

NOVA SCOTIA LANDS INC.

**ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2012-2013**

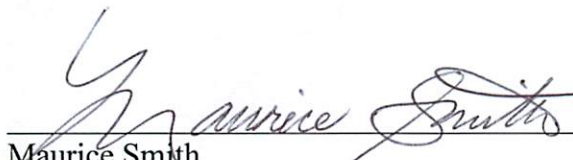
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1.0 Accountability Statement

The accountability report of Nova Scotia Lands Inc. (NSLI) for the year ended March 31, 2013, 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 2012-2013. The reporting of Nova Scotia Lands Inc. outcomes necessarily includes estimates, judgments 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.



Maurice Smith

Minister, Department of Transportation and Infrastructure Renewal



Gary Campbell

President, Nova Scotia Lands Inc.

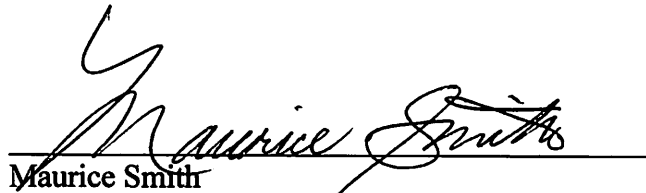
2.0 Message from Nova Scotia Lands Inc.

I am pleased to present Nova Scotia Lands Inc.'s Accountability Report for the 2012-2013 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 NSLI's progress in remediation and redevelopment of provincial industrial properties.

Sincerely,

A handwritten signature in black ink, appearing to read "Maurice Smith", is written over a horizontal line.

Maurice Smith

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 2012-2013 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 2012-2013 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial results 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.

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 III Site Remediation

Phase III, comprising 19.6 hectares (48.4 acres), has been transferred to Harbourside Commercial Park.

Infrastructure Development

Extensive road, rail and other infrastructure systems have been completed on the former Sysco site. Phase III roads are now complete and the 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 520,000 tonnes of slag aggregate is being sold into the local market and beyond.

Environmental Assessment and Remediation of Other Sites

Complete physical assessments on selected sites and complete CCME-based environmental assessments on higher priority sites are ongoing, as required.

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 2012-2013 Business Plan included the following targets. The status of these targets is:

Outcome	2012-2013 Target	Status
Continue with final environmental site assessments	100%	Completed
Water system upgrades (fire suppression)	100%	Completed
Ore field grading	100%	Completed
Continue soil remediation activities	Complete at high dump area	95% complete
South sub decommissioning	100%	Potential sale pending
SPAR Road sidewalk	100%	Awaiting CBRM's funding
Digitization of post 2000 construction drawings	100%	To be completed summer 2013
Long Term Monitoring Plan	100%	95% complete
Manage operation of contaminated cell	Work ongoing	Work ongoing
Coke Ovens capping – CO6A and CO6B	100%	Completed
Identify health and safety issues	All main H & S issues dealt with	Completed
Pictou Wharf engineering assessment	100%	Completed
DSME Trenton paving and hydro seeding	100%	Completed

6.0 Financial Results

	Budget 2012/13 (\$000s)	Actual 2012/13 (\$000s)	Variance (\$000s)
Revenue:			
Management Fee from HCPI	100	96	(4) ¹
Other	7,633	8,327	694 ²
Total Revenue	7,733	8,423	690
Expenses:			
Payroll	1,050	1,002	(48) ³
General and Administrative Expenses	496	460	(36) ⁴
Project Management	75	55	(20) ⁵
Security Services	95	85	(10) ⁶
Site Reconstruction	3,473	1,122	(2,351) ⁷
Cleanup and Containment	7,535	8,395	860 ⁸
Total Expenses	12,724	11,119	(1,605)
Recovery from Sysco	5,191	2,823	(2,368)
Net Income	200	127	(73)

¹ Management Fee: Decrease in rental income and anticipated sale did not take place due to delay in MB2 Sale

² Other: Variance due to reduced expenditures, bank interest and scrap sale

³ Payroll: Best estimate at time

⁴ General and Administrative Expenses: Due to increase slag sales, transfer of roads to CBRM and Sydney River pumping station decommissioning

⁵ Project Management: Due to \$28,280 budget estimate of fees not required

⁶ Site Security: All security costs other than the expenses relating to NLSI are recoverable – i.e. STPA is recoverable, etc.; best estimate at time

⁷ Site Reconstruction: Variances due to project under budget for fire system rebuild by \$862,916.00; Pictou Wharf Repairs of 827,891 deferred; ERD Trenton DSME site under budget by \$161,962; North trailer replacement \$100,000 deferred; South sub station and north end paving deferred \$175,000; SPAR Road CBRM works deferred \$75,000.

⁸ Cleanup and Containment: Variances due to unbudgeted recoverable projects.