evaluation of non-commercial funding (every five years) Evaluation of Festival and Events Program (March 31, 2010)
Increased number of partnerships participating on CED projects	Amount leveraged per dollar invested by ECBC Number of funding partners	1:1 (on average \$1 for a dollar invested by ECBC) 130 funding partners	Annual target March 31, 2010 Annual target March 31, 2010

Commercial Development

Expected Results	Performance Indicators	Targets	Timing and Methodology
Increased competitiveness and sustainability of small and medium-sized enterprises on Cape Breton	Survival rates of ECBC-assisted firms Dollar amount leveraged per dollar invested by ECBC	ECBC-assisted businesses survive for five years or more 1:1 (on average \$1 for a dollar invested by ECBC)	Statistics Canada March 31, 2010 March 31, 2010 Q-Access
	Change in business profiles	Improved corporate performance in incremental trade, number of employees, investments, new markets, etc.	March 31, 2010 Case study of a specific business

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	\$300,000	March 31, 2010
	Number of transactions that facilitate a development project resulting in commercial or community economic development	Two per year	March 31, 2010
Acquisition of real property that will be redeployed for economic development purposes	Acquire real property from private or public source for economic development purpose	Capital acquisition budget \$500,000	March 31, 2010
		Transfer all remaining real property from CBDC to ECBC (estimated 7,300 acres)	January 1, 2010
Transparent property management process	Completion of Property Management Information System and a fully operational public website presence	Fully operational property management information system and public access website presence	March 31, 2010
		Integration of CBDC's property information with ECBC's property information system	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, 2010

Regional Service Delivery

Expected Results	Performance Indicators	Targets	Timing and Methodology
Efficient and effective delivery of government programs and services on Cape Breton	Client satisfaction in relation to services provided	Renewal of MOU 70% client satisfaction rating	March 31, 2010 Client satisfaction survey March 31, 2010

Internal Services*

Expected Results	Performance Indicators	Targets	Timing and Methodology
Financial statements prepared within established timelines and accepted by the Office of the Auditor General of Canada	Financial statements prepared in accordance with Canadian generally accepted accounting principles	Unqualified audit report	June 30, 2010
Create an increased awareness of ECBC's programs and contribution to the Cape Breton economy	Increased awareness of ECBC's contribution to the Cape Breton economy	Awareness among business and community stakeholders increased by 10%	March 31, 2011 Survey every two years Establish survey baseline in 2009

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

Environmental Obligations

Expected Results	Performance Indicators	Targets	Timing and Methodology
Remediation completed on identified sites	% of the identified sites conclude construction phase of the remediation program	100%	March 31, 2012
CBDC sites are free from environmental contamination	Monitoring results indicate sites free from contamination	100%	Ongoing
Mine water management program developed for underground mine workings	Mine water management program implemented for affected sites	100% of affected sites	March 31, 2013
Strategic partnership with CBU and other stakeholders to exploit assets for commercial gain	MOU with CBU and/or other stakeholders	Signed MOU	March 31, 2010

Human Resource Obligations

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