

NOVA SCOTIA LANDS INC.

**ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2009-2010**

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1.0 Accountability Statement

The accountability report of Nova Scotia Lands Inc. (NSLI) for the year ended March 31, 2010, is prepared pursuant to the *Provincial Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the NSLI's Business Plan information for the fiscal year 2009-2010. The reporting of Nova Scotia Lands Inc. outcomes necessarily includes estimates, judgements and opinion by NSLI's management.

This accountability report is the responsibility of NSLI's management and is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in NSLI's Business Plan for the year.



Bill Estabrooks

Minister, Department of Transportation and Infrastructure Renewal



Gary Campbell

President, Nova Scotia Lands Inc.

2.0 Message from Nova Scotia Lands Inc.

I am pleased to present Nova Scotia Lands Inc.'s Accountability Report for the 2009-2010 fiscal year. This report provides an overview of NSLI's priorities and accomplishments.

Nova Scotia Lands Inc. provides a variety of services to support the provincial government in decommissioning and redevelopment of the former Sydney Steel (Sysco) plant site and other former industrial lands. NSLI continues to work with levels of both provincial and federal government, in the administration of the cost share agreement for the cleanup of the Sydney Tar Ponds and Coke Ovens site.

I hope you will find the information helpful in understanding the NSLI's progress in remediation and redevelopment of provincial industrial properties.

Sincerely,



Bill Estabrooks

Minister, Department of Transportation and Infrastructure Renewal

3.0 Introduction

The Annual Accountability Report is a report on the progress achieved by NSLI towards the goals, priorities, performance measures and financial targets established in the 2009-2010 Business Plan and is available at <http://www.nslands.ca>.

Nova Scotia Lands Inc. was established in August 2006 to finalize the decommissioning of the Sydney Steel (Sysco) plant, redevelop the 180 hectare (445 acres) site, assist in the remediation of the Sydney Tar Ponds and provide the Province with technical support in the remediation of other provincially owned contaminated sites. NSLI's mission is to prioritize for action, assess and, where necessary, remediate provincially owned properties, with the objective of returning these lands to reusable condition, with no substantial safety or environmental concerns.

As a Crown corporation, NSLI reports to a Board of Directors. The minister responsible for the Crown corporation is the Minister of Transportation and Infrastructure Renewal. NSLI maintains its office at Sydney, Nova Scotia, along with a presence at the department's Head Office in Halifax.

3.1 Report Structure

This report is organized into two main sections. The first section outlines NSLI's progress and accomplishments against the priorities identified in the 2009-2010 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial result of Nova Scotia Lands Inc. are reported on in the Audited Financial Statements. These statements are available at <http://www.nslands.ca>.

4.0 Priorities and Accomplishments

Nova Scotia Lands Inc. secures the majority of its funding from the Provision established in 2001 for the decommissioning of Sysco and the remediation of the Sydney Tar Ponds and Coke Ovens site.

The work of NSLI is closely aligned and integrated with the activities of Harbourside Commercial Park Inc. and the Sydney Tar Ponds Agency.

In addition to the ongoing activities that support the development of Harbourside Commercial Park and the remediation of the Sydney Tar Ponds, NSLI can report the follow accomplishments:

Former Sysco Site Decommissioning

Demolition of the site infrastructure has been completed, with 50 structures demolished, and the environmental remediation of the property is well advanced. The majority of steel plant assets have been sold or disposed of. Some areas require continued environmental site assessment (ESA) studies and may need further remediation.

Phase 1 Site Remediation Activities

Approximately 41 hectares (100 acres) have been completely remediated to commercial development standards, and turned over to Harbourside Commercial Park for sale or lease.

Building Reuse

Fifteen buildings have been retained and redeveloped for reuse within Harbourside Commercial Park. All of the buildings have been either sold or leased.

Phase 2 Site Remediation

An additional 22 hectares (55 acres) have now been remediated and are in the process of being transferred to Harbourside Commercial Park for sale or rental.

Infrastructure Development

Extensive road, rail and other infrastructure systems have been completed on the former Sysco site. Phase III roads are now complete, soccer field/walking track has been constructed and will open in the summer.

Reuse of Slag Product

Through the establishment of a private sector company (Portside Aggregates), over 140,000 tonnes of slag aggregate is being sold into the local market and beyond.

Coke Ovens Tar Cell Road Construction

Phase 2 of the project is estimated to be approximately \$4,000,000, with funding provided by the Federal-Provincial Muggah Creek Cost Share Agreement. Capping the cell and a new signaled intersection is to be built.

Whitney Pier Heritage Trail

NSLI is working with the Cape Breton Regional Municipality on the development of the Whitney Pier heritage Trail between the former Sysco site and the community of Whitney Pier.

Industrial Water Supply

The major industrial water supply to the former Sysco plant and other industrial users has become a liability concern. NSLI is developing a new \$8,000,000 process water system from Grand Lake which will supply water to the Harbourside Commercial Park facility. This system is critical for use of the former Sysco Wharf, the Tar Ponds project and the supply of coal to Nova Scotia Power Inc.'s Cape Breton power plants. The contract has been awarded and construction has begun.

5.0 Performance Measures

This section provides detailed information on the outcomes and performance measures of Nova Scotia Lands Inc.

Outcomes and measures outlined in the 2009-2010 Business Plan included the following targets. The status of these targets is:

Outcome	2009-2010 Target	Status
Continue with environmental site assessment studies	95%	Complete
Removal of all final scrap metals	100%	Complete
Continue with solidification/stabilization (Hazco) contract	100%	Complete
STPA Future site use plan	100%	95% Complete ¹
STPA Coke Ovens Tar cell cleanup	100%	Complete
STPA Coke Ovens Benzol tank removal	100%	Complete
STPA Engineering design Tar cell road	100%	Complete
Portside Aggregate Maintenance Building Construction	100%	Complete
Sportsfield/Walking track, tennis and Basketball crts	95%	95% Complete

¹Awaiting Project Management Committee approval of final plan

Outcome	2009-2010 Target	Status
Phase III Roads and infrastructure	100%	Complete
Grand Lake Pumping Station and Water Main	100%	Complete ²
E & Y Trenton works, three projects	100%	Complete
Continue development of infrastructure for commercial park	Additional 55 acres (21 hectares) available for development	Complete
Carry out inventory of other former Sysco lands	All properties	80% Complete ³
Identify potential health and safety issues related to other lands	All properties	10% complete ⁴
Complete Master Health and Safety Plan	100%	Complete
Identify opportunities for reuse of slag material	140,000 tonnes	Complete

²Commissioning being completed

³Funding not available to study remaining properties at this time

⁴Funding not available to study all properties at this time

6.0 Financial Results

	Budget 2009/10 (\$000s)	Actual 2009/10 (\$000s)	Variance (\$000s)
Revenue:			
Management Fee from HCPI	115	115	0
Other	545	545	0
Total Revenue	660	660	0
Expenses:			
Payroll	1,260	1120	0
General and Administrative Expenses	800	800	0
Project Management	100	100	0
Security Services	275	275	0
Site Reconstruction	10,015	9,500	(515)
Cleanup and Containment	2,945	1,500	(1,445)
Total Expenses	15,395	13,295	(2,100)
Recovery from Sysco	14,850	12,750	(2,100)
Net Income	115	115	0