



A Disciplined and Practical Approach to Cost Share Partnership

The Sydney Tar Ponds and Coke Ovens Remediation Project



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The Source of the Problem

Respect

Excellence

Integrity

Leadership



- 1901 – Steel Plant privately established
- 1967 – Steel Plant taken over by NS
- 1968 – Coke Ovens purchased by Canada
- 1973 – Coke Ovens transferred to NS
- 1988 – Coke Ovens shut down
- 2000 – Steel Plant shut down
- Total Production: Steel - 41 M tons
Coke - 32 M tons



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Project Background



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Sites contain contamination caused by 100 years of steel making, at times producing half of the nation's output.



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Tar Ponds

32 hectare area, 700 000 tonnes coal tar contaminated sediment

Coke Ovens

72 hectare area, 25 000 tonnes tar cell, 560 000 tonnes contaminated soils from coking, underground structures & piping



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Federal responsibility for the cleanup is derived primarily through either funding or direct management of operations.



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Federal Involvement

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PWGSC responsibility assigned by federal cabinet in 2004, as a common service provider with experience in management of major remediation projects.



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Otherwise, from the federal perspective:

- **Cape Breton Development Corporation (CBDC)**, a federal crown, operated Coke Ovens for 5 years at historically high levels
- **Department of Regional Industrial Expansion** provided \$177M in 1980s to sustain steel plant
- **Transport Canada** owns about 70% of the Tar Ponds and **CBDC** owns about 42% of the Coke Ovens



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Memorandum of Agreement (MOA)

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Signed May 2004

Objective:

- Clean up sites
- Cost share basis
- Over 10 years ending in 2014
- Total Costs \$400 million



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Principles:

- Canada to contribute up to \$280 Million
- Nova Scotia to contribute \$120 Million
- Sydney Tar Ponds Agency (Nova Scotia) is the implementer
- Monitored by an Independent Engineer
- Nova Scotia to accept land ownership at completion
- Nova Scotia responsible for controllable cost over-runs



The Challenge

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- One common goal
 - ◆ Project description
 - ◆ Technical, environmental and financial feasibility
 - ◆ Environmental Assessment
- Clearly define roles
- Shared and individual accountabilities
- Secured funding
- Governance
 - ◆ Disciplined approach
 - ◆ Flexibility for optimum results



Governance

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Subsidiary Agreements

- Agreement on Governance and Funding
- Agreement on Initial Project Works
- Agreement to appoint an Independent Engineer
- Agreement on Environmental Assessment
- Agreement on final Cost Sharing
- Agreement with First Nations



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Risk Assessment

- Project Management Framework
- Results-based Management and Accountability Framework
- Risk-Based Audit Framework



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Environmental Assessment

- Harmonization Process
- Joint Response to Panel Report
- Joint Monitoring of Environmental Soundness of Activities

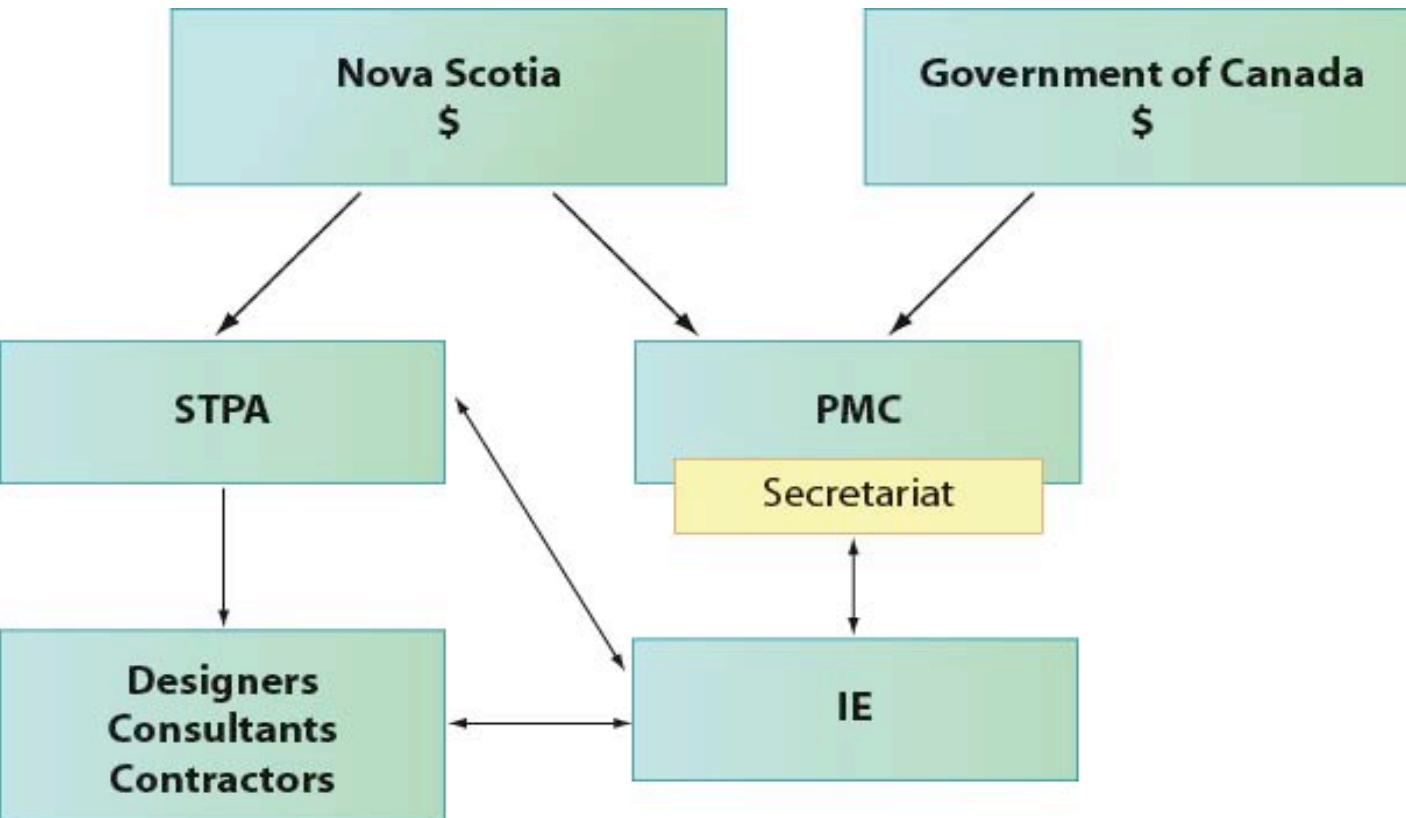


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Project Structure



Source of Funding

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- Nova Scotia Trust Fund – NS (TF)
- Government of Canada - GoC



First Nations

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- MOA Commitment for meaningful contribution by First Nations
- Negotiations – Agreement in principle
- Aboriginal Procurement Strategy



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How Are We Doing

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- Design and Engineering Completed
- Technical, environmental and financial feasibility confirmed
- Last Preventative Work completed (Cooling Pond)
- Preparing for Coke Oven Site Capping
- Preparing for Stabilization and Solidification of Tar Ponds Site
- Ongoing construction of Decontamination Facility



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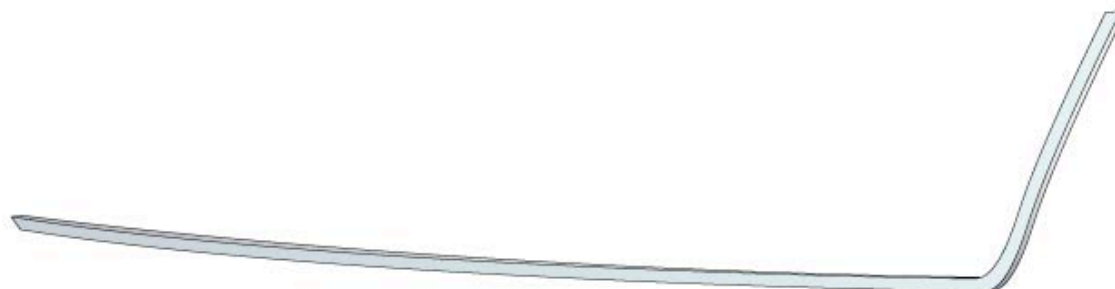
Memorandum of Agreement

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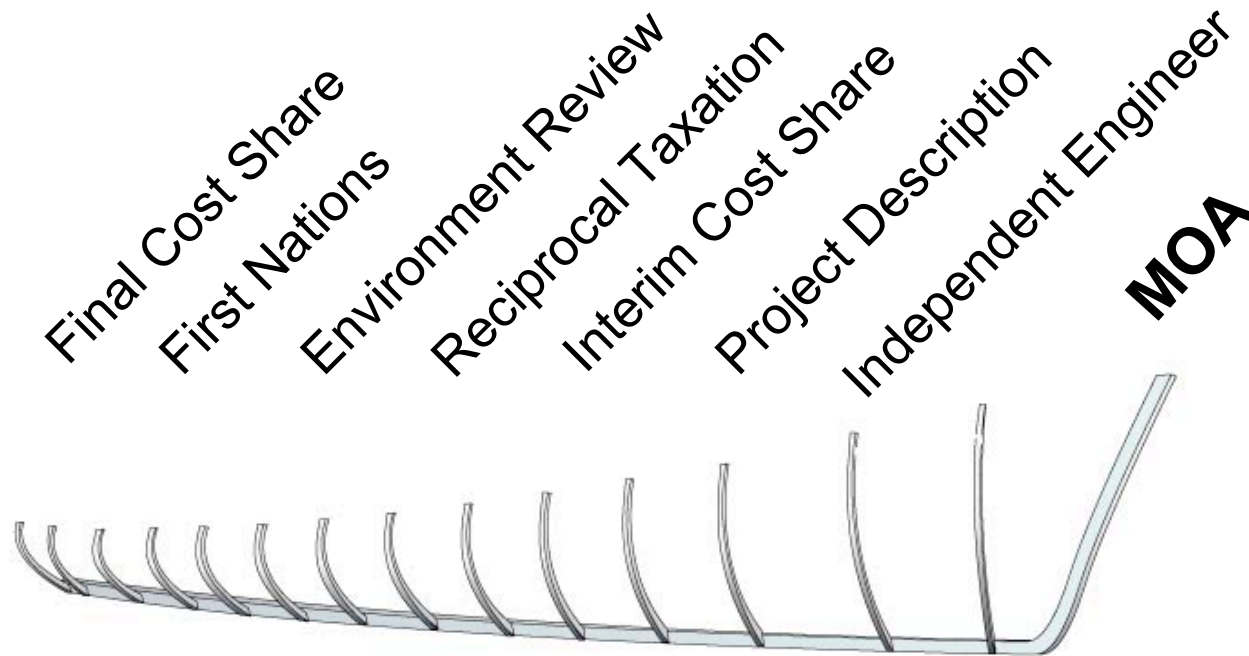
Subsidiary Agreements

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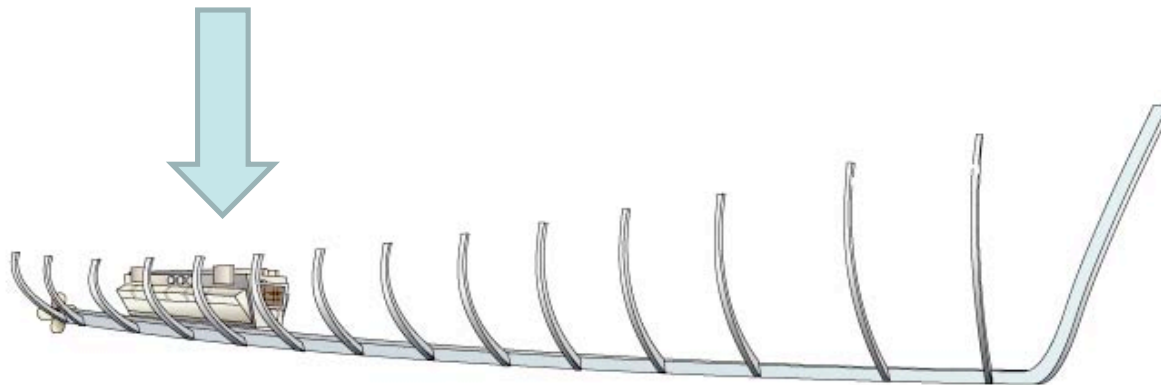
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\$400 Million



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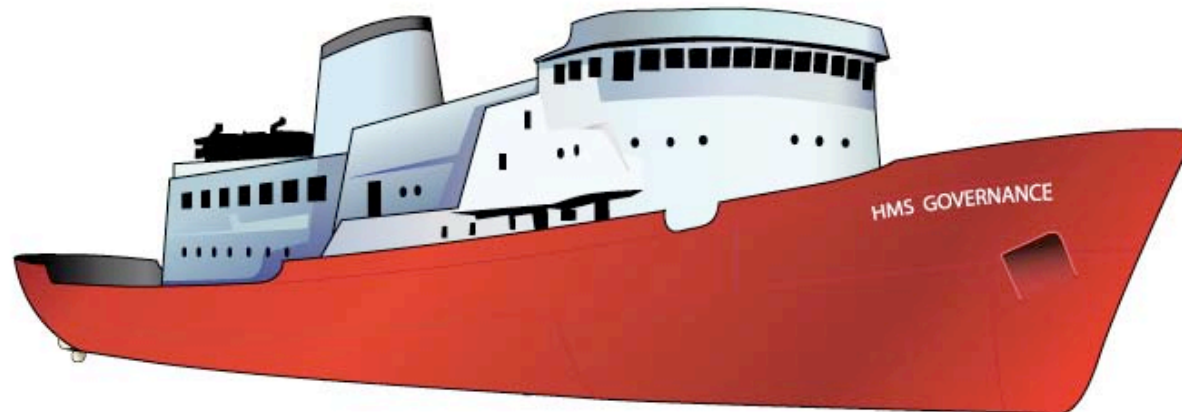
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Independent Engineer

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