

NOVA SCOTIA LANDS INC.

**ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2010-2011**

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1.0 Accountability Statement

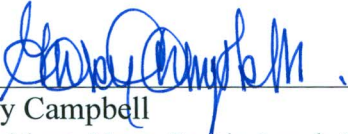
The accountability report of Nova Scotia Lands Inc. (NSLI) for the year ended March 31, 2011, is prepared pursuant to the *Provincial Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the NSLI's Business Plan information for the fiscal year 2010-2011. 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 2010-2011 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 2010-2011 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 2010-2011 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.

Finalize Solidification (Hazco Contract)

Approximately 7,000 tonnes at blast furnace site out of approximately 20,000 tonnes.

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.

Sydney River Pumping Station

Sydney River Pumping Station is shut down, and decommissioning activities are underway.

Phase 2 Site Remediation

An additional 22 hectares (55 acres) have now been remediated and are in the final stage 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 open to the public.

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. The tar cell has been capped, and a new signaled intersection has been 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 has developed a new \$8,000,000 process water system from Grand Lake which supplies 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 completed.

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 2010-2011 Business Plan included the following targets. The status of these targets is:

Outcome	2010-2011 Target	Status
Continue with final environmental site assessment	100%	Complete
Finalize solidification (Hazco) contract	100%	Complete
Remove final above and underground piping	100%	Complete
Continue soil remediation activities	Complete high dump area	10% complete
Tar cell area remediated and redeveloped	100%	Complete
Manage operation of contaminated material cell	Ongoing	Ongoing
Finalize two environmental assessment studies	100%	Complete
Identify health and safety issues	All properties	70% complete ¹

¹Funding not available to study all properties

Outcome	2010-2011 Target	Status
Finalize construction and commission water supply	Water system in use	Complete
Shut down Sydney River system	Sydney River systems shut down	50% complete

6.0 Financial Results

	Budget 2010/11 (\$000s)	Actual 2010/11 (\$000s)	Variance (\$000s)
Revenue:			
Management Fee from HCPI	115	101	(14)
Other	3,500	4,528	1,028 ¹
Total Revenue	3,615	4,629	1,014
Expenses:			
Payroll	1,260	844	(416) ²
General and Administrative Expenses	490	246	(244) ³
Project Management	100	711	611 ⁴
Security Services	125	77	(48)
Site Reconstruction	3,098	2,500	(598) ⁵
Cleanup and Containment	5,710	5,550	(160)
Total Expenses	10,783	9,928	(855)
Recovery from Sysco	7,383	5,437	(1,946)
Net Income	215	138	(77)

¹Variance due to reimbursements from other projects

²Variance due to reduction in security

³Variance due to original budget number too high

⁴Variance due to unanticipated projects not original in budget

⁵Variance due to North End road work budgeted but not done