

Building Cape Breton's Future

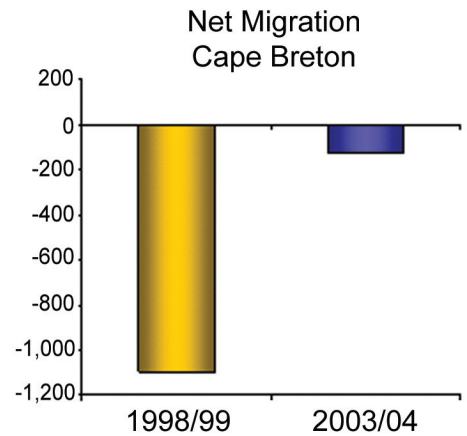
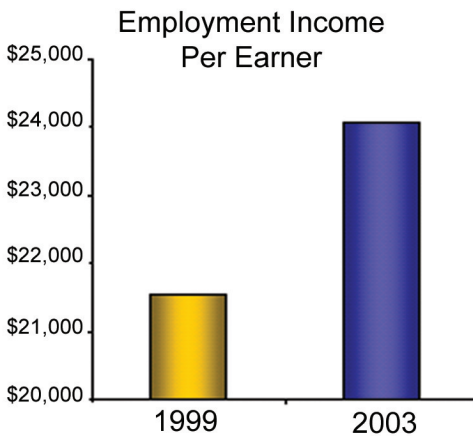
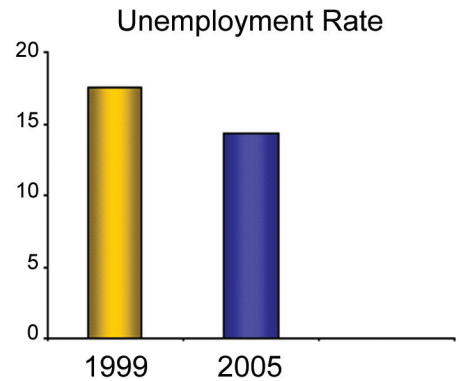
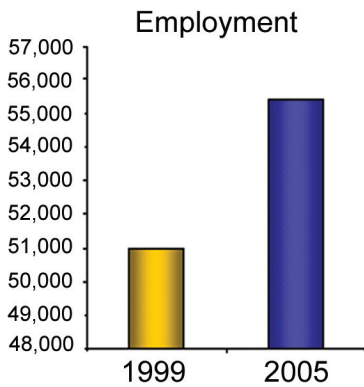


Economic Indicators - Cape Breton

	1999	2005
Employment	51,000	55,400
Unemployment rate	17.6	14.4
Participation rate	50.7	55.1
Employment income per earner*	21,543	24,047 (2003)
Economic dependency ratio*	43	41 (2003)
Retail sales (Financial Post Survey of Markets: Millions of \$)	1,283.80	1,605.20
Housing Starts	174	262
Net migration Cape Breton	-1,094	-128 (2004)

*Latest Data Release is 2003

Comparison Figures

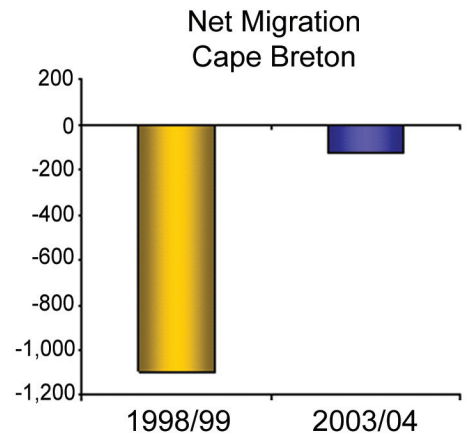
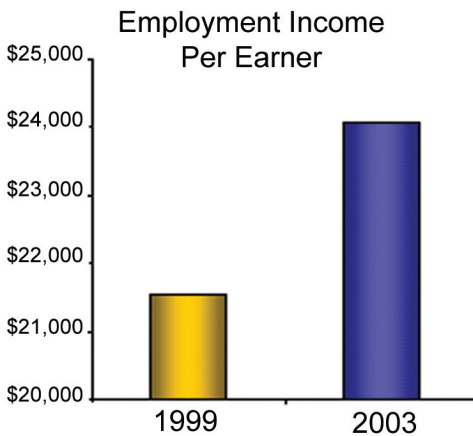
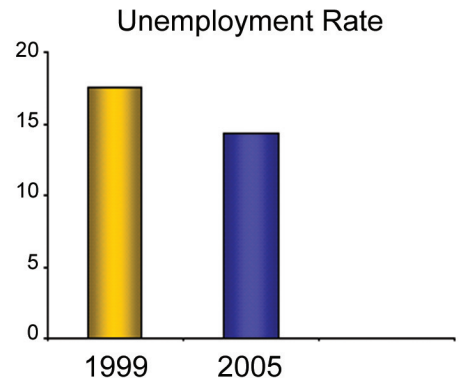
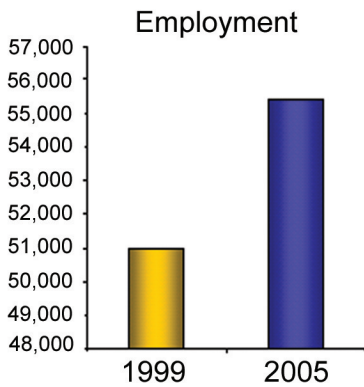


Economic Indicators - Cape Breton

	1999	2005
Employment	51,000	55,400
Unemployment rate	17.6	14.4
Participation rate	50.7	55.1
Employment income per earner*	21,543	24,047 (2003)
Economic dependency ratio*	43	41 (2003)
Retail sales (Financial Post Survey of Markets: Millions of \$)	1,283.80	1,605.20
Housing Starts	174	262
Net migration Cape Breton	-1,094	-128 (2004)

*Latest Data Release is 2003

Comparison Figures





The Honourable Peter G. MacKay, P.C., M.P.
Minister of Foreign Affairs and the
Atlantic Canada Opportunities Agency
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister:

On behalf of the Board of Directors, I am pleased to present the Annual Report of Enterprise Cape Breton Corporation for the fiscal year ended March 31, 2006.

This annual report is submitted in accordance with the provisions of the *Financial Administration Act*, and the *Government Organization Act, Atlantic Canada, 1987*. It contains the annual financial statements together with the auditor's report thereon.

Yours sincerely,



Monique Collette
Chair and CEO
Enterprise Cape Breton Corporation



CONTENTS

1	<i>Chair and CEO's Message</i>
2	<i>COO's Message</i>
3	<i>Senior Management Team</i>
4	<i>Who We Are</i>
5	<i>Board of Directors</i>
6	<i>The Economic Context</i>
8	<i>Performance Against Objectives</i>
21	<i>Operations</i>
21	<i>Human Resources</i>
24	<i>Corporate Social Responsibility</i>
25	<i>Official Languages/Communications and Government On-Line</i>
28	<i>Corporate Governance</i>
35	<i>Risk Management</i>
36	<i>Management Discussion and Analysis</i>
41	<i>Financial Statements</i>



MESSAGE MONIQUE COLLETTE CHAIR AND CEO

At Enterprise Cape Breton Corporation (ECBC), we recognize that the objective to consistently grow the economy of Cape Breton cannot succeed without the teamwork of private enterprise, community leaders and all levels of government.

2005 marked the end of a five-year plan set out by ECBC to accomplish many goals for Cape Breton. The results, thus far, have been satisfying and make a convincing case for the hope of continued future success.

Now, as we shift our focus to the future, we must also appreciate that we are witnessing the growth of a culture of transparency, openness and accountability. We have a responsibility to evolve and adapt our policies and procedures to accommodate the requests of the people.

The efficiency and transparency of former and new working relationships with other levels of government and private sector partners will be key to the Island's successful development. ECBC has wasted no time to prove the organization is ready to meet these extended responsibilities, head-on. The Corporation's annual report for 2005 received the Auditor General's Award for Excellence in Annual Reporting by Crown Corporations; recognizing exemplary achievements in annual reporting among Crown corporations and promoting better reporting within this community.

Cape Bretoners should take comfort in the fact that their largest federal contributor to economic development has such commitment to prudent reporting of fiscal practices.

On behalf of the Board of Directors and the staff of ECBC, it is my pleasure to present this annual report. The potential success of the Island depends upon the continued commitment of staff and dedicated board members; those working hard for your communities, because they are part of your communities. It also depends on you, the residents of Cape Breton and Mulgrave, to speak with one clear voice to support and promote the initiatives on your beautiful Island.

A handwritten signature in blue ink, appearing to read 'M. Collette', with a long, sweeping underline.



MESSAGE RICK BEATON COO

Cape Breton Island is one of the best places in the world to live and raise a family and despite persistent challenges, the Island's economy is making progress. The Island is evolving, changing and adapting in the face of many obstacles. Positive events are redirecting the focus of the future economy and we are closing the gaps with the rest of Canada and the world.

There has been a trend of decline in the unemployment rate. Cape Breton had its lowest monthly result in over a decade during the summer of 2005. At its lowest point, the rate came in at 11.6% in July. Employment for that month was estimated at 60,900 - a monthly high.

The February 2006 edition of the Canadian Observer indicated that in 2005 the Island led the Atlantic region in job growth, up 6.5%, the sixth best among the 68 economic regions in Canada. The National Geographic Traveler Magazine rated Cape Breton in the #2 spot for the best destinations to visit in the world.

During the time leading up to the closure of the Cape Breton Development Corporation (DEVCO) and the Sydney Steel Corporation (SYSCO), the Island experienced a relatively large amount of net out-migration. The 2003/2004 immigration numbers showed the first net positive increase in migration since 1992/1993. Employment incomes are also showing evidence of growth in employment income per earner at a steady pace. Total earned income grew by 4% and 3.7% in 2002 and 2003, respectively; higher than any other economic region in the Province, including Halifax.

There is no doubt that government has contributed, but government has received good return on its investments. Festivals and events in Cape Breton have generated a positive economic impact of \$76.2 million on the Gross Domestic Product (GDP) over the past four years. Total GDP created from ECBC sponsored projects was \$1,201.4 million or \$240.3 million per year, on average. Total fiscal benefits are projected to be \$982.0 million or \$98.2 million per year. These revenues will be re-invested into areas like transportation, education and healthcare...for years to come.

Today the local economy is more diversified than it was in the past; Cape Breton Island is better positioned to withstand the collapse of the coal and steel industries and jobs have been created in new fields. Strategic economic development exists now more than ever before.

The long-term economic health of Cape Breton Island depends on the creation of wealth through export sales or through the production of goods and services for the local population that would otherwise be imported.

Consequently, the timing is right for communities to take the lead. It is time for the people to aggressively support private sector initiatives. It is time to encourage the entrepreneur in your neighborhood. There are private sector leaders in all Cape Breton communities who are willing to step up to the plate and take the risks. Access to capital is not easy to come by in Cape Breton, and for this reason, ECBC is ready and willing to continue supporting new enterprise. Together, we can continue to move forward.

SENIOR MANAGEMENT TEAM

RICK BEATON

VICE PRESIDENT AND CHIEF OPERATING OFFICER

D.A. LANDRY

DIRECTOR OF ATIP & PRIVACY

TOM PLUMRIDGE

ACTING DIRECTOR OF INTERNAL AUDIT

JOE CASHIN

ACTING DIRECTOR GENERAL OF CORPORATE SERVICES

KEN MONTGOMERY

DIRECTOR GENERAL OF DEVELOPMENT

LORI MARENICK

DIRECTOR GENERAL OF CORPORATE SERVICES



ABSENT FROM PHOTO: SHELLY KEHOE

ACTING DIRECTOR GENERAL OF COMMERCIAL PROGRAMS



WHO WE ARE

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

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 signed a Memorandum of Understanding (MOU) allowing ECBC to design its programming and economic development strategies to complement ACOA programming. The MOU was renegotiated with ACOA for two additional five-year terms effective April 1, 2000 and April 1, 2005.

In August 2000, the CBGF was incorporated as a wholly-owned subsidiary of ECBC with its own Board of Directors. The Governor in Council declared that Part X of the *Financial Administration Act* (FAA) applies to the CBGF as if it were a parent Crown corporation. This means that the CBGF reports separately to Parliament through its own corporate plan and annual report. ECBC, through a MOU with the CBGF, provides program and operational support, thereby minimizing administrative expenses.

In addition to its relationship with the CBGF and ACOA, ECBC has a history of working in partnership with the federal Department of Human Resources and Social Development, the Nova Scotia Department of Economic Development, Regional Development Authorities, Nova Scotia Business Inc., the Nova Scotia Department of Tourism, the Nova Scotia Department of Energy, DEVCO, Destination Cape Breton, the Community Business Development Corporations (CBDC's), not-for-profit organizations, municipalities and the private sector on a number of economic development initiatives.

ECBC has and will continue to encourage working relationships with all levels of government.

OUR MANDATE

The Enterprise Cape Breton Corporation Act provides the Corporation with a broad legislative mandate which reads:

The objects of the Corporation are to promote and assist, either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on Cape Breton Island to provide employment outside the coal producing industry and to broaden the base of the economy of Cape Breton Island.*

*This definition of Cape Breton includes the Mulgrave area.

OUR MISSION

The mission statement focuses the Corporation on the major issues affecting the economy of Cape Breton Island and the Mulgrave area. ECBC's mission statement reads:

Enterprise Cape Breton Corporation (ECBC) is the principal federal government organization for economic development in Cape Breton. ECBC, in partnership with all levels of government, the private sector and other community stakeholders, will use its broad and flexible powers to assist, promote and co-ordinate efforts that foster an environment supportive of the generation of wealth to effect sustainable job creation throughout Cape Breton Island and Mulgrave.

BOARD OF DIRECTORS 2005/2006



ROBERT MCFADGEN

Marion Bridge, Nova Scotia
Small business owner, President of McFadgen's
Bakery.

MONIQUE COLLETTE

Chair and CEO and President of the Atlantic Canada Opportunities Agency. Prior to this appointment, she was Assistant Deputy Minister, Corporate Services with the Department of Justice.

FERNE MACLENNAN

River Denys, Nova Scotia
Educator (Nova Scotia Community College, Strait Campus) and community economic development activist.

RICK BEATON

Vice President and COO, formerly Director, Corporate Affairs and Programs with ACOA in PEI and Departmental Liaison to the Minister's Office, ACOA – Ottawa.

SONNY MACDOUGALL

Glace Bay, Nova Scotia
Associate Partner, KPMG Chartered Accountants.

BETTY ANN AUCOIN

Chéticamp, Nova Scotia
Administrator, Hôpital Sacré-Coeur and Foyer Père Fiset.

GARY CORSANO

Sydney, Nova Scotia
Partner in the law firm of Sampson McDougall.

WENDY MACMULLIN

Corporate Secretary



THE ECONOMIC CONTEXT

For over a century, coal and steel were the backbone of the Cape Breton economy. Both industries experienced significant declines during the 1990s, ultimately resulting in their closure between 1999 and 2001. Approximately 7,500 jobs were lost in these industries over a period of three decades. Their closure placed an overwhelming burden on an already fragile economy.

With the announced closures of the Island's two remaining mines, the Government of Canada responded with an economic adjustment fund for \$86 million delivered through the CBGF and another \$10 million delivered through ECBC. The Province of Nova Scotia added an additional \$12 million in adjustment funding for the CBGF. The community at large was consulted, priorities were identified, partnerships emerged and an action plan was realized.

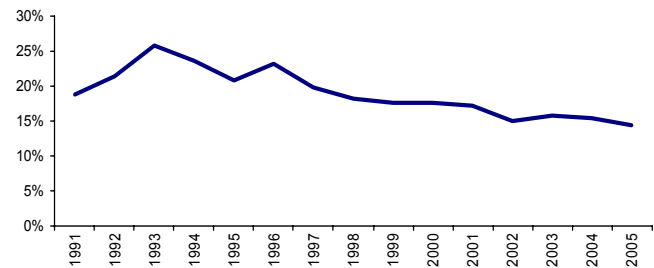
Almost six years have passed since the coal and steel industries have closed in Cape Breton. While many challenges remain, by all objective evidence, the economy is fairing quite well.

Statistics Canada Labour Force indicators were very positive for Cape Breton in 2005. Cape Breton had its lowest monthly result in over a decade during the summer of 2005. At its lowest point, the unemployment rate came in at 11.6% in July. Employment for that month was estimated at 60,900, a monthly high. On an annual basis, the unemployment rate has been falling, estimated at 14.4% for 2005. This is the lowest that the unemployment rate has been in decades.

Employment figures continue to show resiliency as the Island redefines itself. Employment in Cape Breton has exhibited long-term growth over the past 10 years, albeit volatile. Cape Breton led the Atlantic region in job growth in 2005, up 6.5%, the sixth best among the 68 Canadian economic regions.

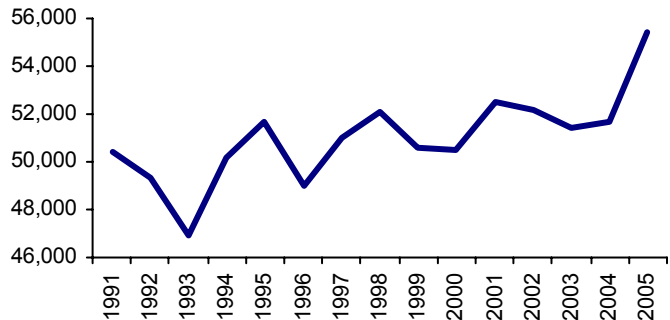
Employment incomes are also showing evidence of growth. The most recent income data available for the Island show growth in employment income per earner at a steady pace. Average employment income grew by 4% and 3.7% in 2002 and 2003, respectively higher than any other economic region in the Province, including Halifax. It was also higher than the growth in average employment incomes in Nova Scotia and Canada.

ANNUAL UNEMPLOYMENT RATE CAPE BRETON



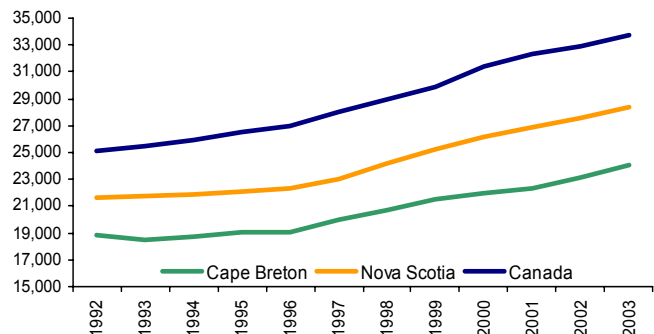
Source: Statistics Canada-Labour Force Survey

ANNUAL EMPLOYMENT CAPE BRETON



Source: Statistics Canada-Labour Force Survey

EMPLOYMENT INCOME PER EARNER



Source: Statistics Canada-Neighbourhood Income and Demographics

This is the first time in over ten years that growth in employment income per earner outpaced those of the other regions of Nova Scotia and Canada as a whole.

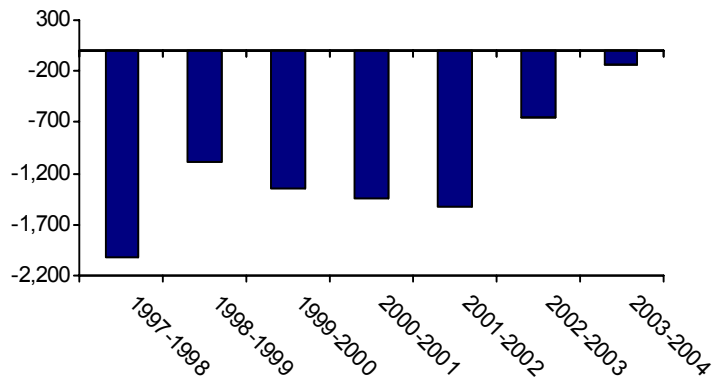
Employment Income Per Earner		
Economic Region	Percentage Growth 2001/2002	Percentage Growth 2002/2003
Cape Breton	4.02%	3.70%
Northern Shore	3.52%	3.56%
Annapolis Valley	2.33%	2.87%
Southern Shore	0.46%	2.56%
Halifax	3.38%	1.98%
Nova Scotia	2.94%	2.68%
Canada	1.93%	2.27%

Source: Statistics Canada, Neighborhood Income and Demographics.

During the time leading up to the closures of DEVCO and SYSCO, the Island experienced a relatively high net out-migration. The outflow to other places in Canada reached a high of just over 2,000 people, or about 1.3% of the population, in 1997.

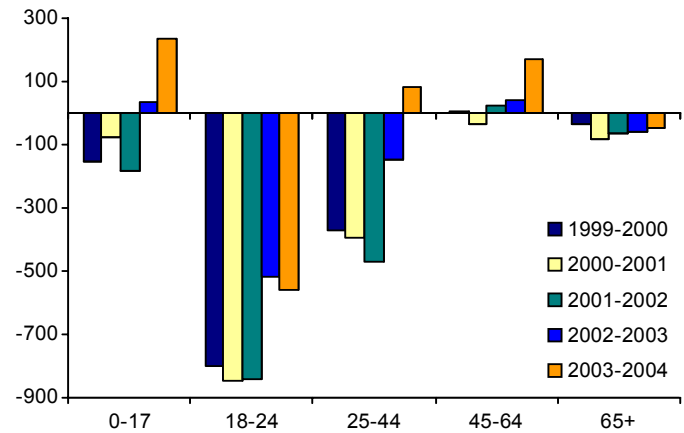
The 2003/2004 migration numbers are showing signs of stabilization.

NET-MIGRATION (Within Canada) CAPE BRETON ISLAND



Source: Statistics Canada Small Area and Administrative Data Division, Migration Data

NET ISLAND MIGRATION BY AGE 1999-2000/2003-2004



Source: Statistics Canada Small Area and Administrative Data Division, Migration Data



PERFORMANCE AGAINST OBJECTIVES

ECBC has established a number of performance objectives and indicators that measure the Corporation's overall progress in implementing the strategic direction outlined in its Corporate Plans. The performance indicators serve to:

- verify that the Corporation is achieving what it set out to achieve;
- provide feedback on corporate goals and outcomes for management planning; and
- provide a basis for public reporting and accountability.

Fiscal year 2005/2006 marked the beginning of a new five-year plan for the Corporation. Six priorities guided the Corporation's strategic direction for 2005/2006. They include:

- Support to Business
- Support to Communities
- Investment
- Advocacy
- Policy and Research
- Delivery/Service Agent for Government Services

In addition to its performance indicators, ECBC also tracks economic data to determine whether the Corporation is making a positive contribution to the economy of Cape Breton. All evidence points toward an improving economic base as economic indicators show positive trends. By using the economic development tools available and working with the private sector and communities, ECBC has been a catalyst for positive change.

ECBC also carries out research on an ongoing basis that monitors the impacts that the Corporation's programs are having on the region to ensure that its programs are achieving the best possible results.

Indirect effects of development such as an increased tax base are part of this monitoring. During 2005/2006 ECBC commissioned the services of Canmac Economics to provide an assessment of how ECBC's economic development efforts have impacted the municipal tax base in Cape Breton.

The analysis concluded that federal assistance to the Cape Breton economy has a significant impact on the municipal units operating in the Cape Breton region. This impact is felt in two major ways:

- 1) Tax revenues increase directly by ECBC clients paying property taxes and business occupancy taxes.
- 2) Tax revenues increase indirectly from ECBC making contributions to municipal infrastructure and similar projects.

The tax revenue direct contribution rose from \$767,983 in 2000 to \$4.7 million in 2005. This is a significant contribution that provides revenues for each year into the future for the life of the project.

ECBC provided municipal infrastructure projects with a contribution of \$40.2 million that leveraged projects worth \$90 million over the 2000/2005 period. This is a significant one-time injection into the municipal unit that, in its absence, would have to be funded through or by means of increased taxes.

The next section of this report outlines the Corporation's strategic priorities, activities and key results for 2005/2006, based upon the Corporation's performance management framework.

SUPPORT TO BUSINESS

Objective

To grow the economy by encouraging private sector investment in projects that enhance the competitiveness of commercial enterprises and increase trade opportunities to produce long-term, sustainable jobs.

One of the primary objectives of ECBC's Support to Business activities is to create a competitive business climate. To do this, the Corporation makes investments in business start-ups, expansions, innovation, e-business, skills development, strategic infrastructure, telecommunication links and export development. Investments as such not only allow local businesses to thrive, they also serve to attract new businesses to the region.

ECBC assists business development by helping commercial enterprises overcome barriers to growth, particularly access to capital. The Corporation can provide access to capital in the form of secured, unsecured or interest-free loans, equity or non-repayable assistance. During 2005/2006, ECBC committed over \$4.2 million in assistance as part of its Support to Business activities.

Advanced Glazings Ltd.

During 2005/2006, ECBC provided assistance to Advanced Glazings Ltd. (AGL). ECBC recognized the potential of this company since its inception in the mid 1990s. AGL is an innovator in daylight technology and has developed Solera®, North America's first high performance glass-based translucent insulating glazing for architectural daylighting. It has been awarded the 2006 Industry Award for Export Performance by the GLOBE Foundation of Canada.

The use of Solera® in the Port Hawkesbury Civic Centre helped to earn the facility billing as one of the top 10 "world-class sport stadiums" by BusinessWeek magazine.



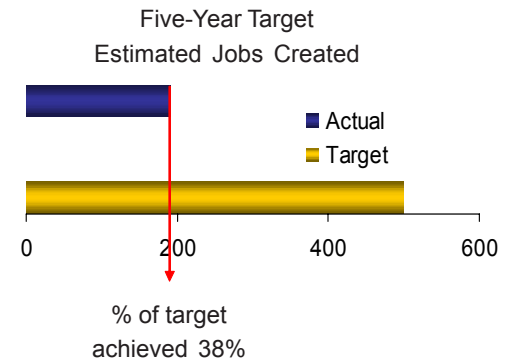
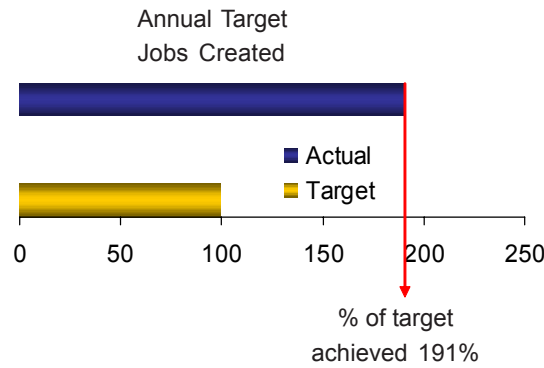
ECBC eCommerce Initiative

Recognizing the vital importance of eCommerce as a business tool, ECBC implemented an eCommerce Initiative for businesses on the Island. The eCommerce Initiative assists local businesses in adopting an internet presence in the form of an informational web site and/or fully functional eCommerce web site. The web sites build a strong technology infrastructure, giving businesses on Cape Breton Island a competitive edge by making locally produced products more accessible to international markets. During 2005/2006 ECBC assisted 24 businesses to adopt an e-Commerce presence.

Estimated Number of Jobs Created

Annual Target
100 FTEs Created

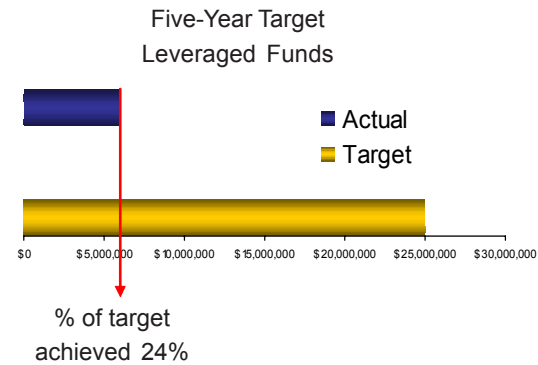
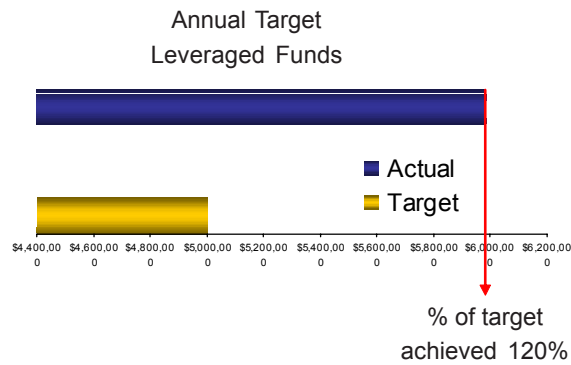
Five-Year Target
(2005/2006-2009/2010)
500 FTEs Created



Dollar Value of Leveraged Funds

Annual Target
\$5 M in leveraged funds

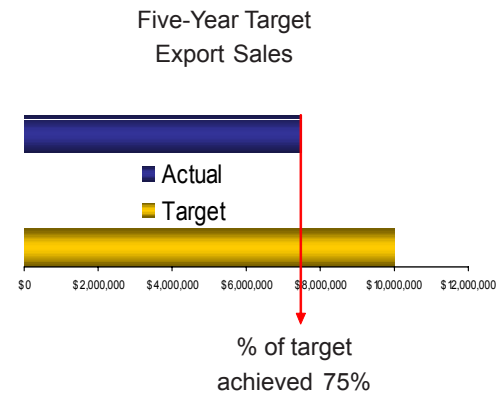
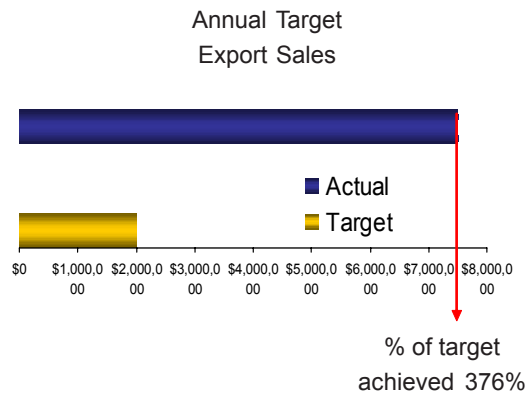
Five-Year Target
(2005/2006-2009/2010)
\$25 M in leveraged funds



Dollar Value of New Export Sales

Annual Target
\$2 M in new export sales

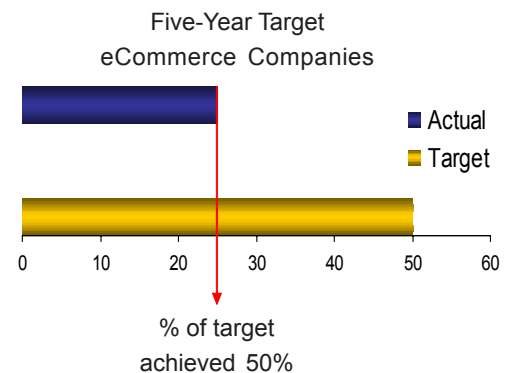
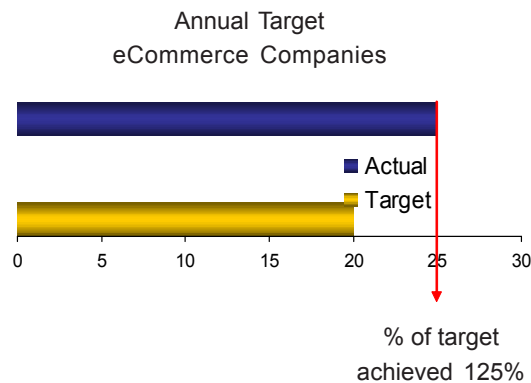
Five-Year Target
(2005/2006-2009/2010)
\$10 M in new export sales



Companies Assisted by eCommerce Initiative

Annual Target
20 companies

Five-Year Target
(2005/2006-2009/2010)
50 companies



SUPPORT TO COMMUNITIES



Objective

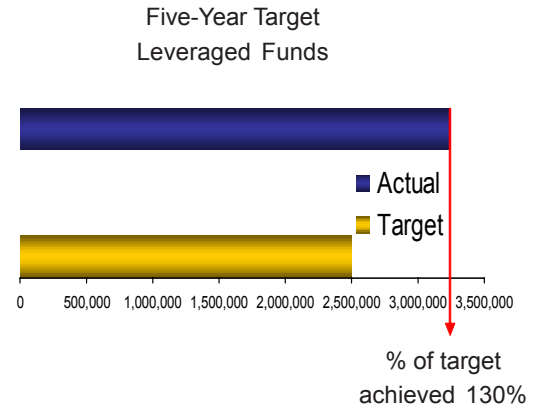
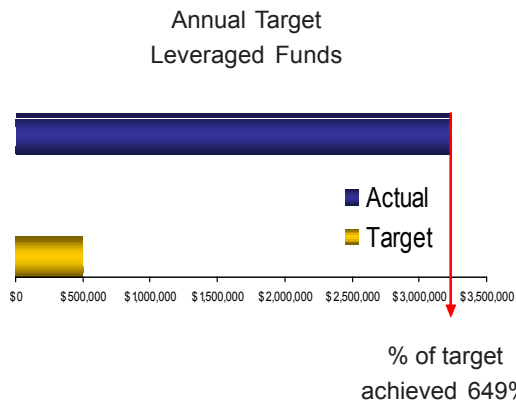
To help communities plan and implement community development projects that have a direct link to long-term, self-sustaining economic activity.

ECBC works alongside community development organizations to advance the economic development priorities of communities on Cape Breton Island. Community development takes many forms, ranging from strategic planning and infrastructure, skills development, to the numerous festival and events around the Island.

Dollar Value of Leveraged Funds

Annual Target
\$500,000 in leveraged funds

Five-Year Target
(2005/2006-2009/2010)
\$2.5 M in leveraged funds



The Corporation exceeded its annual target for leveraged investment. During 2005/2006, the Corporation leveraged \$3.2 million under its Support to Community activities.

Festival and Events



The Corporation launched the Festivals and Events Initiative in fiscal year 2002/2003. Since that time, ECBC has provided approximately \$729,000 in funding assistance to 214 festivals and events throughout Cape Breton and the Mulgrave area.

A recent economic impact analysis of the program, by MRSB Consulting Services, determined that during the four years of program funding:

- Over 1.12 million people, of whom 27% were off-Island visitors, attended the festivals and events .
- Approximately 300,000 off-Island visitors generated:
 - a positive economic impact of \$76.2 million on the GDP of Cape Breton;
 - created 2,621 person years of employment for the area; and
 - added approximately \$19.6 million to provincial and federal tax revenues.
- Based on the net economic impact or GDP, the total contribution to the Cape Breton economy from every \$1 in Festivals and Events Program funding is \$104.

During the year, ECBC assisted a number of convention and sporting events including the Canadian Aboriginal Science and Technology Society (CASTS) Conference , the 2006 Esso Women's National Hockey Championship and the Royal Canadian Golf Association 2005 Canadian Amateur Championship.

CASTS Conference 2005



The CASTS Conference 2005 attracted over 315 Aboriginal and non-Aboriginal participants from across Canada and internationally. The event was held in Membertou First Nation from September 22 - 24. The conference featured a number of events that provided conference participants with an opportunity to appreciate and discuss Aboriginal research and research projects.

2006 Esso Women's National Hockey Championship



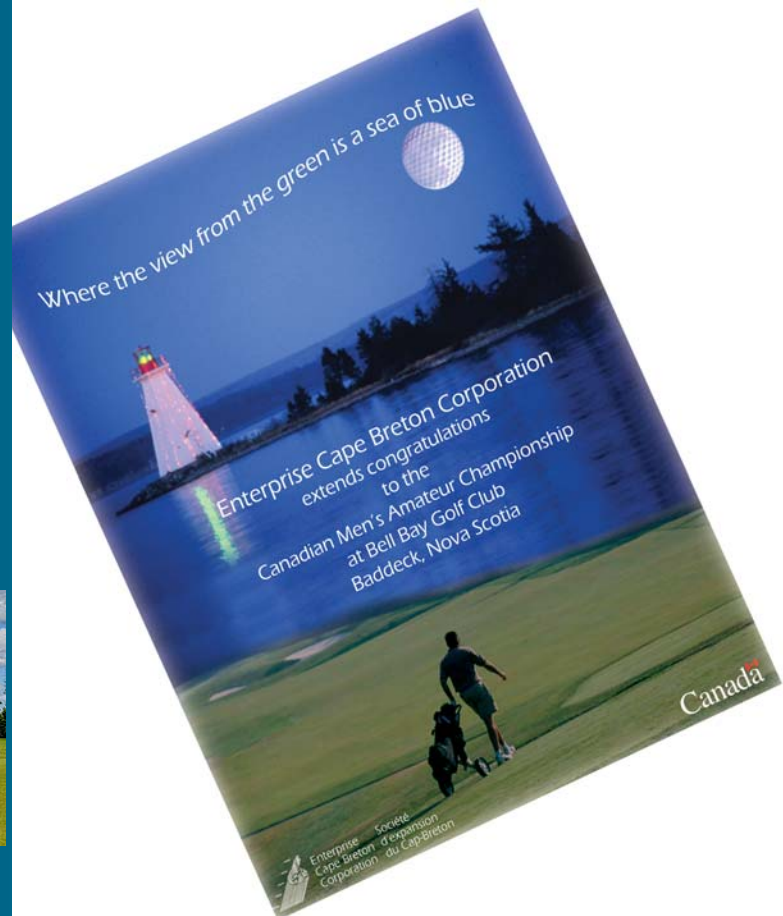
Enterprise Cape Breton Corporation

extends congratulations to the Esso Women's National Hockey Championship Organizing Committee on the unprecedented success of this year's event.

We applaud the dedication of the organizers and volunteers.



Canadian Golf Association 2005 Canadian Amateur Championship



INVESTMENT

Objective

To attract new business investment to Cape Breton Island.

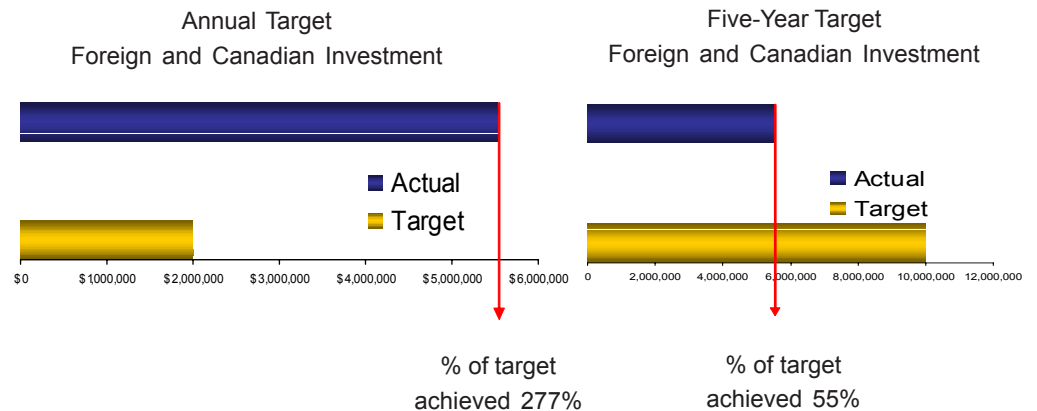
Increased awareness and promotion of Cape Breton are the primary means used by the Corporation to seek new investment to the region.

In August 2005, the Corporation participated in an investment mission to Ireland largely targeted at manufacturing industries. During the year, the Corporation was also a presenting sponsor at the Tourism Industry of Nova Scotia's "2005 Tourism Summit & Expo". In December, ECBC partnered with Nova Scotia Tourism, Culture and Heritage to support the Boston Tree Lighting Event.

Foreign and Canadian Investment

Annual Target
\$2 M in new investment

Five-Year Target
(2005/2006-2009/2010)
\$10 M in new investment



ECBC captures new investment by identifying foreign direct investment from outside Canada, as well as off-Island investment from within Canada. Exceeding its annual target, ECBC attracted an estimated \$5.5 million in new investment to Cape Breton during 2005/2006.

During 2005/2006, ECBC provided assistance to Federal Gypsum Corporation to establish a plant that will produce the province's first made-in Nova Scotia gypsum wallboard. It is anticipated that the plant will employ 80 people once operation begins.

ADVOCACY

Objective

To advocate for Cape Breton Island interests, priorities and concerns in government.

Through its advocacy activities the Corporation strives to ensure that the particular needs of Cape Breton are forefront in the minds of officials when looking at new and emerging government initiatives.

Specific areas of interest for the advocacy function during 2005/2006 were Aboriginal Community Development and Alternative Service Delivery.

Aboriginal Community Development

ECBC works in partnership with First Nations communities on Cape Breton toward the achievement of economic development goals.

During 2005/2006, the Corporation was involved in a number of committees and working groups where Cape Breton perspectives were highlighted. They include:

- Tripartite Economic Development Committee: a partnership between the federal and provincial governments and First Nations communities of Nova Scotia;
- Economic Development Officers Network: a voluntary group that meets on a regular basis to address issues relating to Aboriginal peoples; and
- Marshall Response Initiative: an initiative led by Indian and Northern Affairs Canada. It is part of the Federal Government response to the Marshall decision that includes a component for economic development in First Nations communities.



During 2005/2006, ECBC invested in the establishment of Membertou Information Management Services (MIMS). MIMS will be an information management services facility located at the Membertou Trade and Convention Centre on the First Nations Reservation in Cape Breton. MIMS will be a secure hosting facility capable of providing advanced information and Internet protocol services in five core areas. Membertou's data centre will work toward achieving ISO 17799 necessary to meet international standards for operating and data integrity. This data security certification will augment Membertou's ISO 9001 certification.

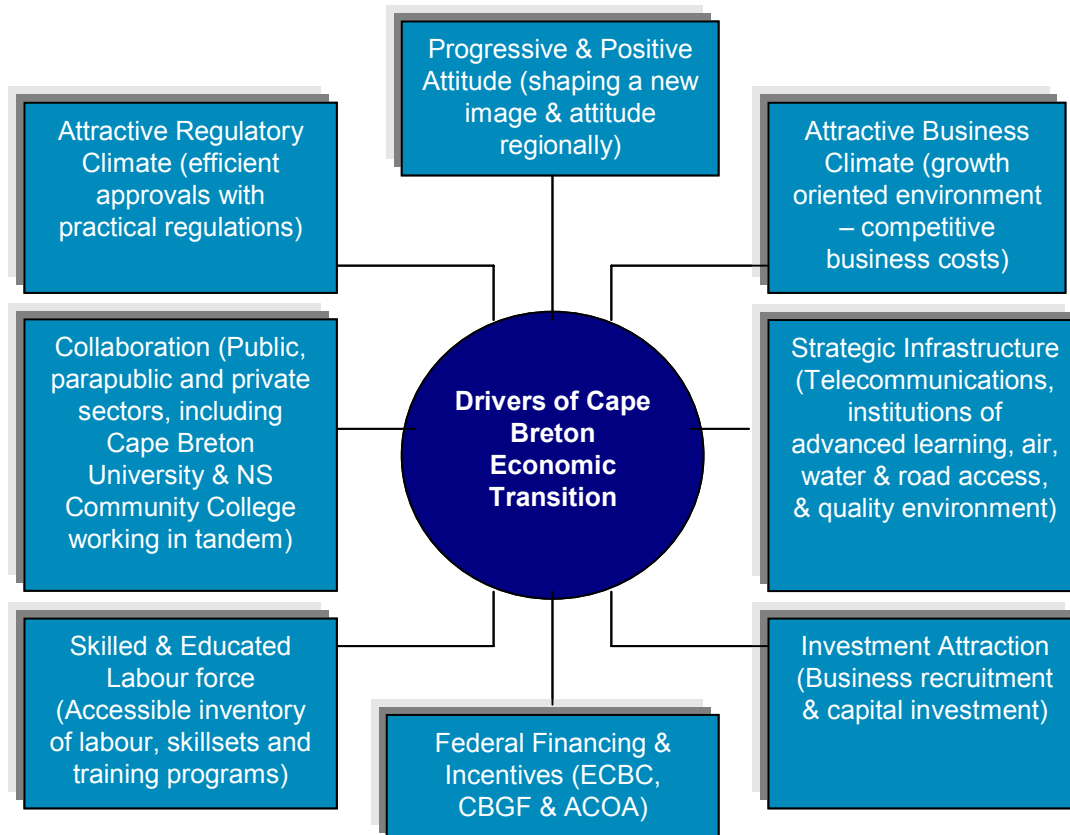
Alternative Service Delivery: Cape Breton Business Case

In 2005/2006, ECBC developed a business case for Cape Breton Island, which highlights Cape Breton's competitive advantage in terms of delivering programs, on behalf of the Government of Canada, should opportunities arise to decentralize government services to the regions.

The business case highlights the fact that Cape Breton "... is a modern and cost-effective commercial centre affording access to a range of services, structures and resources essential to efficient service delivery."

According to the business case, Cape Breton can be best characterized as having fashioned an economic development framework that incorporates key drivers that are recognized internationally. Global accounting giant, Deloitte & Touche LLP, argues that progressive economies have several basic elements in common. When operating in concert attributes like a positive attitude, available financing and incentives, strategic infrastructure, attractive business climate and the like contribute to the building of a prosperous economic context. As indicated in the illustration, Cape Breton has both a progressive and dynamic economic development framework.

Cape Breton Economic Development Framework



Source: Public Service Relocation: Advancing Regional Development. Cape Breton Business Case. Dan White & Associates Ltd. in association with Unsworth Kachafanas.

POLICY AND RESEARCH

Objective

To help provide a sound basis for the Corporation's policy priorities and programs.

ECBC research and analysis reflects and supports:

- emerging local economic issues;
- structural challenges and opportunities;
- sector specific considerations;
- federal policies;
- ECBC's program and development initiatives; and
- the need for ongoing performance management and evaluation.

During 2005/2006, ECBC Policy Unit carried out five research studies. Each of the five studies are described below.

Development of an Integrated Risk Management Framework for ECBC

ECBC contracted the consulting firm of Deloitte & Touche LLP to establish a risk framework for the Corporation. The framework clearly defines and documents risk areas, fully integrating them with strategic and operational processes. This development of the framework leveraged the Integrated Risk Management Framework that was established by the Treasury Board Secretariat in 2001.

Federal Development Impact on Municipal Tax Base on Cape Breton

The Corporation also commissioned a review of all programs delivered by ECBC over the last several years to determine the affect they have had on the tax base of the various municipal governments within ECBC's mandate area. The study produced some interesting results.

- The tax revenue direct contribution rose from \$767,983 in 2000 to \$4.7 million in 2005.
- ECBC's contribution of \$40.2 million to the municipal infrastructure projects leveraged \$90.0 million over the 2000/2005 period.

Economic Impact of the Festival and Events Program

The Corporation launched the Festivals and Events Initiative in fiscal year 2002/2003. Since that time, ECBC has provided approximately \$729,000 in funding assistance to 214 festivals and events throughout Cape Breton and the Mulgrave area. During 2005/2006, the Corporation commissioned an economic impact assessment of the initiative.

The study determined a significant economic return on the Government of Canada's investment. Based on the net economic impact or GDP, the total contribution to the Cape Breton economy from every \$1 in Festivals and Events Initiative funding is \$104.



Public Service Relocation: Advancing Regional Development



In 2005/2006, ECBC commissioned the development of a business case for Cape Breton Island, highlighting Cape Breton's competitive advantage in terms of delivering programs on behalf of the Government of Canada.

The business case determined that Public Service relocation to regions, such as Cape Breton, could provide significant benefits for both the region and the Government of Canada. The Cape Breton economic context is conducive to operational cost-savings that can benefit federal departments and agencies. In addition, decentralization could make a significant impact on regional economic development efforts. New jobs would be created, important synergies can emerge, overall capacity can be enhanced and the combined direct, indirect or induced economic impact can be considerable. It was determined that the dispersal of 350 jobs has the potential to generate a combined new labour income of greater than \$32 million. In an economy the size of Cape Breton, this is a considerable amount.

Review of the Cape Breton Growth Fund Corporation

In August 2000, the CBGF Corporation was incorporated as a subsidiary of ECBC. The CBGF was established to deliver the economic adjustment funding made available by the Government of Canada and Nova Scotia in the wake of the Government of Canada's decision to phase out DEVCO's Phalen mine and privatize its assets. With the fund almost fully committed by 2005, ECBC commissioned an evaluation and economic impact analysis of the CBGF to determine its effectiveness in carrying out its mandate.

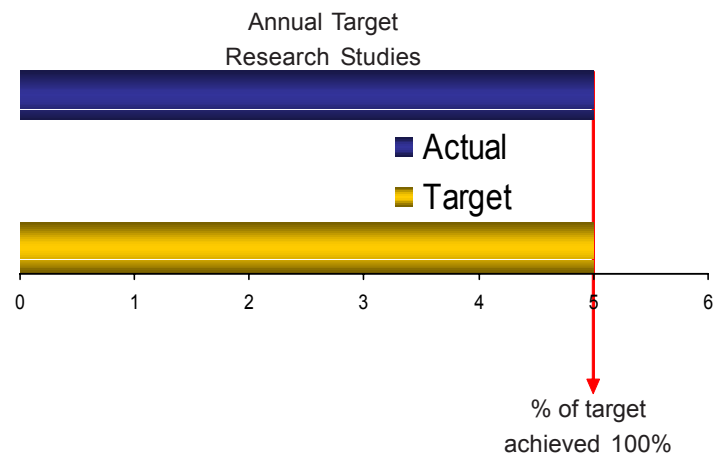
The study revealed that the economic impact of the CBGF is significant:

- The CBGF created 4,648 person years of employment in 2004, 92% of which was sustainable, long-term employment.
- The CBGF generated \$163.1 million in total GDP in 2004.
- The CBGF generated \$123.8 million in total household income in 2004.
- The CBGF generated increased tax revenue in the amount of \$38.9 million in 2004.

Number of Research Studies

Annual Target
4 - 6 new research studies

Five-Year Target (2005/2006-2009/2010)
20 - 30 new research studies



DELIVERY/SERVICE AGENT FOR THE GOVERNMENT OF CANADA

Objective

To deliver programs and services, on behalf of government organizations, 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 employment opportunities in the region.

ECBC DELIVERS THE FOLLOWING PROGRAMS ON BEHALF OF ACOA:

Business Development Program

The intention of this program is to help small- and medium-sized enterprises (SMEs) establish, expand and modernize. It offers capital in the form of interest-free, unsecured loans. These loans are either repayable or non-repayable. The Business Development Program (BDP) also provides support to non-profit organizations that service Atlantic Canadian businesses.

Consultant Advisory Services

This program provides business clients with expert consulting to help them take advantage of business opportunities and solve problems.

Infrastructure Canada

Launched in 2000, this program (a six-year partnership agreement signed by the federal and provincial governments) is designed to accelerate economic recovery. Through investing in the local community, short- and long-term employment is created while renewing and enhancing physical infrastructure.

Community Futures Program

This program supports independent, not-for-profit CBDC's. The CBDC's provide rural entrepreneurs with access to the information, advice and capital required to be successful.

Atlantic Investment Partnership *Second Wave*

In 2000, the Atlantic Investment Partnership (AIP) was launched to support economic development in Atlantic Canada. In 2005, the AIP has entered its second phase with a new, five-year \$708 million initiative that addresses areas that are fundamental to continued economic growth - investing in innovation, investing in communities, investing in people (women, youth and business skills), and investing in the business climate (trade, investment and tourism).

ACOA Programs 2005/2006 (Commitments)	Number of Projects	Assistance
Business Development Program	43	\$ 5,801,010
Consulting Advisory Services	19	\$ 138,436
Infrastructure Canada*	18	\$17,678,654
Atlantic Investment Partnership		
- Innovative Communities Fund	8	\$ 4,573,102
- Atlantic Innovation Fund	1	\$ 2,607,743
- Community Futures	5	\$ 178,462
- Women, Youth and Business Skills	11	\$ 448,841
- Trade, Investment and Tourism	2	\$ 75,400

*Reflects assistance from July 2001 to September 2005

The Cape Breton Growth Fund Corporation

Incorporated in August 2000, the CBGF has its own Board of Directors and reports separately to Parliament through its corporate plan and annual report. ECBC entered into an MOU with the CBGF to provide administrative and operational support. Staff was assigned by ECBC to support the Board of Directors and operations. Results and annual reports for the CBGF can be found on the website at www.cbgf.ca/.

Kolara Investments

CBGF also invested in the development of a four-storey, 84,000 square foot professional office tower to be named Health Park, which when operational will accommodate a cluster of health industry professionals.

CBU Endowment Fund

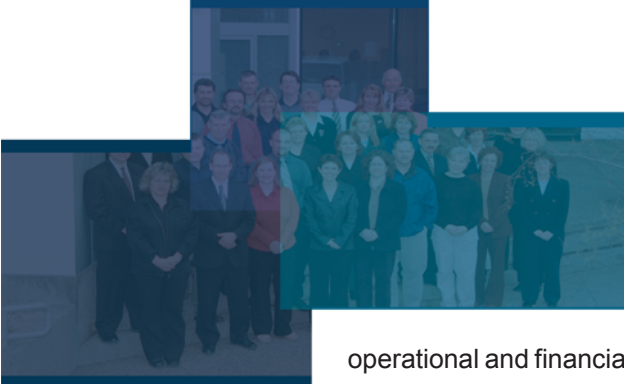
During the year, the CBGF committed a \$2 million contribution to the Cape Breton University (CBU) Scholarship Endowment Fund. In May 2005, CBU launched a public fundraising initiative designed to double the university's endowment fund from \$7 to \$14 million. In ten short months, the University has surpassed its goal by increasing the fund to over \$15 million.

Inverness Golf

During 2005/2006, CBGF invested in the development of a Scottish Links style, world-class signature golf course at Inverness.



OPERATIONS



To consolidate real property management, ECBC reactivated DARR (Cape Breton) Limited in 2003 as a real estate holding company in order to promote economic development in Cape Breton.

DARR (Cape Breton) Limited deals with the acquisition and disposition of properties that financially benefit Cape Breton by encouraging private sector investment. DARR follows the policies of ECBC and reports its operational and financial activities at all ECBC Board meetings.

In March of 2003, ECBC purchased the Silicon Island Art and Innovation Centre (for the purchase price of \$1.00) and MacDonald House (for the purchase price of \$208,000). Financial projections from an independent professional confirm the Silicon Island relocation will provide annual rental savings to the Government of Canada in excess of \$300,000.

ECBC also operates, through DARR, the Point Edward Resource Centre and the Port Hawkesbury Business Facility.

Progress

Over the past year, ECBC - through DARR (Cape Breton) Limited:

- Renovated a section of Silicon Island for DEVCO – another Crown corporation – to become a tenant.
- Added a 3,200 square-foot addition to MacDonald house for a tenant who is committed to a four-year lease.
- Renovated the exterior of MacDonald House to match the new addition (new doors, new windows, soffit, fascia).
- Completed land transactions for Cape Breton Power to put up their Renewable Energy Project (windmills) in Lingan.

DARR (Cape Breton) Limited is also very close to completing a mass transfer of properties from DEVCO.

HUMAN RESOURCES

ECBC is committed to creating an environment respectful of the contributions of its employees. The organization promotes workplace diversity and consistently strives to provide the highest quality services and support to all staff.

Our employees are a diverse, unified team, who are committed to client service and the public interest. In order to allow staff the ability to perform with integrity and professionalism, ECBC ensures opportunities exist for personal employee growth, through job enrichment, cross-training rotation and education.

Collectively and individually, the staff members are committed to learning and using new or existing tools, mediums and technology to improve productivity. In the past year, all of the Corporation's employees had the opportunity to attend a range of training programs. Sessions offered included: full-time in-house French language training, leadership training, quality and excellence in Public Service, effective presentation sessions and a variety of programs offered through the Canada School of Public Service. Through both training programs and staff education, ECBC has invested approximately \$80,000 in 2005/2006.

Because our employees come from many different backgrounds, experiences and perspectives, management of the Corporation makes every effort to sustain an environment where staff members are able to balance work and personal responsibilities. Employees are offered flex time, personal days and a generous benefit package – including health and dental care, as well as an employee assistance program.

Many ECBC employees have significant private-sector experience, contributing to the overall success of the Corporation as a socially connected entity. Over 16% of the staff hold professional designations and 6% have Masters degrees. Approximately 19% of staff members are bilingual.

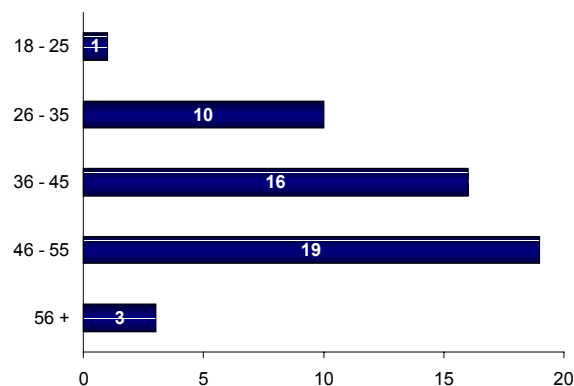
ECBC has two locations to serve clients in its mandate area. The main office, located in Sydney, Nova Scotia, is the day-time home to 49 workers. The Corporation also has a satellite office in Port Hawkesbury, which is staffed by two employees.

ECBC human resource development initiatives address both current and long-term needs of the organization. Senior management at ECBC is acutely aware of the need to encourage and develop managerial talent and has adopted a management succession plan. Through a combination of recruitment, work place training and special assignments, the succession plan provides an orderly transition of vital responsibilities within the organization should current staff move on or retire.

AVERAGE AGE	
All Staff	44
Senior Management	48
YEARS OF SERVICE	
Less than 10 years	29
10 - 29 years	19
30 year +	1
TOTAL STAFF COMPLEMENT	
	49

ECBC 2006

EMPLOYEE DEMOGRAPHICS BY AGE GROUP (MARCH 31, 2006)



Internally, ECBC is divided into a number of administrative units that report to the Vice President, who also serves as the Chief Operating Officer.

The operational units consist of:

- commercial programs;
- development;
- internal audit;
- corporate services;
- access to information and privacy;
- operations; and
- communications

Lending a Hand

Staff members of ECBC have always taken time out of their busy work schedules to make a difference in their communities. They are fellow Cape Bretoners, with a vested interest in the economic growth of the Island. By devoting time to help their neighbors, ECBC employees provide a valuable service to the people they live and work with. As an added benefit, volunteering affords them the opportunity to gain a better perspective of the world around them, which indirectly ensures the continued success of ECBC's mandate. Helping the local community is a top priority at the office and at home.

In your Community

The staff at ECBC generously gave their time, talent and money to various community-driven initiatives over the past year.

During the month of April employees participated in the Canadian Cancer Society's Daffodil Day for Cancer Research Campaign, raising funds to support cancer research.

ECBC employees decorated their offices with colourful Gerbera flowers to raise money for the AIDS Coalition in Cape Breton.

Big Brothers/Big Sisters Bowl for Kids' Sake was a noisy success again this year. Employees enthusiastically organized bake sales and friendly in-house competitions to raise money before hitting the lanes to proudly (and loudly) show their skills.

Once again, The United Way Campaign proved to be a positive experience. The generous donations of employees again resulted in their receiving the Gold Employee Group Contribution level.

Employees found a way to support the local community by taking a break from regular business attire and sporting their denims every Friday. All funds raised from "Casual Fridays" went to support the Every Woman's Centre which helps needy families.

An ambitious group of ECBC staff members took part in the 16th Multiple Sclerosis (MS) Bike Tour in mid-August of last year. A great showing of 384 bike riders took part in the tour to support research for MS. Our power-peddling employees pumped their way through Musqodobit Harbour to Truro and back again, covering approximately 170 km.

ECBC's social committee also organizes a number of social events and activities throughout the year and ensures that important staff milestones are appropriately recognized. After all, co-workers are some of the most important neighbors of all!

Hats Off

Over the years, staff members at ECBC have been recognized as advocates for community involvement for a variety of reasons. Whether they are coaching minor hockey or baseball; volunteering at local schools; fundraising; or simply supporting community-driven initiatives; employees of the Corporation are giving back to the communities they call home. This past year alone, the combined efforts have produced a monetary amount of approximately \$10,000 for the various charitable fund raising efforts.



CORPORATE SOCIAL RESPONSIBILITY

ECBC strives to achieve balance in the incorporation of social, economic, and environmental initiatives within its workplace. The Corporation's views on corporate social responsibility promote the principles and values of Canadian citizens to the rest of the world.

Ethics and Values

Canadians expect their government representatives to employ the values of respect, integrity and accessibility. At ECBC, officials regularly review human resource policies to guarantee individual actions, decisions, and daily behaviors are of the highest ethical standards. Commitment to ethical professional behavior is expected of every member of the ECBC team.

Employees must also respect the privacy rights of corporate clients. ECBC has implemented a privacy policy outlining employee obligations governing the collection, use and disclosure of personal information and recognizing an individual's right of privacy.

The Code of Conduct for ECBC also ensures that employees and representatives conform to the utmost standards of conduct with regard to conflict of interest. Employees and representatives of ECBC should act in a manner that is representative of the Corporation's best interests. ECBC employees and representatives should have no conflicts of interest arising from business dealings, social ties or other considerations.

Human Rights

ECBC ensures that the principles of equal opportunity and non-discrimination are followed in all areas of the Corporation. Negative or adverse treatment of any person because of age, race, colour, religion or any other prohibited ground of discrimination, is not tolerated. ECBC adheres to all rules and regulations of the *Canadian Human Rights Act*.

ECBC regularly reviews its human resource policies to ensure that the atmosphere of the workplace is of the utmost quality. ECBC has an official harassment policy. The Corporation is also dedicated to promoting the prevention of discrimination and harassment in the work environment. Non-management employees have completed a harassment training course and are available to deal with any potential problems.

Protecting the Environment

Our beautiful planet constantly bears the daily pressure of billions of residents creating waste, restructuring landscapes, consuming electricity and polluting the air. It has carried us as its precious cargo for billions of years through cosmic space. Cape Breton is one of the most spectacular regions on earth and ECBC is committed to maintaining its natural beauty and preserving its many resources.

In the interest of sustainable economic development, the Corporation takes every environmental precaution when evaluating potential projects. Although the Corporation is not required to adhere to the *Canadian Environmental Assessment Act*, ECBC follows the process established by the Act. Working through Public Works and Government Services Canada, hopeful projects are assessed for environmental impact.

Internally, the Corporation has taken many steps to ensure that it is an environmentally friendly organization. A recycling program is in place and steps are taken to reduce paper and energy waste.

OFFICIAL LANGUAGES/COMMUNICATION AND GOVERNMENT ON-LINE

OFFICIAL LANGUAGES

The first *Official Languages Act* (OLA), which was enacted in 1969, and the Parliamentary Resolution on Official Languages in the Public Service, which was passed in 1973, declared that English and French would enjoy equality of status in all institutions of Parliament and of the Government of Canada.

A new *Official Languages Act* came into effect in 1988. This new OLA and the Official Languages Regulations, adopted in 1991, not only gave effect to the guarantees provided for in the 1982 Canadian Charter of Rights and Freedoms, but also set out the criteria for communications with the public and the delivery of services to the public and to federal employees in English and French.

- Federal Legislation on Official Languages

With a bilingual staff complement of over 19%, ECBC fully conforms to the rules and regulations of the OLA, both in its operations and in its outreach activities. Minority language communities in the Corporation's mandate area work directly with a designated development officer to provide equal opportunities for Francophone community groups and businesses.

To create an environment conducive to the use of both French and English in the workplace, ECBC undertook steps in 2005 to establish a full-time French language training facility for employees. Although ECBC maintains a core bilingual staff able to provide the Corporation's various programs and services in both official languages, unilingual employees are encouraged to take part in language training. The Corporation has also appointed an official languages champion who liaises with the Treasury Board of Canada Secretariat and other Crown corporations for the promotion of official languages, both within the Corporation and its mandate area.


As a Crown corporation, it is not mandatory for ECBC to participate in the co-ordination activities of the Department of Canadian Heritage in accordance with section 42 of the OLA. Given the Corporation's economic mandate, however, and its importance to the minority language communities, ECBC works with ACOA in the formulation of its action plans.

COMMUNICATION

We are living in a new age. There are now greater public expectations of the responsibilities of government. Global media and the dynamics of on-line communication add a new dimension to accountability. These factors add yet another dimension to how the world communicates. At ECBC, our mandate has not changed, but our clients and our audiences have, as well as the technology they make use of.

Although technology has changed, the goals and priorities of ECBC's Communications unit remain the same: to assist clients to formulate successful announcement strategies, develop efficient internal and external communication policies and "tell the story" to the public - accurately and effectively.

In order to do this well, the Corporation and employees of all departments must engage in every facet of the local economy. Ongoing policy and research activities allow ECBC officials to competently comment on and even analyze the economic moods of the community they serve.



ECBC projects have affected nearly every community in the Corporation's mandate area. To continue to encourage a sense of pride and inspire future ambition, it is vital to recognize, celebrate and communicate these investments to the communities involved.

Over the past year, ECBC has issued 37 media releases for successful projects and participated in three tradeshows - as both a corporate sponsor and an exhibitor. An already designed interactive tour of ECBC on DVD will soon become a unique tool for future tradeshows, client information packages and presentations. This past fall, the ECBC Communications unit worked intimately with a local marketing company to ensure every aspect of the Corporation could be visited via home computers or DVD players.

Some of our most successful communications strategies over the past year were the result of confident partnerships between the Corporation, our clients and other levels of government. A good example of such a partnership is ECBC's working relationship with the CBGF Board of Directors to promote Cape Breton as a prime business location.

Working directly with ACOA, the ECBC Communications unit continues to assist and promote a number of initiatives related to entrepreneurship, innovation, trade and women in business.

The Corporation's in-house graphic design capabilities allow us to maintain an exclusive and unique flavour for the design and management of our public affairs materials. Operational and promotional ads were created and placed in various newspapers and magazines throughout the year. The Corporation is also afforded the luxury of producing its own annual report as a direct benefit of this capability.

Today, thanks to real-time coverage and the news media, the Communications unit is expected to be one of the most efficient units within the Corporation. Events and coverage of the events occur almost simultaneously.

ECBC will persist to creatively communicate the future development of its programs, policies and regulations as they relate to economic development in Atlantic Canada, in the ever-changing medium of choice and in both official languages.

GOVERNMENT ON-LINE

The Internet is a very unique human invention. It is unlike any other in terms of both size and effect. It is a global resource; vital to all the people of the world. Like any other system, our understanding of the Internet is evolving and changing, even as it continues to develop.

The rapid upsurge of the Internet in the 1990s, though the process actually started decades earlier, demonstrates that our society is becoming more and more comfortable living in the high-tech world.

Recognizing the importance of this ever-accessible communication tool, while at the same time fulfilling its vision of addressing the long-term economic development needs of the community, ECBC proudly participated in the Government On-Line (GOL) initiative.

GOL was an ambitious government-wide project which attempted to use information and communications technology to give Canadians enhanced access to citizen-centered, integrated services - anytime, anywhere. Simply put: on-line access. The initiative was projected to succeed by the end of 2005.



Objectives Achieved

The GOL initiative (October 1999 - March 2006) met its goals. Atlantic Canadians and international clients now have a more available government, where information and services are available 24/7 around the world, in English or French.

At the end of 2005, services were active and on-line, representing the dedication and cooperation of 34 participating federal departments and agencies, municipal administrations and a number of provincial and territorial governments.

ECBC actively worked with ACOA to implement the Secure Channel on-line services for ACOA clients. Through ACOA, and Public Works and Government Services Canada, ECBC was able to tap into the infrastructure necessary to implement Secure Channel process and on-line services for ECBC clients.

These new Internet services range in scope for ACOA clients and Government of Canada site visitors, from the simple funneling of information, to the completion of real-time interactions. When offered to Canadians, the service convinced 30% of its users to switch to the electronic channel to complete transactions with their government.

The Next Step

The process is not yet complete. Collectively we must evolve to keep in step with the rapidly expanding electronic age; a task which demands we keep up-to-date with the wants and needs of the internet generation; the real-time, computer savvy clients of the present and the future.

To that end, further enhancement to ECBC's existing Internet service may include secure on-line application submission. Of course, all on-line transactions are protected and secure and personal information is safeguarded.

We will continue to prepare to accommodate an increased volume of on-line users. Working together, we will maintain consistent on-line delivery of current and relevant information to entrepreneurs from all age groups, existing businesses, business associations, academia, provincial and other government departments, internal staff and media.

CORPORATE GOVERNANCE

In today's global economic environment, information and accountability have become two very powerful forces driving the world market. ECBC's governance responsibilities rest with well-informed Board members and knowledgeable management employees who strive to promote transparency and accountability. These individuals are also committed to ensuring ethical performance throughout the Corporation.

The ECBC Board of Directors met four times during 2005/2006. Two of the Corporation's Board members will not be returning after their current term has ended since both individuals have served two consecutive terms. Four directors were able to participate in a specialized financial training session. There were no vacancies or new appointments during the year.

As part of its regular review of policies and procedures, the Board introduced and approved a new flex-time policy this year, which allows employees to work extra time during the work week in order to draw on one day per month for personal use.

Progress

In February 2005, the Government tabled its report Review of the Governance Framework for Canada's Crown Corporations. The review identified 31 measures for improving the governance of Crown corporations. ECBC had already implemented several of these recommended guidelines by the time the report was published.

As a follow-up to this report, Treasury Board extended an invitation to the Corporation to attend a meeting on October 18, 2005 in Ottawa. The meeting reviewed progress on the efforts to fully implement the Review of the Governance Framework for Canada's Crown Corporations. The Chief Operating Officer, accompanied by the Corporate Secretary, attended the meeting on behalf of the Corporation.

Audit Committee

Currently, the Audit Committee is chaired by Sonny MacDougall, CA. Other members of the Audit Committee include Ferne MacLennan and Betty Ann Aucoin. The Audit Committee is assisted in its duties by the Internal Audit Unit, as well as the Director General, Corporate Services.

The Office of the Auditor General of Canada also participates in many of the Audit Committee's meetings. The Audit Committee convened four times during the fiscal year ended March 31, 2006 in the course of performing its duties and functions, which include reviewing (and advising the Board of Directors in respect to) the financial statements and related auditor's report that are included in this annual report. The Audit Committee also takes an active role in recommending approval of loan impairments, forgiveness and write-offs.

Auditor General's Award

In an effort to promote excellence in annual reporting, the Office of the Auditor General of Canada conducts an annual award program to identify and recognize outstanding annual reports. The Corporation's annual report for 2005 received the Auditor General's Award for Excellence in Annual Reporting by Crown Corporations; recognizing exemplary achievements in annual reporting among Crown corporations.

ECBC was the winner in the smaller corporations category in 2005, after being considered as a finalist for the two previous years. The criteria used to judge the reports included content, quality of information and presentation.

BOARD ATTENDANCE AND RENUMERATION	MEMBERS	BOARD MEETINGS	AUDIT COMMITTEE	GOVERNANCE TRAINING	RETAINER	PER DIEMS
	Monique Collette	4	N/A	N/A	N/A	N/A
Rick Beaton	4	N/A	N/A	N/A	N/A	N/A
Ferne MacLennan	3	3	1	\$2,500.00	2,000.00	
Betty Ann Aucoin	4	3	1	\$2,500.00	1,750.00	
Gary Corsano	3	N/A	1	\$2,500.00	1,000.00	
Sonny MacDougall	4	4	1	\$2,500.00	2,250.00	
Robert McFadgen	4	3	-	\$2,500.00	1,750.00	

ENTERPRISE CAPE BRETON CORPORATION

REVIEW OF GOVERNANCE FRAMEWORK

On February 10, 2004, the Government of Canada announced a package of initiatives to strengthen transparency and accountability across the federal public service. Included in this package was a commitment to take a thorough look at the governance and accountability framework for all of its Crown corporations.

The resulting report entitled *Meeting the Expectations of Canadians - Review of the Governance Framework for Canada's Crown Corporations* was tabled in the House of Commons one year later. The report identified 31 measures to strengthen oversight, management and accountability in Canada's Crown corporations. As of the date of printing this annual report, ECBC has implemented several of these measures:

PROPOSED MEASURES	IMPLEMENTATION STATUS
MEASURE #1 The government will clarify the accountability structure for Crown corporations, included in the FAA, in order to describe the relationships between Parliament, the responsible Minister, the Board of Directors and the CEO.	Awaiting government implementation.
MEASURE #2 The government will affirm, including through amendments to the FAA and other relevant statutes, that the responsible Minister is its representative.	Awaiting government implementation.
MEASURE #3 To improve the communication of policy objectives and priorities from the government to Crown corporations, the responsible Minister will issue a statement of priorities and accountabilities to Crown corporations within his or her portfolio. The statement will be discussed beforehand with corporate management and the Board, but ultimately it will reflect the government's policy expectations for the corporation. The statement will be subject to an annual review and help form the basis for a periodic review of the corporation's performance.	Awaiting government implementation.
MEASURE #4 In order to reaffirm that Boards of Directors are accountable for the activities and performance of the corporation to the responsible Minister, the government will embody the role and the responsibilities of directors in Part X of the FAA and in other enabling statutes.	Awaiting government implementation.

PROPOSED MEASURES

IMPLEMENTATION STATUS

MEASURE #5

The government will review the appointment of public servants as directors on the Boards of Crown corporations with a view to restricting or eliminating their participation. The government will take administrative action, and where necessary seek legislative changes, to implement this measure.

ECBC has one public servant on its Board of Directors (Chair - Monique Collette).

MEASURE #6

The government will enact the legislative changes required to ensure a split in the positions of CEO and chair of the Board for Crown corporations.

Government and ECBC have initiated a process to separate these positions. Legislation of ECBC previously dictated the CEO and Chair as one position.

MEASURE #7

The government will require that the CEO be the sole representative of management to a Board of Directors.

The CEO of ECBC assumes the role of being the sole spokesperson for management to the Board of Directors.

MEASURE #8

To ensure that the Board may deliberate freely, and exercise the challenge function expected of directors, Board proceedings should remain confidential. The government will require that Boards of Directors of Crown corporations hold annual public meetings at which stakeholders could express their views and seek information about the activities of the corporations. Corporations are also encouraged to develop outreach activities to solicit input and feedback from stakeholders on an ongoing basis.

ECBC Board of Directors holds annual meetings with stakeholders. Meetings happen throughout the year as well.

MEASURE #9

To assist the work of Board members, the government will issue to every new director, upon appointment, a guidance letter that would make explicit the expectations of the government with regard to the role and responsibilities of directors under law and in practice. The letter would also include provisions related to the values and ethics of public office holders and disclosure of conflict of interest.

ECBC holds detailed presentations (orientation sessions) with each new director on roles, responsibilities, ethics, values, conduct and disclosure of conflict of interest.

MEASURE #10

To strengthen the corporate governance of Crown corporations, the government will work with Boards to adopt a charter that would define clearly the roles and responsibilities of the Board.

ECBC adopted a charter for Board and committees.

PROPOSED MEASURES

IMPLEMENTATION STATUS

MEASURE #11

To further enhance the skills and performance of Boards of Directors and building on current orientation programs, the Canada School of Public Service will establish additional training and professional development programs on public sector management and Crown corporations.

ECBC Board members take corporate governance training each year.

MEASURE #12

Consistent with good governance practices, the government will ask Boards of Directors to establish regular assessments of their effectiveness and the contribution of individual directors as a self-development tool. The assessment of the Board as a whole will be communicated by the Chair of the Board to the appropriate Minister.

ECBC Board conducts performance evaluations to assess their effectiveness in the form of a self-assessment checklist.

MEASURE #13

The government will require that Boards of Directors for all Crown corporations establish an audit committee.

- The committee would consist of a minimum of three members and would have the authority to engage independent counsel and expertise, as it deems necessary, to carry out its duties.
- The mandate of the committee should include the requirement to set up a process to investigate complaints related to issues of integrity and behaviour and to establish a risk assessment and management mechanism, as well as adequate controls and protocols to mitigate those risks.
- The audit committee would also adopt an audit plan that would be communicated to the Board of Directors.

ECBC has established an audit committee with three Board members, exclusive of management.

A risk management assessment has been completed.

An annual audit plan has been developed by the Audit Committee. Audit Committee reports are a regular Board agenda item.

MEASURE #14

All directors on the audit committee must be independent of management and have financial literacy. An individual with financial expertise must chair the activities of the committee. The government will be mindful of this requirement in the context of the selection and appointment process of directors.

ECBC Audit Committee Directors are financially literate and independent from management. The Chair of the committee is a Chartered Accountant.

PROPOSED MEASURES

IMPLEMENTATION STATUS

MEASURE #15

In order to enhance and protect the independence of the audit function, internal and external auditors will report directly to the audit committee.

Internal and External auditors report to the audit committee - AG's Office performs annual attestation audit as well as a 5 year special examination - Internal Audit assists the AG's office in performance of the Audit.

MEASURE #16

Selection criteria for chairs and Board profiles will be made public by the government. Similarly, Crown corporations will make CEO selection criteria available to the public.

ECBC's selection criteria for Board profiles are made public.

MEASURE #17

The government will develop a central Web site to solicit potential candidates for director and chair positions.

Awaiting government implementation.

MEASURE #18

The selection process for the CEO will be determined by the Board of Directors and will include, at minimum, advertising in either or both the *Canada Gazette* and the Corporation's Web site.

The ECBC Board of Directors is responsible for recommending the position of CEO.

MEASURE #19

The government will obtain references on all candidates for appointment as director or chair. In the case of CEOs, the Board's nominating committee will be required to do the same for any candidate it submits to the government for appointment. In addition, the government will continue to conduct background checks and ensure that candidates are not in a conflict of interest, prior to making any appointment.

Due diligence is performed and reference checks are completed prior to making any new appointments at ECBC.

MEASURE #20

The government will work closely with parliamentary committees to ensure a workable appointment review process that will not unduly delay necessary appointments.

Awaiting government implementation.

MEASURE #21

The government will amend the FAA and enabling statutes to provide for appointments for up to four years.

Awaiting government implementation.

PROPOSED MEASURES

IMPLEMENTATION STATUS

MEASURE #22

To respond to the public interest in non-financial issues, the Treasury Board of Canada Secretariat will produce a guidance document for Crown corporations on annual report specifications, including the Management's Discussion and Analysis Section and issues pertaining to values and ethics.

Awaiting government implementation.

MEASURE #23

In order to make the financing of Crown corporations more transparent, the government will also ensure that the Main Estimates document clearly identifies the funds allocated to each Crown corporation that receives parliamentary appropriations.

ECBC's appropriations are clearly communicated to its stakeholders and the community it serves.

MEASURE #24

In principle, the government supports the use of a certification regime adapted to the reality of public institutions. The Treasury Board of Canada Secretariat will examine, in consultation with Crown corporations, the development of a certification regime that would be applicable to all Crown corporations.

Awaiting government implementation.

MEASURE #25

The *Access to Information Act* should:

- be extended to 10 of the existing 18 Crown corporations currently outside the provisions of the Act by an Order in Council;
- not include seven Crown corporations until the government has developed mechanisms to protect their commercially sensitive information;
- not include the Canada Pension Plan Investment Board at this time because of its federal-provincial structure. Its inclusion will require provincial consent;
- be amended to include protection for journalistic sources.

ECBC now falls under the *Access to Information Act* and has staffed the unit accordingly.

MEASURE #26

The government will amend the relevant legislation in order to allow for the appointment of the Auditor General of Canada as the external auditor or joint auditor for all Crown corporations, inside or outside the purview of Part X, Divisions I through IV, of the FAA. In recognition of the specific needs of commercial Crown corporations, and in line with current practice with regard to several organizations, the government would encourage the Office of the Auditor General of Canada to work in partnership with private sector auditing firms.

The Auditor General of Canada is the external auditor for ECBC.

PROPOSED MEASURES

IMPLEMENTATION STATUS

MEASURE #27

The government will implement the necessary legislative changes to provide the Office of the Auditor General of Canada with the authority to conduct special examinations in all Crown corporations.

The Auditor General of Canada issued the most recent special examination report in October 2004.

MEASURE #28

The government will establish a more flexible system for the timing of special examinations, reflective of the level of risk related to each corporation. The risk analysis would be based on the complexity of the organization, the field of operation, and the changes taking place in the business and policy environment that may impact on the corporation. The Office of the Auditor General of Canada would have the responsibility for determining the frequency of special examinations for each Crown corporation. At a minimum, all corporations would undergo a special examination every eight years.

Awaiting government implementation.

MEASURE #29

The government will require that each special examination report prepared by the Auditor General of Canada be submitted to the Board of Directors, the responsible Minister, the Treasury Board, and Parliament, to maximize the value of these reports to Canadians. In accordance with the provisions of the FAA to protect commercial interests of a parent Crown corporation or a wholly-owned subsidiary of a parent Crown corporation, the government will work with the Office of the Auditor General of Canada to develop a protocol relating to the release of the special examination.

ECBC places its annual and special examination audit results on ECBC's website.

MEASURE #30

The government will ask the Advisory Committee on Senior Level Retention and Compensation to review the compensation provided to chairs and directors of Crown corporations.

Awaiting government implementation.

MEASURE #31

The government intends to develop regulations pursuant to the FAA to provide for an advance of costs to directors in much the same manner as in the *Canada Business Corporation Act*.

Awaiting government implementation.



RISK MANAGEMENT

As an economic development organization, ECBC is susceptible to risk as a result of the activities and processes it undertakes. In an effort to ensure that risks are identified, understood and managed to minimize their impact on the Corporation, ECBC developed a risk management framework in 2005.

As part of the process of developing the risk management framework, ECBC conducted a risk assessment in the spring of 2005. The focus of this initiative was to establish the foundation for a risk framework that would assist ECBC's management in the implementation of an on-going integrated risk management process. During the assessment, ECBC developed a profile of its current corporate risk areas and developed a risk framework to clearly define and document risk areas and fully integrate with strategic and operational processes. This process leveraged the Integrated Risk Management Framework that was established by the Treasury Board of Canada Secretariat in 2001.

To assist in the completion of the risk framework, ECBC contracted the consulting firm of Deloitte & Touche LLP. Deloitte was asked to review management's perspectives on risk and to establish a risk profile and framework. Deloitte compiled management's assertions of ECBC's inherent risks. Each risk was reviewed with management to determine methods to mitigate the risk. A mitigation plan was developed which identified mitigation strategies. Mitigation strategies include actions that could monitor, accept, transfer or further research the risk. General timing of the actions and the allocation of responsibility to ECBC business functions and/or individuals has been established.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING AND DEVELOPMENT ACTIVITIES

ECBC's total parliamentary appropriation was \$8.645 million in 2006 (2005 - \$12.65 million).

Development expenses in the form of non-repayable assistance totalled \$5.6 million. Of this amount, the Corporation provided \$2.4 million in direct support to business and \$2.9 million in support to communities. In addition, other areas of focus included in the Corporate Plan, such as policy and advocacy, totalled \$0.2 million.

(\$000s)	ACTUAL	CORPORATE PLAN
	2005/06	2005/06
Support to Business	\$ 2,428	\$ 5,814
Support to Communities	2,935	750
Investment	-	250
Policy & Advocacy	<u>208</u>	<u>250</u>
	<u>\$ 5,571</u>	<u>\$ 7,064</u>

In addition to the above-noted non-repayable assistance, the Corporation also provided repayable loans to businesses totalling \$2.8 million (2005 - \$4.9 million), which is not reflected in the above expenditures. The combined repayable and non-repayable assistance in 2006 totalled \$8.4 million, which is \$1.3 million greater than budget. Additional funds were made available to applicants by way of development assistance as a result of recoveries being \$0.5 million in excess of budget, combined with the savings in general and administrative expenses of \$0.5 million. The excess revenues relate to additional loans and repayable contribution collections, rentals, bad debt recoveries and other income. Therefore, it is felt the Corporation did indeed exceed its planned mandate.

PROGRAM SUPPORT

The Corporation employs 49 individuals delivering programs, administering payments, collections, trade and development work and various other functions. These individuals are located in offices in both Sydney and Port Hawkesbury to ensure that access to our programs and services is available locally to all clients within our mandate area.

Staff deliver ECBC, ACOA and CBGF programming. In order to better capture time spent in each area, the Corporation uses an electronic time-keeping system. All employees enter their time electronically and allocate the time to ECBC, ACOA and CBGF on a daily basis. The time system assists in providing a reasonably accurate reflection of time spent and costs recoverable for the program areas.

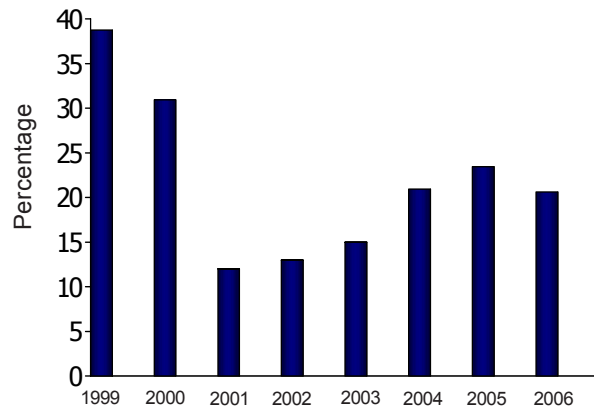
Administrative costs incurred in 2006 are reasonable in relation to budget and the prior year as detailed below.

(\$000s)	ACTUAL	ACTUAL	CORPORATE PLAN
	2005	2006	2006
General Administration	\$ 1,301	\$ 1,238	\$ 1,050
Program Support	<u>679</u>	<u>482</u>	<u>1,200</u>
	<u>\$ 1,980</u>	<u>\$ 1,720</u>	<u>\$2,250</u>

Program support costs are \$0.2 million less than the prior year and \$0.7 million less than budget due to a number of factors. Cost savings were realized as a result of staff departures and secondment arrangements in addition to an increased focus on cost containment given the Government of Canada's measures of expenditure review.

Overall, administrative and program support costs were \$0.5 million under budget, which translated into more monies being available to fund development projects in our mandate area.

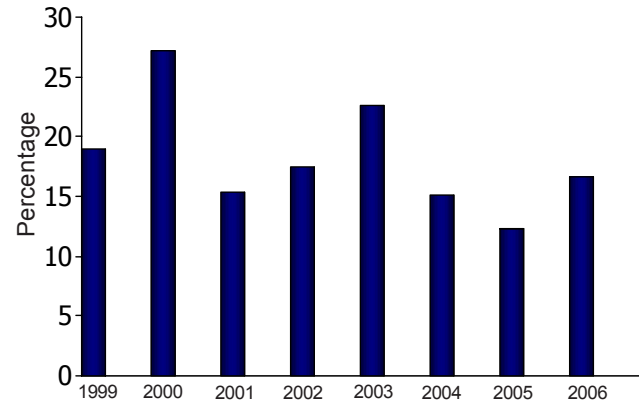
OVERHEAD AS A % OF DEVELOPMENT EXPENSES AND LOAN DISBURSEMENTS



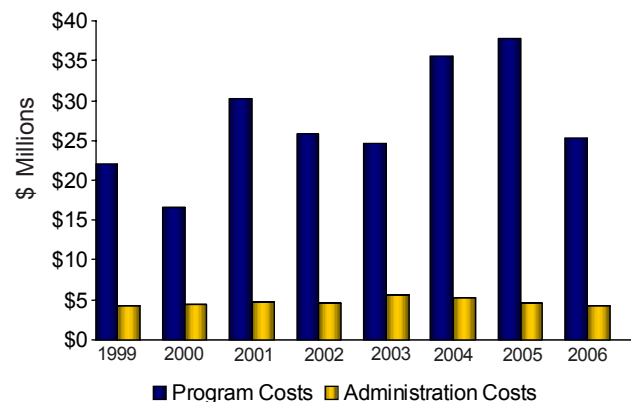
The percentage of overhead (administrative and program support) to development expenses and loan disbursements has decreased significantly from 1999. The percentage for 2006 is reported at 20.6% (2005 - 23.4%) compared with 38.7% in 1999.

The combined ECBC/ACOA program support costs are 16.6% (2005 - 12.3%) of the total programs delivered for ECBC and ACOA, which is reasonable in relation to the rates for the previous seven years (as displayed in the graphs below).

% OF PROGRAM SUPPORT COSTS



ECBC/ACOA PROGRAM AND ADMINISTRATION COSTS



CASH

The Corporation maintains cash in a Canadian chartered bank and receives interest on a monthly basis. Interest is calculated on the average monthly balance at prime rate minus 1.75%. At March 31, 2006, the cash balance was \$3.2 million and the interest rate paid by the bank was 3.69%.

LOANS

Several types of loan instruments are used by the Corporation including forgivable loans, interest-bearing loans, non-interest bearing loans and conditionally repayable contributions.

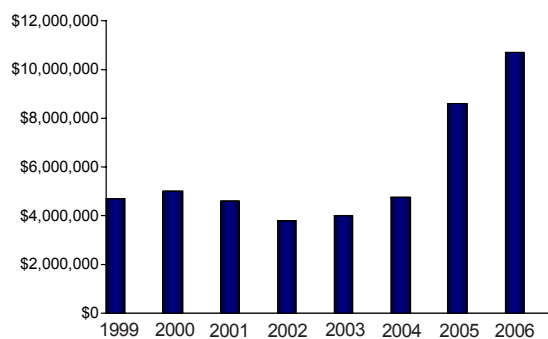
The amount of forgiveness and all conditionally repayable contributions are charged to operations when the loan is issued. If terms and conditions of the loan contract are not fulfilled, the forgiveness or conditionally repayable amounts are reversed and the balance becomes receivable.

The Corporation has focused on providing a mix of investment vehicles to clients including loans, grants and conditionally repayable contributions in order to achieve the appropriate balance required by clients to grow and expand their business yet maximize the return on capital to the Corporation. By increasing the loan portfolio, all payments collected can be loaned to clients in subsequent years.

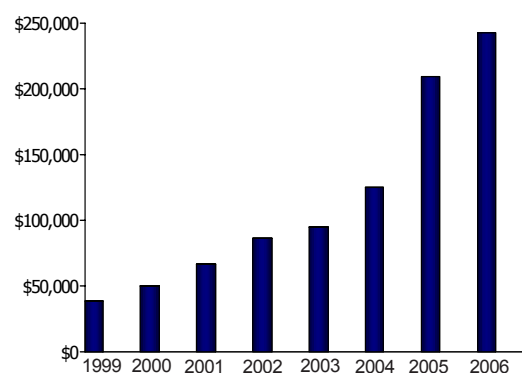
During the year, the Corporation disbursed \$2.8 million in loans to clients, in addition to grants and contributions under the various programs administered by ECBC. The total loans and repayable contributions outstanding at March 31, 2006 are \$10.7 million and consist of 44 accounts. The average loan and repayable contribution balance is \$243,030 in 2006, compared to \$38,555 in 1999.

Collections on loans totalled \$1.2 million (2005 - \$1.0 million) during the year, which represents 16% (2005 - 27%) of the previous year's closing net balance and is \$0.3 million in excess of the Corporate Plan budget.

LOANS RECEIVABLE AND REPAYABLE CONTRIBUTIONS



AVERAGE LOAN AND REPAYABLE CONTRIBUTION BALANCE



	1999	2000	2001	2002	2003	2004	2005	2006
Forgivable loans issued	\$ 283,036	\$ 282,938	\$ 52,065	\$ (374,111)	\$ -	\$ -	\$ -	\$ 585,891
Loan repayments	434,277	388,609	351,829	585,064	604,373	551,099	1,004,289	1,170,136
Loans disbursed	371,116	820,142	229,668	806,077	1,330,099	1,408,314	4,893,861	2,768,001
Conditionally repayable contributions issued	-	3.1 M	9.0 M	3.7 M	1.7 M	3.7 M	0.02 M	0.7 M

As part of the due diligence process conducted by program officers, the Corporation mitigates the risk of loss by obtaining security, where appropriate, from the majority of clients. The Corporation holds security on 61% (2005 - 58%) of the loans outstanding at March 31, 2006. Security is obtained to protect the Corporation in the event of loan default. Security includes any one or a combination of the following: 1st and 2nd position mortgages on land and buildings; chattel mortgages; personal and corporate guarantees; general security agreements; first and floating debentures or promissory notes.

ALLOWANCE FOR LOAN IMPAIRMENT

The allowance for loan impairment as a percentage of the loan balance outstanding has decreased significantly from 1999 to the current year percentage of 12.4% (2005 - 12%).

The allowance for loan impairment has been determined on an individual loan basis based on current information at year end and management's knowledge of the entity's circumstances. If it is determined that the collection may not be received on a timely basis, a provision for loan impairment is recorded in the financial statements.

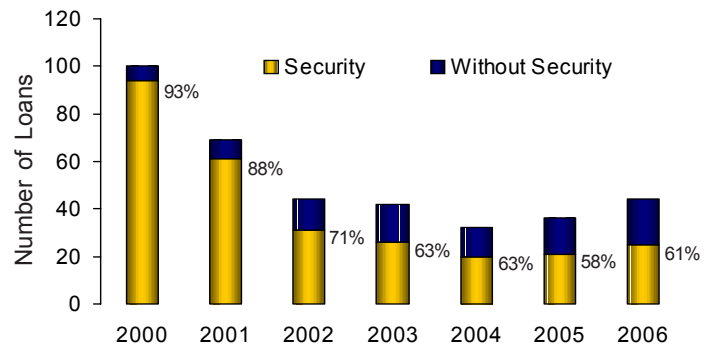
ACOA

Collections on the ACOA portfolio managed by ECBC for the 2006 fiscal year totalled \$3,263,000 (2005 - \$3,521,000), which is 104% (2005 - 110%) of the established target amount.

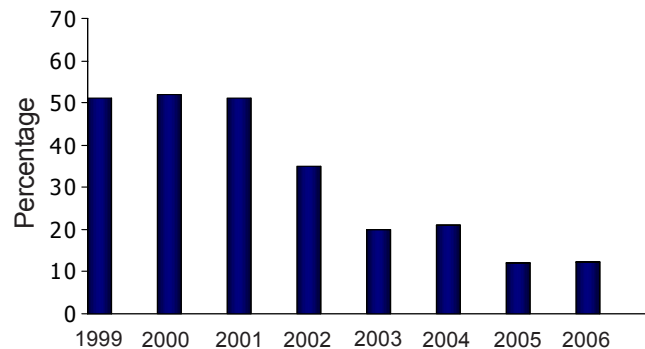
The Corporation has not only met ACOA's collection targets for the past six years, it has exceeded the target as displayed in the accompanying chart.

The collection efforts of the Corporation have also resulted in the arrears rate of ACOA receivables being 4% (2005 - 0%). The results have been achieved due to the concerted efforts of both collection staff and program officers.

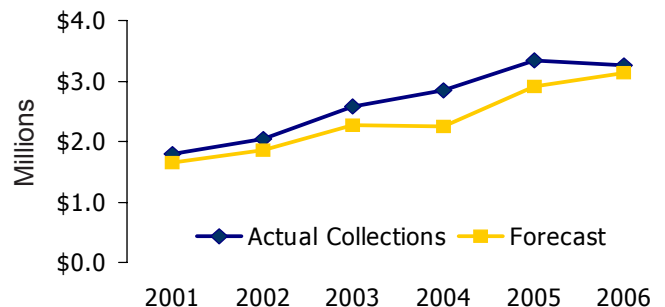
SECURITY PORTFOLIO



PROVISION FOR LOAN IMPAIRMENT AS % OF LOAN RECEIVABLE



ACOA RECEIVABLES PORTFOLIO





EQUITY INVESTMENTS

There were no new equity investments made during the 2006 fiscal year. The total number of equity investments stands at four. Redemption of preferred shares totalled \$120,000 (2005 - \$4,444).

The Corporation has recorded an allowance for valuation adjustment of nil (2005 - \$217,687) to reduce the carrying value of the investments to the amount estimated using discounted expected future cash flows, in accordance with the Corporation's accounting policy. The difference in 2006 is a result of recording an additional allowance for impairment on an equity investment in 2006.

INVESTMENT IN SUBSIDIARIES

CAPE BRETON GROWTH FUND CORPORATION

The Corporation has recorded the investment of \$1 in the CBGF on the cost basis as the Governor in Council has instructed the CBGF to act as a parent Crown corporation. Therefore, control or significant influence does not exist and the investment is accounted for on a cost basis.

The wind-up of the CBGF will commence when the last dollar of the \$91 million fund is committed. It is anticipated that the fund will be fully committed by the end of fiscal 2006/2007. The remaining assets and liabilities of the CBGF would be transferred to the Corporation in April 2007.

DARR (CAPE BRETON) LIMITED

To consolidate real property management, the Corporation reactivated its subsidiary DARR (Cape Breton) Limited as a real estate holding and development company. DARR will acquire, manage and retain real property to support the delivery of economic development programs administered by ECBC. DARR's financial statements are presented on a consolidated basis with ECBC.

PROPERTY AND EQUIPMENT

Property and equipment acquisitions were \$926,136 which is slightly less than the Corporate Plan budget amount of \$1 million. Planned acquisitions of equipment and renovations to existing property occurred, including the construction of an addition to MacDonald House. During the final quarter of 2006, renovations were carried out at Silicon Island, on Crescent Street in Sydney, in anticipation of Cape Breton Development Corporation relocating to the Silicon Island facility early in 2006/2007.

PROVISION OF SERVICES - ACOA

The Corporation administered \$19.9 (2005 - \$34.3 million) of various ACOA programs during 2006 and recovered \$2.5 million (2005 - \$2.7 million) for salaries, professional fees and other operating costs related to delivering services pursuant to the ECBC/ACOA MOU.

SYDPORT INDUSTRIAL PARK

In 1999, the Corporation transferred ownership of the Sydport Industrial Park (Park) to a private sector group. The original sale price for the transaction was \$3.1 million. The agreement governing this transaction provided for the purchase price to be forgiven through creation of jobs and investment in the Park. Therefore, no gain was recorded at that time. When the agreement ended in September 2004, it was determined that the terms of the agreement were significantly violated. Consequently, ECBC had the right to retake possession of the property.

A new amendment/settlement agreement was signed in September 2005, with an amended cash purchase price of \$1.255 million. In addition, all environmental liabilities were assumed by the purchaser resulting in reversal of environmental liabilities of \$217,897. Payments totalling \$605,000 were received in 2005/2006 with equal payments of \$325,000 due in 2006 and 2007. Repayments are non-interest bearing except in the event of a default.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Enterprise Cape Breton Corporation and all information in this annual report have been prepared by the Corporation's management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Where there is more than one acceptable accounting alternative, management has chosen the one that is most appropriate to the circumstances of the Corporation.

Management is responsible for the integrity and objectivity of the information in the consolidated financial statements and annual report. Financial information presented elsewhere in the annual report is consistent with that contained in the consolidated financial statements.


In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized and comply with relevant authorities. Management is also responsible for ensuring that assets are safeguarded; proper records are maintained to produce timely, reliable financial statements and for overseeing a comprehensive internal audit program. In addition, the Audit Committee of the Board of Directors oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Corporation has an internal audit unit, whose functions include reviewing internal controls and their application on an ongoing basis.

The Audit Committee of the Board of Directors has periodic meetings with management, the independent auditors and the internal auditors to discuss the financial reporting process as well as accounting and reporting issues. The consolidated financial statements are reviewed and approved by the Board of Directors upon the recommendation of the Audit Committee.

The Auditor General of Canada conducts an independent audit of the consolidated financial statements of the Corporation in order to express her opinion thereon. The independent auditor has full and unrestricted access to the Audit Committee to discuss her audit and related findings.



Rick Beaton
Vice President and
Chief Operating Officer



Frances L. Marenick, CA
Director General, Corporate Services

Sydney, Canada
May 19, 2006

AUDITOR'S REPORT

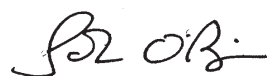
To the Minister for the purposes of the *Atlantic Canada Opportunities Agency Act*

I have audited the consolidated balance sheet of Enterprise Cape Breton Corporation as at March 31, 2006 and the consolidated statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation and of its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Enterprise Cape Breton Corporation Act* and the by-laws of the Corporation and the articles of incorporation and the by-laws of its wholly-owned subsidiary.



John O'Brien, CA
Principal
for the Auditor General of Canada

Halifax, Canada
May 19, 2006
(except as to note 6 which is as of September 5, 2006)

CONSOLIDATED BALANCE SHEET

as at March 31, 2006

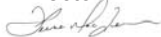
	<u>2006</u>	<u>2005</u>
ASSETS		
Current		
Cash	\$ 3,185,130	\$ 10,353,737
Accounts receivable (note 3)	5,138,432	7,480,048
Prepaid expenses	<u>8,126</u>	<u>55,231</u>
	<u>8,331,688</u>	<u>17,889,016</u>
Long-term		
Loans, net (notes 4 and 15)	8,616,560	7,540,835
Investments, net (note 5)	80,000	477,869
Investment in subsidiary (note 6)	1	1
Property and equipment, net (note 7)	<u>2,743,867</u>	<u>2,155,152</u>
	<u>11,440,428</u>	<u>10,173,857</u>
	<u>\$ 19,772,116</u>	<u>\$ 28,062,873</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 7,011,091	\$ 16,449,489
Long-term		
Accrued obligation for employee severance benefits (note 9)	<u>454,727</u>	<u>511,993</u>
	7,465,818	16,961,482
EQUITY		
Equity of Canada	<u>12,306,298</u>	<u>11,101,391</u>
	<u>\$ 19,772,116</u>	<u>\$ 28,062,873</u>

Commitments (note 11)
Contingencies (note 12)

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

Director



Director



CONSOLIDATED STATEMENT OF OPERATIONS AND EQUITY

for the year ended March 31, 2006

	<u>2006</u>	<u>2005</u>
Program expenses		
Development expenses (note 10)	\$ 5,571,346	\$ 3,547,578
Program support and administrative expenses (note 10)	1,719,917	1,979,871
Contribution to the Cape Breton Growth Fund Corporation (note 6)	-	2,000,000
Rental and development facilities	409,520	466,902
Provision for loan impairment and investment valuation (notes 4 and 5)	1,469,977	97,020
Amortization	<u>337,421</u>	<u>313,604</u>
Total expenses	<u>9,508,181</u>	<u>8,404,975</u>
Revenue		
Rental facilities	582,454	391,920
Interest, investments and other	230,634	200,927
Gain on disposal of property and equipment (note 15)	<u>1,255,000</u>	<u>60,500</u>
	<u>2,068,088</u>	<u>653,347</u>
Activities on behalf of the Atlantic Canada Opportunities Agency (ACOA) (note 13)		
Program expenses	19,853,211	34,311,451
Salaries, professional and other	<u>2,496,231</u>	<u>2,698,347</u>
	<u>22,349,442</u>	<u>37,009,798</u>
Less: Costs recovered from ACOA	<u>(22,349,442)</u>	<u>(37,009,798)</u>
Net cost of operations before parliamentary appropriation	7,440,093	7,751,628
Parliamentary appropriation	<u>8,645,000</u>	<u>12,650,000</u>
Net income	1,204,907	4,898,372
Equity, beginning of year	<u>11,101,391</u>	<u>6,203,019</u>
Equity, end of year	<u>\$ 12,306,298</u>	<u>\$ 11,101,391</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2006

	<u>2006</u>	<u>2005</u>
Cash flows from (used for) operating activities		
Parliamentary appropriation received	\$ 8,650,000	\$ 12,645,000
Cash received from ACOA	23,870,129	36,862,634
Cash received from the Cape Breton Growth Fund		
Corporation for services performed	483,021	680,814
Interest and investment income received	227,468	198,872
Cash received from rental activities and other parties	663,405	321,004
Payments made for program and administrative expenditures	(8,179,149)	(9,443,119)
Payments made on behalf of ACOA	(29,737,421)	(32,033,725)
Payments made on behalf of the Cape Breton Growth Fund		
Corporation	(594,768)	(597,261)
Payments made for employee severance benefits	(147,291)	(81,981)
	<u>(4,764,606)</u>	<u>8,552,238</u>
Cash flows from (used for) investing activities		
Loan repayments	1,170,136	1,004,289
Loan disbursements	(2,768,001)	(4,893,861)
Equity investment repayments	120,000	4,444
Purchase of property and equipment	(926,136)	(1,026,955)
Proceeds on disposal of property and equipment	-	60,500
	<u>(2,404,001)</u>	<u>(4,851,583)</u>
Net (decrease) increase in cash	(7,168,607)	3,700,655
Cash, beginning of year	10,353,737	6,653,082
Cash, end of year	<u>\$ 3,185,130</u>	<u>\$ 10,353,737</u>

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006

1. THE CORPORATION

Authority and objectives

Enterprise Cape Breton Corporation was established pursuant to the *Enterprise Cape Breton Corporation Act* (Part II of the *Government Organization Act, Atlantic Canada, 1987*) which was proclaimed on December 1, 1988. The Corporation is an agent Crown corporation listed in Schedule III, Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. Its objects, as stated in its enabling legislation, are:

to promote and assist, either alone or in conjunction with any person or the Government of Canada or of Nova Scotia or any agency of either of those governments, the financing and development of industry on the Island of Cape Breton to provide employment outside the coal producing industry and to broaden the base of the economy of the Island.

The Corporation has entered into a memorandum of understanding with the Atlantic Canada Opportunities Agency (ACOA) establishing the arrangements for the Corporation to deliver the Agency's programs on the Island of Cape Breton.

On August 25, 2000, the Cape Breton Growth Fund Corporation (Growth Fund) was incorporated under the *Canada Business Corporations Act* as a wholly-owned subsidiary of Enterprise Cape Breton Corporation. The Growth Fund was created to administer federal and provincial funding designed to assist in the adjustment of the local economy as a result of the Government of Canada's decision to close its coal mines in Cape Breton. The Governor in Council has directed the Growth Fund to act as a parent Crown corporation for the purposes of Part X of the *Financial Administration Act*. The Growth Fund has the same mandate as the Corporation. The Governor in Council has also directed that when the Growth Fund's funding is fully committed the remaining assets and liabilities are to be transferred to the Corporation and the Growth Fund will be dissolved.

The Corporation has an active wholly-owned subsidiary, DARR (Cape Breton) Limited (DARR), incorporated under the *Nova Scotia Companies Act*. DARR owns and manages all of the Corporation's real property holdings.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

a) Consolidation and investment in subsidiary

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, DARR (Cape Breton) Limited.

The Corporation accounts for its investment in the Cape Breton Growth Fund Corporation on a cost basis because the Governor in Council has instructed the Growth Fund to act as a parent Crown corporation for purposes of Part X of the *Financial Administration Act*. Therefore, the Corporation does not control or have significant influence over the Growth Fund.

b) Parliamentary appropriations

Parliamentary appropriations are recorded as funding in the consolidated statement of operations and equity in the year approved. The drawdowns against these appropriations are based upon cash requirements.

c) Loans

Loans are recorded at the lower of cost and estimated net realizable value. Loans initially granted at a zero percent interest rate are recorded at the nominal amount of the loan.

Certain loans are subject to terms of forgiveness or are conditionally repayable as stipulated in the loan contract. The amount of forgiveness and all amounts conditionally repayable are charged to operations when the loan is issued. If terms and conditions are not fulfilled, the forgiveness or conditionally repayable amounts are reversed and the balance becomes due and receivable by the Corporation.

Loans are written off after all reasonable restructuring and collection activities have taken place and the possibility of further recovery is unlikely.

d) Allowance for loan impairment

Loans are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and, where applicable, interest. A specific allowance is established on an individual loan basis to reduce the recorded value of the loan to its estimated net realizable value if there is doubt as to its timely collection. When a loan becomes impaired, interest income ceases to be recognized. Recognition of interest income recommences when specific allowance for loan impairment is reversed.

Impaired loans are measured according to their estimated realizable amounts by discounting expected future cash flows at the effective interest rate inherent in the loans. For loans granted with a zero percent interest rate, impairment is calculated based on the expected future cash flows using the zero percent rates associated with the loan. This reflects a zero cost of capital for these loans because they are funded by appropriations provided by the Government of Canada. When future cash flows cannot be estimated with reasonable reliability, the estimated realizable amounts are measured at the fair value of any security underlying the loans, net of any expected costs of realization.

Initial and subsequent changes in the amount of impairment are recorded as a charge or credit to the allowance for loan impairment.

e) Revenue recognition

(i) Rental income

Rental income includes revenues from the leasing of space, facilities and related services. Revenue from rent is recorded when the service is rendered.

(ii) Interest and investment income

Interest and investment income is recorded on the accrual basis.

f) Investments

The Corporation has invested in preferred equity holdings. These are recorded at the lower of cost and estimated net realizable value. Estimated net realizable value is measured by discounting expected future cash flows using the Consolidated Revenue Fund lending rate to Crown corporations.

g) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided over the estimated useful lives of the capital assets using the straight-line method at the rates indicated below:

Buildings	up to 20 years
Equipment and furniture	5 years
Computer equipment and software	2 to 3 years
Leasehold improvements	up to 20 years
Vehicles	5 years

h) Pension plan

All eligible employees are covered by the Public Service Pension Plan administered by the Government of Canada. Contributions to the Plan are required from both the employee and the Corporation. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation. Contributions with respect to current service are expensed in the current period (see note 14). Contributions with respect to past service benefits are expensed when paid. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

i) Employee severance benefits

Employees are entitled to specified benefits on termination as provided for under conditions of employment. The Corporation recognizes the cost of the future severance benefits over the periods in which the employees render services to the Corporation and the liability for these benefits is recorded in the accounts as the benefits accrue to employees. Management determined the accrued obligation for severance benefits using a method based upon assumptions and its best estimates. The accrued obligation is based on the assumption that all employees with at least three years of service will be entitled to benefits. Changes to these estimates are charged or credited to the program support and administrative expenses on the consolidated statement of operations and equity in the period they are reassessed.

j) Measurement uncertainty

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, expenses and the disclosure of commitments at the date of the consolidated financial statements. Despite the use of the Corporation's best estimates, it is possible that the estimates for loans and investments could change materially in the near term.

3. ACCOUNTS RECEIVABLE

	<u>2006</u>	<u>2005</u>
Due from the Atlantic Canada Opportunities Agency (note 13)	\$ 4,896,510	\$ 7,253,791
Parliamentary appropriation	-	5,000
Due from the Cape Breton Growth Fund Corporation	108,289	-
Harmonized Sales Tax rebate	26,053	35,033
Other receivables	107,580	186,224
	<u>\$ 5,138,432</u>	<u>\$ 7,480,048</u>

The amount from the Atlantic Canada Opportunities Agency relates to expenditures made on behalf of the Agency pursuant to a memorandum of understanding. The amount due from the Cape Breton Growth Fund Corporation is for services performed on the Growth Fund's behalf. Other receivables are incurred in the normal course of business with no significant concentration of debtors.

Accounts receivable are due on demand, are non-interest bearing and the carrying amounts approximate fair values because of their short term to maturity.

4. LOANS

At March 31, 2006 the Corporation had a portfolio of 44 loan accounts (2005 - 41). These loans are issued to promote economic development in support of the corporate mandate. All loans are evaluated and risk rated from low (1) to high (5) risk. The total portfolio consists of:

Risk Rating	<u>2006</u>			<u>2005</u>
	Amount Due	Allowance	Carrying Value	Carrying Value
5	\$ 2,275,943	\$ (1,962,964)	\$ 312,979	\$ 1,250,407
4	1,951,929	(113,789)	1,838,140	1,622,209
3	3,012,658	-	3,012,658	1,587,576
2	3,452,783	-	3,452,783	3,079,643
1	-	-	-	1,000
	<u>\$10,693,313</u>	<u>\$ (2,076,753)</u>	<u>\$ 8,616,560</u>	<u>\$ 7,540,835</u>

The Corporation has 8 debtors (2005 - 8) representing 69% of the amount due (2005 - 70%).

Included in the loan balance is a mortgage of \$382,000 (2005 - \$428,000) on property which the Corporation sold in 2002/2003. Also included is a mortgage of \$650,000 on industrial park assets as described in note 15.

The allowance for loan impairment consists of:

	2006			2005
	Beginning Balance	Write-offs	Annual Provision	Ending Balance
	\$ 1,037,321	\$ (576,284)	\$ 1,615,716	\$ 2,076,753
				\$ 1,037,321

Included in the above write-offs is an amount of \$411,435 (2005 - nil) related to a loan that was restructured during the year.

The allowance for loan impairment of \$2.1 million (2005 - \$1.0 million) is for loans with an original book value totalling \$2.3 million (2005 - \$1.5 million).

The fair value of loans is determined using expected future cash flows, discounted at the Consolidated Revenue Fund lending rate to Crown corporations. The fair value of loans approximates \$7.4 million (2005 - \$6.0 million). The difference between the fair value and the carrying value results from 69% (2005 - 85%) of the loan portfolio having a zero percent interest rate.

Repayment dates of the loans are as follows:

Date Due	2006		2005	
	Amount Due	Allowance	Carrying Value	Carrying Value
Past Due	\$ 157,779	\$ (137,811)	\$ 19,968	\$ 19,944
2006	-	-	-	517,156
2007	1,372,463	(247,462)	1,125,001	936,263
2008	2,196,800	(669,368)	1,527,432	1,660,463
2009	1,838,236	(360,578)	1,477,658	1,387,400
2010	1,503,450	(135,004)	1,368,446	849,320
2011 and beyond	3,621,129	(526,530)	3,094,599	2,167,692
	10,689,857	(2,076,753)	8,613,104	7,538,238
Interest receivable	3,456	-	3,456	2,597
Total	\$ 10,693,313	\$ (2,076,753)	\$ 8,616,560	\$ 7,540,835

Forgivable loans totalling \$309,936 (2005 - \$144,540) are not included in the loan portfolio. The consolidated statement of operations and equity includes an expense of \$585,891 (2005 - recovery of \$16,185) for forgivable loans.

Conditional repayable contributions totalling \$14.9 million (2005 - \$19.3 million) are not included in the loan portfolio. The consolidated statement of operations and equity includes a charge of \$718,015 (2005 - \$24,610) to development expenses for the disbursement of conditional repayable contributions during the year.

5. INVESTMENTS

The Corporation has made investments to promote economic development in Cape Breton. The balance consists of:

	2006		2005	
	Cost	Allowance	Carrying Value	Carrying Value
Shares	\$ 1,975,556	\$ (1,895,556)	\$ 80,000	\$ 477,869

The shares consist of non-voting, redeemable, and retractable preferred shares in private sector entities. No dividends were received or declared during the year (2005 - nil). Redemption of preferred shares totalled \$120,000 (2005 - \$4,444).

Management has recorded these investments net of an allowance for impairment of \$1.9 million and an allowance for valuation adjustment of nil (2005 - \$1.4 million and \$217,687 respectively). The fair values of investments, determined using discounted expected future cash flows, approximate their recorded carrying value.

6. INVESTMENT IN SUBSIDIARY

A summary of the audited financial position and results for the fiscal year of operation of the Cape Breton Growth Fund Corporation are:

Balance Sheet	As at March 31, 2006	As at March 31, 2005
Assets	\$ 57,341,152	\$ 69,126,193
Liabilities	\$ 14,839,202	\$ 1,610,646
Shareholder's equity	\$ 42,501,951	\$ 67,515,547
Statement of Operations	Year ended March 31, 2006	Year ended March 31, 2005
Program expenses	\$ (21,995,640)	\$ (6,960,541)
Program support and administrative expenses	(871,627)	(1,002,336)
Interest income	1,267,282	1,423,499
Funding from Enterprise Cape Breton Corporation	-	2,000,000
Loss from discontinued operation	(3,413,611)	-
Net loss	<u>\$ 25,013,596</u>	<u>\$ 4,539,378</u>

As of March 31, 2006, the Growth Fund had outstanding commitments for development activities as follows:

2007	\$ 14,204,007
2008	2,453,759
2009	724,250
	<u>\$ 17,382,016</u>

The Growth Fund has issued one \$1 share. This share represents the Corporation's investment in the Growth Fund and is accounted for using the cost basis of accounting. Therefore, the results of the Growth Fund are not reflected in these consolidated financial statements.

The Growth Fund acquired Cape Breton Casting Inc. (CBCI) on March 3, 2006 by exercising on the security of the loans outstanding. The acquisition for nil cost resulted in the creation of a subsidiary of the Growth Fund. The operations of CBCI are reported as a discontinued operation as the operation is for sale and has incurred significant operating losses.

The windup of the Growth Fund will commence when its \$91 million fund is fully committed. It is anticipated that the funds will be fully committed by March 31, 2007. The remaining assets and liabilities of the Growth Fund will then be transferred to the Corporation and the Growth Fund will be dissolved.

7. PROPERTY AND EQUIPMENT

	2006			2005
	Cost	Accumulated Amortization and Write Down	Net Book Value	Net Book Value
Land for development	\$ 519,697	\$ 341,596	\$ 178,101	\$ 165,084
Equipment, furniture and leasehold improvements	1,993,569	1,764,281	229,288	290,982
Rental facilities	<u>4,886,115</u>	<u>2,549,637</u>	<u>2,336,478</u>	<u>1,699,086</u>
	<u>\$ 7,399,381</u>	<u>\$ 4,655,514</u>	<u>\$ 2,743,867</u>	<u>\$ 2,155,152</u>

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2006	2005
Payable on behalf of the Atlantic Canada Opportunities Agency (note 13)	\$ 4,600,505	\$ 11,988,484
Due to the Atlantic Canada Opportunities Agency (note 13)	227,309	1,063,903
Harmonized Sales Tax payable	115,275	84,221
Due to the Cape Breton Growth Fund Corporation	-	15,300
Other payables	<u>2,068,002</u>	<u>3,297,581</u>
	<u>\$ 7,011,091</u>	<u>\$ 16,449,489</u>

The amounts due to and payable on behalf of the Atlantic Canada Opportunities Agency relate to activities on behalf of the Agency pursuant to the memorandum of understanding. Other payables are subject to normal commercial conditions and relate to development and administrative expenses.

9. EMPLOYEE SEVERANCE BENEFITS

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is unfunded and thus has no assets, resulting in a plan deficit equal to the accrued obligation. Information about the plan, measured at March 31, is as follows:

	2006	2005
Accrued obligation for employee severance benefits, beginning of year	\$ 592,923	\$ 582,108
Cost for the year	169,933	92,796
Benefits paid during the year	<u>(147,291)</u>	<u>(81,981)</u>
Accrued obligation for employee severance benefits, end of year	<u>\$ 615,565</u>	<u>\$ 592,923</u>
Current portion	\$ 160,838	\$ 80,930
Long-term portion	<u>454,727</u>	<u>511,993</u>
	<u>\$ 615,565</u>	<u>\$ 592,923</u>

10. PROGRAM EXPENSES

Development and other program expenses consist of:

	<u>2006</u>	<u>2005</u>
Development expenses		
Support to communities	\$ 2,935,405	\$ 2,949,637
Support to business	2,428,471	378,766
Policy and advocacy	<u>207,470</u>	<u>219,175</u>
	<u>\$ 5,571,346</u>	<u>\$ 3,547,578</u>
Program support and administrative expenses		
Program support	\$ 482,373	\$ 679,321
Administration	<u>1,237,544</u>	<u>1,300,550</u>
	<u>\$ 1,719,917</u>	<u>\$ 1,979,871</u>

11. COMMITMENTS

As at March 31, 2006 the Corporation had outstanding commitments for development programs totalling \$2,070,763 (2005 - \$2,691,319).

12. CONTINGENCIES

In the ordinary course of business, lawsuits have been filed against the Corporation. In management's opinion, the outcome of these actions cannot be determined at this time and no provision has been made in the financial statements.

13. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. In addition to those related party transactions disclosed elsewhere in these financial statements, the cost of services provided by these entities is reflected in the consolidated statement of operations and equity and totalled \$67,484 (2005 - \$76,937). These transactions are in the normal course of operations and are recorded at the exchange amount.

The Corporation has entered into a memorandum of understanding with the Cape Breton Growth Fund Corporation that governs the amount of the contribution to the Growth Fund and the provision of program support and administrative services. The Corporation provided and recovered program and administrative support of \$591,310 (2005 - \$582,496).

The Corporation leased property to Cape Breton Casting Inc. (CBCI), a wholly-owned subsidiary of the Cape Breton Growth Fund Corporation, acquired on March 3, 2006. Rent, property taxes and other related costs billed to CBCI during the year totalled \$97,822, as well as a contribution of \$245,121 and a loan of \$688,496 with an offsetting allowance for impairment of \$688,496.

14. PENSION PLAN

Contributions to the Public Service Pension Plan consisted of:

	<u>2006</u>	<u>2005</u>
Contributions by the Corporation	\$ 386,582	\$ 390,762
Contributions by the employees	\$ 181,841	\$ 189,832

15. SYDPORT INDUSTRIAL PARK

In 1999, the Corporation transferred ownership of the Sydport Industrial Park (Park) to a private sector group. The original sale price for the transaction was \$3.1 million. The agreement governing this transaction provided for the purchase price to be forgiven through creation of jobs and investment in the Park. Therefore, no gain was recorded at that time. When the agreement ended in September 2004, it was determined that the terms of the agreement were significantly violated. Consequently, ECBC had the right to retake possession of the property.

A new amendment/settlement agreement was signed in September 2005, with an amended cash purchase price of \$1.255 million. In addition, all environmental liabilities were assumed by the purchaser resulting in reversal of environmental liabilities of \$217,897. Payments totalling \$605,000 were received in 2005/2006 with equal payments of \$325,000 due December 31, 2006 and 2007. Repayments are non-interest bearing except in the event of a default.

16. COMPARATIVE FIGURES

Certain of the 2005 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2006.

GLOSSARY OF TERMS

ACOA – Atlantic Canada Opportunities Agency is a federal government agency, headquartered in Moncton, New Brunswick. ACOA's goal is to improve the economy of Atlantic Canadian communities through the successful development of business and job opportunities. (Fr: APECA)

AIF – The Atlantic Innovation Fund, a component of the AIP, is a \$300-million, 5-year program designed to strengthen the economy of Atlantic Canada by accelerating the development of knowledge-based industry. (Fr: FIA)

AIP – Atlantic Investment Partnership. A \$700-million ACOA initiative making investments in four major areas: innovation, community economic development, trade and investment, and entrepreneurship and skills development. (Fr: PICA)

BDP – Business Development Program (Fr: PDE)

CA – Chartered Accountant (Fr: CA)

CAS – Consulting Advisory Services. (Fr: PSC)

CBDCs – Community Business Development Corporations are autonomous, not-for-profit corporations, which serve rural Atlantic Canada supported by ACOA. They assist in the creation of small businesses, and in the expansion, modernization and stabilization of existing businesses. CBDCs offer both technical and financial services for entrepreneurs in their respective regions. (Fr: CBDC)

CBGF – The Cape Breton Growth Fund Corporation was incorporated in August 2000 and is responsible for the delivery of economic adjustment funding made available by the Government of Canada and the Province of Nova Scotia following the closure of the Cape Breton Development Corporation mines. (Fr: FICB)

CBU – Cape Breton University (Fr: Université du Cap-Breton)

Commercial – An individual, sole proprietorship, partnership, cooperative, a body corporate (including Crown corporations), or any trustee or legal representative who carries on, or is about to carry on, legitimate profit driven business activities on Cape Breton Island, but does not include a government or municipality. (Fr: Entité commerciale)

DARR – DARR (Cape Breton) Limited is a subsidiary of ECBC and acts as a real estate holding and development company. (Fr: DARR Cap-Breton Limitée)

DEVCO – The Cape Breton Development Corporation was formed by an Act of Parliament in 1967 and is wholly-owned by the Government of Canada. The Corporation, which is located on Cape Breton Island, Nova Scotia, closed its last remaining coal mine in the fall of 2001. (Fr: DEVCO)

Exports – Includes sales to destinations outside of Canada, tourism receipts from outside Canada and import substitution of goods and services from outside Canada. (Fr: Exportations)

FAA – *Financial Administration Act* (Fr: LGFP)

Full-time Equivalent Jobs (FTEs) – Permanent, direct, seasonal, or part-time jobs converted to the equivalent of full-time jobs at the approved conversion rates. (Fr: ETP)

GDP – Gross Domestic Product. The total market value of all the goods and services produced within the borders of a nation during a specified period. (Fr: PIB)

GOL – Government On-Line is a strategy to provide key government services electronically by 2005 through common government-wide infrastructure. (Fr: GED)

Investment – Refers to Foreign Direct Investment (FDI) meaning investment in Canada that originated outside of the country as well as Canadian investment from outside Cape Breton Island. (Fr: Investissement)

Job Created – *Direct FTE jobs created in the operation, as a result of the eligible project, prior to the project completion date, and which are expected to last at least five years. Jobs are pro-rated among funding from a number of sources administered by ECBC based on the proportionate amount of the aggregate project investment contributed by each. (Fr: Emplois créés)

Leverage – Is calculated by subtracting the total amount of assistance from the total project cost. Leverage includes the applicant's equity, private investors/lenders and other sources of government financing. Funding from a number of sources administered by ECBC (for the same project) is not counted as leverage. (Fr: Effet de levier)

MOU – Memorandum of Understanding (Fr: PE)

OLA – The *Official Languages Act* is an Act respecting the status and use of the official languages of Canada. (Fr: LLO)

Priority Sectors – ECBC has established four strategic sectors for assistance: knowledge-based, tourism, manufacturing and processing and resource-based. (Fr: Secteurs prioritaires)

Project – An initiative undertaken by ECBC either by itself or in conjunction with one or more third parties. Projects are recorded in the month an applicant's application is approved. (Fr: Projet)

RDA – Regional Development Agency (Fr: ODR)

Strategic Priorities – ECBC has defined strategic priorities in the case of the following: support to business, support to communities, investment, advocacy and policy and research. (Fr: Priorités stratégiques)

* Jobs are calculated using the definitions contained in Measuring Job Impacts, Definitions and Examples, Atlantic Canada Opportunities Agency.

Silicon Island, 70 Crescent Street
Sydney, Nova Scotia B1P 6T7
1-800-705-3926 www.ecbc-secb.gc.ca



Enterprise
Cape Breton
Corporation

Société
d'expansion
du Cap-Breton

Canada 