

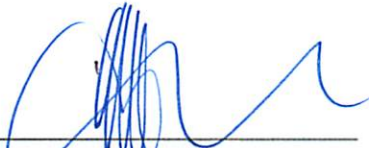
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Accountability Statement

The Accountability Report of Nova Scotia Lands Inc. (NSLI) and Harbourside Commercial Park Inc. (HCPI) for the year ended March 31, 2018 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against the NSLI and HCPI Business Plans for the fiscal year just ended. The reporting of the NSLI and HCPI outcomes necessarily includes estimates, judgments and opinions by NSLI management.

We acknowledge that this Accountability Report is the responsibility of NSLI management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the NSLI and HCPI 2017-2018 Business Plan.



The Honourable Lloyd P. Hines
Minister, Transportation and Infrastructure Renewal



Paul LaFleche
Board Chair



Stephen MacIsaac
President and CEO

Message from the Minister

I am pleased to present Nova Scotia Lands Inc. Accountability Report for the 2017-2018 fiscal year. NS Lands has several separate entities that they manage on behalf of the province. They include:

- Harbourside Commercial Park
- SYSCO
- Sydney Utilities
- Port Mersey Commercial Park (unincorporated this year -business name only)

This year the organization created a governance structure where the same members oversee all entities.

Nova Scotia Lands and its representative bodies exist to ensure proper remediation and management of former industrial and government-owned sites. The intention is to clean sites for government or commercial re-use. NS Lands continues to expand its service offering to other departments and agencies ensuring our expertise is maximized throughout government.

Our commercial parks – Harbourside and Port Mersey, continue to grow. Success comes with viable re-use. To date, Harbourside boasts 27 companies on site with approximately 275 full-time employees. Port Mersey Commercial Park hosts ten tenants with employment levels exceeding 113 full time and 59 part time positions.

We look forward to continuing to address remediation and site re-development needs throughout the Province.



The Honourable Lloyd P. Hines
Minister, Transportation and Infrastructure Renewal

Message from the President and CEO

I am pleased to present Nova Scotia Lands Inc's Accountability Report for the 2017-2018 fiscal year. This report provides an overview of both NSLI's priorities, as well as accomplishments.

Nova Scotia Lands provides a variety of services to support provincial government departments in environmental remediation work, decommissioning of provincial assets as well as redevelopment activities across the Province. Projects of importance for fiscal 2017-2018 included Boat Harbour clean up design, Kennetcook fracking remediation, MV Miner file, Port Mersey Commercial Park redevelopment, Pictou Wharf usage and Sydney Utilities.

Nova Scotia Lands also works with the federal government in cost sharing activities, such as the long-term monitoring and maintenance activities of the former Sydney Tar Ponds, Coke Ovens sites and Open Hearth Park.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve MacIsaac", is written over a horizontal line.

Stephen MacIsaac, RPF, P.Eng
President and CEO

Financial Results – HCPI

	2017-2018 Estimate	2017-2018 Actuals	2017-2018 Variance
HARBOURSIDE COMMERCIAL PARK	<i>(\$thousands)</i>		
Departmental Expenses:			
General Operating Expenses	972	942	(30)
Management Fee	146	146	0
Total: Departmental Expenses	1,118	1,088	(30)
Additional Information:			
Leases & Rent	203	216	13
Provincial Funding	510	510	0
Economic Development	0	0	0
Sale of Land	400	1,693	1,293
Other	60	139	79
Total: Revenue, Fees and Recoveries	1,173	2,558	1,385
TCA Purchase Requirements	0	0	0
Provincial Funded Staff (FTEs)	0	0	0
<u>Departmental Expenses Variance Explanation:</u> Environmental Monitoring Expense Recovery Not Budgeted			
<u>Revenue, Fees and Recoveries Variance Explanation:</u> Leases - Item Recorded as Prepaid Recognized as Revenue Sale of Land - Gain recorded on sale of north end properties that had no cost element; Gain recorded on three capital leases Other - Interest from GIC investments			

Financial Results – NSLI

	2017-2018 Estimate	2017-2018 Actuals	2017-2018 Variance
NOVA SCOTIA LANDS INC.	<i>(\$thousands)</i>		
Departmental Expenses:			
Payroll	1,098	794	(304)
General and Administration	820	420	(400)
Sysco LTMM	1,002	449	(553)
OH Park and CO LTMM	898	479	(419)
Boat Harbour	4,521	6,270	1,749
EnviroSystems	3,100	3,258	158
Slag		282	282
MV Miner		39	39
Other		7	7
Total: Departmental Expenses	11,439	11,998	559
Additional Information:			
Management Fee - HCPI	146	146	
Grant Pictou Wharf	79	1	(78)
OHP LTMM & Admin Fee	1,113	694	(419)
Boat Harbour & Admin Fee	4,838	6,584	1,746
Grant – MV Miner	159	157	(2)
EnviroSystems & Admin Fee	3,259	3,417	158
Admin Fee – Port Mersey	183	183	
Sysco LTMM & Admin Fee	1,345	772	(573)
Miscellaneous Income	317	118	(199)
Slag		382	382
Total: Revenue, Fees and Recoveries	11,439	12,454	1,054
TCA Purchase Requirements	0	0	0
Provincial Funded Staff (FTEs)	0	0	0

Departmental Expenses Variance Explanation:

Payroll – No miscellaneous labour during the year and some salaries allocated to projects.

General and Administration – Legal fees, consulting, Halifax office and repairs and maintenance lower than budget.

Sysco LTMM – Legal fees invoiced directly to Sysco.

OH Park and CO LTMM – Less sampling during year, water treatment plant did not require media change out and park improvements deferred.

Boat Harbour – Consultant engaged earlier and additional planning studies done.

Envirosystems – additional well requiring remediation.

Slag – Operation closed during year – wind up expenses recognized.

MV Miner – 2017/18 interest on arbitration award.

Revenue, Fees and Recoveries Variance Explanation:

Grant Pictou Wharf – Expected funding not received.

OHP LTMM & Admin Fee, Boat Harbour & Admin Fee, Envirosystems & Admin Fee, and Sysco LTMM & Admin Fee – revenue variances directly related to variances in expenses as noted above.

Miscellaneous Income – Expected grants not received.

Slag – Operation closed during the year – wind up revenue recognized.

Financial Results – PMCP

	2017-2018 Estimate	2017-2018 Actuals	2017-2018 Variance
PORT MERSEY COMMERCIAL PARK	<i>(\$thousands)</i>		
Departmental Expenses:			
Payroll	658	710	52
General and Administration	1,970	1,816	(154)
Security	190	139	(51)
Site Reconstruction	125	2	(123)
Admin Fee to NSLI	183	183	
Total: Departmental Expenses	3,126	2,850	(276)
Additional Information:			
Miscellaneous Recoveries		69	69
Leases	265	105	(160)
Sales	300		(300)
Wharf Usage	300	348	48
Equipment Rentals	35	12	(23)
Econ. Dev. PNS Recovery	1,250	1,250	
PNS Grant	976	1,009	33
Total: Revenue, Fees and Recoveries	3,126	2,793	(333)
TCA Purchase Requirements	0	0	0
Provincial Funded Staff (FTEs)	0	0	0
<u>Departmental Expenses Variance Explanation:</u> Payroll – Executives more involved in operation – higher allocation of salary General and Administrative – Wharf maintenance not required Security – working toward appropriate level of security for commercial park Site Reconstruction – landscaping plans not completed and less building repairs <u>Revenue, Fees and Recoveries Variance Explanation:</u> Miscellaneous Recoveries – unknown year to year so not budgeted Leases – New leases negotiated as capital leases which require HCPI to immediately recognize gains rather than rental revenue appearing in Port Mersey. Sales – all disposal of capital property recognized in HCPI. Wharf Usage – All revenue received from lease. Equipment Rentals – less requests from tenants and agreement to support new tenant at no cost PNS Grant – misunderstanding of the amount of grant when budget was submitted.			

Measuring Our Performance

Nova Scotia Lands Inc. is a Crown corporation owned by the Province of Nova Scotia. It was incorporated in 2007, with its principal role originally to continue with remediation activities at the former Sydney Steel Corporation (SYSCO) site and put in place the necessary infrastructure for redevelopment of the site into a viable commercial park facility. NS Lands has several separate entities that they manage on behalf of the Province. They include:

- Harbourside Commercial Park
- SYSCO
- Sydney Utilities
- Port Mersey Commercial Park (unincorporated in May 2018 - business name only)

In fiscal year 2017/18, the organization created a governance structure where the same members oversee all entities. The intent is to merge as many of the incorporated bodies together as possible. Staff are working through the details on this effort. Port Mersey Commercial Park is no longer its own entity for example. All transactions now go through Harbourside Commercial Park. This process will continue for the next few years as the organization determines the best way to “untangle” and align.

This was also a year where a new organizational mandate was created. The following represents the organizations vision, mission, core values and objectives:

Vision

Nova Scotia Lands Inc. is the “go to” agency for environmental clean-up, asset management information and land management in the Province of Nova Scotia.

Mission

To ensure proper remediation and best use of provincial land assets.

Core Values

- To be transparent and accountable
- To capitalize on human and built strengths and recognize a competent and capable workforce
- To ensure a safe working environment

Goals / Objectives

Core Programs:

1. Environmental Analysis and Remediation
2. Parks and Land Management
3. Asset Inventory Management (Information only)
4. Boat Harbour (considered separate from #1 due to the magnitude of the project and special legislation).

The accountability report intends to update the reader on progress made under the above listed core programs.

Goal: Environmental Analysis and Remediation

A. Long Term Monitoring and Maintenance of Former Sydney Steel Property

Nova Scotia Lands Inc. (NSLI) was incorporated in 2007 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 lands. No further environmental site assessments are needed, however ongoing monitoring is required.

All SYSCO properties have experienced some form of remediation and, accordingly, transferred to Harbourside Commercial Park, with the exception of 27 hectares (71 acres) referred to as the High Dump Area which is partially being dealt with this in fiscal year 2018/19. NSLI continues to provide any prospective purchasers with site condition reports.

NSLI has now completed the fourth year of a long-term maintenance and monitoring program approved through the Federal/Provincial partnership.

B. Long Term Monitoring and Maintenance of Former Tar Ponds and Coke Ovens Site

The LTMM for the former Tar Ponds area now known as Open Hearth Park and Harbourside East (former Coke Ovens site) is being implemented. On these sites, NSLI continues to undertake the required monitoring, and results of this has been found acceptable by NSE. Open Hearth Park continues to see heavy usage by the community during the reporting period with such events as: school events, charitable activities by nonprofit groups and a multitude of sports activities.

C. Address and Remove SYSCO Slag

The slag material in the High Dump area is currently quarried by Membertou Development Corporation, through a partnership with Harbourside Commercial Park for the removal of 1.2 million tons of ordinary slag. There are other interests in operating the slag pit, and NSLI will go out for an expression of interest in the slag pit for the 2019-20 fiscal year.

D. Remove Slag Pile from Private Property

The processed slag on private property (PEV) has been purchased by Membertou Development Corporation and will be removed by March 31, 2019.

E. Support DNR's Effort to Remediate Former Mine Sites

Nova Scotia Lands has drafted a MOU with NSDNR and NSTIR to project manage a detailed assessment of the former Montague and Goldenville Mine sites, with the goal of site closure. It is anticipated that the assessment will be completed within this fiscal year, complete with a preliminary design and class "D" estimate of the same for each site. The intent of the study is to develop a technical framework template for DNR and/or its agents to utilize for assessment and preliminary design on any other mine sites within their property inventory.

F. Demolish Former School (Truro)

A project to complete the demolition of the former Truro School for Girls was undertaken by NS Lands to support TIR during Q4 2017 into Q1 and Q2 2018. Essentially, this project was to manage the demolition of an old school/residence complex which included environmental contaminants and concerns and typical construction/demolition challenges, while allowing an Acadian school and community facility next door to continue operations in an uninterrupted manner. The project was completed ahead of schedule and with no exceedances of the roughly \$1M budget.

G. Abandoned Vessel Salvage Program

Nova Scotia Lands became the implementing agency from a government committee who were tasked with developing an inventory of abandoned or wrecked vessels within Nova Scotia waters. The inventory was being established to take advantage of the two programs the federal government had established to deal with this issue. The first program, administered by Fisheries and Oceans Canada, will address those vessels within Small Craft Harbours (SCH). The second program, the Abandoned Boats Program, is administered by Transport Canada and involves all other vessels outside of the defined SCH.

NSLI made applications to both programs, on behalf of the Province of Nova Scotia, and applications were accepted for the assessment of 25 of the 27 vessels initially identified. NSLI will complete these assessments by March 31, 2019.

H. Promote NSLI Services to Other Departments, Agencies, Boards and Commissions

The intent is to define three to five significant projects per year, in cooperation with other departments. Items E to G above show evidence of how NS Lands can best work with other departments and agencies to oversee or directly remediate and/or demolish properties and structures. This is a priority item for the agency. Departments need support, and NS Lands has the capability to provide support. The organization will continue to reach out to other departments to ensure they understand the type of support that NS Lands can provide.

Goal: Provincial Commercial Parks Management / Land Management on Brownfield Sites

A: Harbourside Commercial Park

Harbourside Commercial Park Inc. (HCPI) was established in August 2006 to manage commercial development of remediated areas of the former Sydney Steel (SYSCO) plant site. All assets of Sydney Utilities Ltd. have been transferred to HCPI. HCPI is responsible for the control of the two water utilities (Sydney River and Grand Lake Water Systems) that have been part of the SYSCO infrastructure and a substantial water supply for the regional municipality and industrial activities at the former SYSCO site.

HCPI's mission is to develop and maintain a viable industrial and commercial park and to develop and implement marketing strategies promoting the park through strategic alliances with other provincial, municipal and community groups. Staff are continuously reaching out to provincial/municipal partners to promote the property, as well as entities like the Chamber of Commerce and not-for-profits.

B: Port Mersey Commercial Park

The goal is to continue to manage Port Mersey Commercial Park, actively promote properties for sale or lease. Honour agreements made at transfer. Incorporate provincially owned property from traditional high-water mark. (\$3M annually)

Port Mersey Commercial Park continues to have several active leases and additional interest in park space. There are agreements which were made at the time of transfer of the assets and these continue to be upheld. For example, NS Lands continues to fulfill the "Steam Agreement" with Emera by using steam supplied by Emera to PMCP to the extent possible and paying for the additional agreed amount of steam not used annually.

Physical land at the park which had been conveyed 'crown to crown' in past has now been transferred to Harbourside Commercial Park which affords NS Lands the ability to lease or sell these "infilled" lands going forward.

NS Lands continues to promote the park and encourages the leasing or sale of property. NS Lands has entered in to discussion with an entity interested in taking over the park and leading future park development.

C: Pictou Wharf

Pictou wharf was built by the Province in 1988 to assist local Pictou County marine industries and is owned by Nova Scotia Lands Inc. This is a common user wharf facility consisting of approximately 300 feet of berthing face and a dredged depth of +/- 28 feet. Since 2001, the wharf and 6.5 acre backup land facility are currently under a lease arrangement with BPI Industries.

Goal: Asset Inventory Management

A few years ago, government explored the option of "one land entity" for the Province. Careful review resulted in the need for a provincial land/building inventory. TIR Deputy tasked NS Lands to create an application to host this information. The following were suggested uses:

- Sell surplus land & return to productive private-sector use
- Keep land that could support sector development, innovation or innovation sites
- Manage land that is contaminated or has environmental issues and challenges

Provincial land asset information currently exists in multiple locations and in multiple formats across multiple owner departments. We are aiming for a solution to centralize this data and make it more readily accessible and user friendly to maintain. The intent is to build a web-based application that provides staff with the ability to maintain and communicate provincial land ownership, status and use information from a centralized database and application (web-based).

Once asset inventory attribution is complete, provincial staff will have the ability to review and create reports on the fly, tabulating provincial lands by ownership and status (e.g. total NSTIR lands deemed surplus).

Primary requirements of web enabled application:

- User friendly interface for non-technical resources
- Functionality to edit property ownership and current status
- Functionality to view, query/filter and report on property
- Built in accordance to GIS programming conventions defined by GeoNOVA; hosted and published from the NSGI environment

This project is currently behind schedule, as multiple stakeholders (GeoNOVA, consultants, NS Lands, TIR) work on role clarity.

Goal: Boat Harbour Remediation

The *Boat Harbour Act* received Royal Assent in May 2015, and set January 31, 2020 as the date for stopping effluent from the Northern Pulp Mill from going into the Boat Harbour Effluent Treatment Facility. The Boat Harbour Effluent Treatment Facility is situated in Pictou County and has received effluent from industry since 1967, which has cumulatively contaminated the sediments in the facility, as well as in some of the wetlands adjacent to the facility. The intent is to return Boat Harbour to a tidal estuary.

Considerable progress has been made to date and the momentum to continue remediation planning through broad engagement with public sector stakeholders and regulators, consulting engineers, academic advisors, as well, community engagement with the Pictou Landing First Nation is critical.

In December 2017, the Chief of the Pictou Landing First Nation indicated that she is the delegated authority to speak on Boat Harbour on behalf of Nova Scotia First Nations. She has shared her satisfaction with the progress on the project and with the level of engagement and their participation in the project. She has expressed her view that she *"can see how we have definitely improved on our relationship between the government and the community. I need to express how thankful I am for this so far."* A Nova Scotia/Pictou Landing First Nation Boat Harbour Cleanup Committee, formed in 2015, continues to function as a government to government liaison, examining ways to ensure the First Nation's effective engagement and participation in the project plans and implementation. This Committee meets monthly and is chaired jointly by the Chief and the Project Team Leader.

A work program of significant technical work has been successfully undertaken over the past three years involving Lidar and aerial topography surveys, hydrology study, hydrogeology study and geotechnical assessment to determine the physical characteristics of the Boat Harbour bottom. In addition, an early remediation program, referred to as pilot scale work, in one cove in Boat Harbour is planned to determine cost-effective remediation options, which is an essential element of planning and will also show early progress on remediation.

In early 2017, a barrier was constructed to isolate one cove in Boat Harbour. This will enable pilot scale testing of various environmental conditions and remediation engineering methodologies, which will then lead to the selection and evaluation of remedial technical options for the removal, treatment and disposal of the contaminated sediments from that cove. Infrastructure necessary for the pilot scale work is expected to be constructed in July/August 2018, and the pilot scale testing is expected to be carried out in the August 2018 to January 2019 period.

In early 2017, the results of a procurement process for the engagement of a consulting engineering firm were concluded. GHD, a multinational consulting engineering firm based out of Halifax for purposes of this work, was awarded a \$6.7 million contract through a negotiated contract award process for several planning elements referred to as Base Services. Several other planning elements for which the scope could not be clearly defined at the time of procurement, referred to as Provisional Services, were subsequently negotiated with GHD resulting in an amended contract value of \$9.6 million. Their work will lead to the complete characterization of the project and its boundaries, the development of remedial design options and analysis, the development of a complete project design and the delivery of tender ready documents for implementation of the Boat Harbour remediation. In conducting the Phase 2 Environmental Site Assessment they have determined that the Boat Harbour Effluent Treatment Facility, built in 1972, has functioned quite well over the years and that there are minimal contaminant impacts outside the facility, except both for early years between 1967 and 1972 when Mill effluent was directly discharged into wetlands inland of Boat Harbour and for some impact in the estuary of the Northumberland Strait outside the facility's dam structure.

The proposed project will be subject to a Nova Scotia Class 2 Environmental Assessment as communicated on April 27, 2018. The Canadian Environmental Assessment Agency has also been engaged, and their decision is outstanding. The current project schedule implementation plan specifies deliverable of the complete project design and tender ready documents for the remediation construction in late 2019.

Another element which has arisen is the probability that the Boat Harbour Remediation Project may be eligible for funding under the federal/provincial Infrastructure Program and the Green Infrastructure Stream. The Project Team has developed documentation for a submission which may attract 50% federal support.

The Province of Nova Scotia has approved a series of liability increases for the Boat Harbour Remediation Project over the past three fiscal years, which has resulted in a current project funding allocation of approximately \$205 million as of March 31, 2018.

In addition, the project's governance includes an Environmental Advisory Committee comprised of scientific, technical and regulatory experts from several provincial and federal departments; the consulting engineering industry, academic subject matter experts from Dalhousie University, Acadia University, St. Francis Xavier University and Cape Breton University; and community representatives from Pictou Landing First Nation.