



FINAL REPORT

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1.0 INTRODUCTION

1.1 PROJECT OVERVIEW AND PURPOSE

1.1.1 History and Background of the Project

World container traffic is currently growing at a compound rate of over 6 to 7 percent per year and is expected to double in the next two decades. The majority of this increase will be in the Trans-Pacific trade lanes where 15 percent compound annual growth is expected through the year 2015. Under these circumstances, ports on the east coast of North America now receive a growing share of cargo from China, India and Southeast Asia. As the Panama Canal is presently operating at 93 percent capacity, this port cannot absorb the predicted rise in Asian traffic. Therefore, shippers and beneficial cargo owners continue to seek stable and reliable supply chain routes and are increasingly having goods sent directly to east coast ports via the Suez Canal. As the first North American landfall on the Trans-Suez route from Asia, Canada has an opportunity to develop a port at Melford, Nova Scotia to serve the growing U.S. markets.

Canada's east coast offers an ideal terminus for large container ships by providing deep water, wide channels, highly productive labour, and good intermodal connections to inland destinations.

The challenge facing the North American east coast ports is in responding to this growing demand without duplicating the problems of congestion and landside constraint found today on the west coast of North America. Halifax, Montreal and the U.S. north eastern ports are already located in highly urbanized harbours that offer little, if any, additional expansion potential.

1.1.2 Project Purpose

To address the challenges of overloaded east coast container terminals, MITI is proposing a state-of-the-art intermodal rail container logistics terminal on the Strait of Canso at Melford Point, Nova Scotia. MITI is a consortium that holds the property and development rights to an ideal portion of the Melford Industrial Reserve, including the right to develop rail facilities on-site for eventual interconnection with the CN main line via the Cape Breton and Central Nova Scotia railway (CBCNS). The property includes a port site along the water, plus hinterlands for intermodal rail, and allows for possible future expansion and enhancement of the proposed facilities to accommodate predicted traffic growth.

1.1.3 Project Objectives

The objective of the proposed Project is to meet the demand for a viable and efficient container terminal on the east coast of North America that will keep up with the increasing market of overseas shipping. The terminal will bring immediate and sustainable economic growth to Nova Scotia and establish itself as a model for shipping efficiency.

1.1.4 Project Site and Land Ownership

The future location of the MIT is in Nova Scotia approximately 242 km northeast of Halifax and about 10 km southeast of Port Hawkesbury (Figure 1.1-1). The site is part of a larger package of land zoned as industrial by the Municipality of the District of Guysborough.

The proposed MIT will be situated within the Melford Industrial Reserve, east of Melford Point and will include a marine wharf and initial logistics park site, as well as future expansion scenarios (Figures 1.1-2).

The site is adjacent to an extensive waterfront area with few competing or congested land uses. The boundaries of the land on which the terminal will be developed are defined by multiple parcels and land features. The Strait of Canso provides a natural boundary to the north and northeast (Figure 1.1-1). The site is bounded on the northwest by a mix of Nova Scotia crown land and privately owned parcels, and to the west, south, and east by lands of the Melford Industrial Reserve. The site is traversed in a northwest to southeast direction by Highway 344, as well as the Melford Loop road which is entirely within the site and loops closer to the shoreline from Highway 344. There are several private parcels currently held within the M-3 industrial zone, some with inhabited residences and some with abandoned houses. These private holdings are currently being acquired by the Municipality of the District of Guysborough.

There are no federal lands involved in the proposed project site.

The project components are shown in Figure 1.1-2.

1.2 THE PROPONENT

The Project proponent is Melford International Terminals Incorporated.

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The Consultant for this Project is AMEC.

AMEC Earth and Environmental
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A list of the partners involved in this Project is found in Table 1.2-1.

Table 1.2-1: Project Partners

Partner	Role in Project
SSA Marine	Port terminal operator
SAIC	Security applications
Cyrus Capital Partners	Capital partners
Millbrook First Nations	First Nations advisors
Municipality of the District of Guysborough	Host municipality
CN Railways	Rail spur construction, terminal design and operations, market research, agreement for joint marketing, cooperation on security and customs clearance
Rail America (RA)	

1.3 REGULATORY OVERVIEW

1.3.1 Federal Environmental Assessment Process

A CEAA assessment is required by federal authorities for certain projects that involve public lands, federal funding, or certain federal authorizations (e.g. *Fisheries Act* Authorization). Following the review of the proponent's Project Description, TC and DFO determined that the required environmental assessment is a screening level environmental assessment pursuant to Section 18 (1) of the *Fisheries Act* (Federal-Provincial Environmental Assessment Agreement, 20 March 2008 – Appendix 1.0-A).

TC's responsibilities under CEAA arise from the anticipated requirement for a NWPA approval which will address navigation issues associated with the development proposal. DFO's responsibilities under the CEAA arise from the anticipated requirements pursuant to the *Fisheries Act*. Section 32 requires an authorization for the possibility of destroying fish due to the use of explosives. Additionally, Section 35(2) of the *Fisheries Act* requires an authorization for the Harmful Alteration, Disruption, or Destruction (HADD) of fish habitat associated with the development of the terminal wharf and rail corridor.

Based on current knowledge of the components, the Project is subject to a screening level federal environmental assessment. Required permits and triggers under the regulations of CEAA, S.C. 1992, c.37, include;

- a permit under NWPA;
- an assessment of the proposed activity; and
- authorizations for destruction of fish (Section 32) and for a HADD (Section 35(2)) under the *Fisheries Act*.

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Although normally required to determine the significance of the effects during an assessment, a compensation plan is also required prior to the issuance of a Section 35(2) *Fisheries Act* Authorization, however it is not a CEAA trigger.

Additional information on these processes and requirements is provided in Section 1.3.4.

To initiate the CEAA process, a project description was filed on October 24, 2007, with regulators describing the proposed undertakings in sufficient detail to enable them to identify which departments have responsibilities for undertaking the assessment (Responsible Authority) or relevant expert knowledge (Expert Departments). Following review of the Project description, a scoping exercise was undertaken in cooperation with regulators to establish VECs (including socio-economic components of concern) to be assessed and the specific components of the assessment process. This step was considered complete on February 28, 2008, when MITI received the last comments from the regulator's reviews of the draft assessment requirement document issued on January 20, 2008.

For the proposed MIT, a screening level assessment (and not a comprehensive study) under CEAA is required. This type of Project is listed in the Comprehensive Study List Regulations under the CEAA. However, the proposed site is zoned as Industrial Resource M-3. A marine / container terminal, including wharves and storage facilities, are listed as acceptable developments for this type of zoning. In addition, zoning for the area was subject to public consultation in accordance with the *Municipal Governments Act* and the *Planning Act*. In accordance with Part IX, Section 28c of the Comprehensive Study List Regulations, proposed marine terminals that have undergone this type of planning approval do not require a comprehensive study level environmental assessment.

No legislated timelines exist for the federal environmental assessment, with the exception of the initial project description review and coordination period (timelines though have been established as part of the Federal-Provincial Environmental Assessment Agreement of 20 March 2008 – see discussion below on Provincial and Federal Coordination).

1.3.2 Provincial Environmental Assessment Process

More than two hectares of a wetland will be disturbed at the Project Site. Therefore, the Project requires registration and assessment as a Class I Undertaking under the Environmental Assessment Regulations made pursuant to the NSEA.

In the case of a Class I registration (including assessment), current legislation requires the Minister to render a decision within 25 days of submission. The Minister may: release the project with conditions; ask for more information; require a focus report; require an environmental assessment report; or reject the project. A thorough registration document precludes the necessity for further assessment in most cases. In addition, NSE recommends the submission of a draft registration report for review and comment to ensure key issues are addressed before formal submission. This step usually helps to expedite the review process.

Depending on design, one or more provincial approvals (permits) may be required for activities such as culvert installation, watercourse diversion, and wetland alteration.

1.3.3 Provincial and Federal Coordination

Given that both the provincial and federal environmental assessment legislations are triggered, the federal and provincial regulators have agreed to review the proposal jointly and to harmonize the respective assessment processes. However, the federal and provincial governments will each make decisions on matters within their own legislative authorities.

The joint assessment process and associated timelines is governed by a Federal-Provincial Environmental Assessment Agreement of 20 March 2008 (Appendix 1.0-A) and the associated Information Requirement Document (February 27, 2008) (Appendix 1.0-A).

1.3.4 Regulatory Approvals

1.3.4.1 Navigable Waters

Construction of a marine terminal in navigable waters requires a permit under NWPA, administered by TC. As this permit is included under the applicable regulatory powers listed in the Law List Regulations under CEAA, the requirement of such a permit is a trigger for an environmental assessment.

The NWPA ensures that the construction, placement, repair or modification of any work that may substantially interfere with navigation in, over, under, through or across any navigable waterway in Canada requires approval by TC. The process requires the proponent to submit an application package to TC consisting of maps, charts, a detailed site plan, and description of the undertaking. If it is determined that an NWPA approval is required, there are a number of steps involved, including newspaper ads and Canada Gazette notifications.

The application process typically takes between 4 and 12 months. An NWPA application was submitted to TC, during the environmental assessment process, on December 13, 2007. The NWPA approval is expected to be issued following the environmental assessment approval.

1.3.4.2 Fish Habitat

Another CEAA trigger is the potential destruction or loss of fish habitat requiring authorization under Section 35(2) of the *Fisheries Act*. This is applicable for both freshwater and marine environments. The Responsible Authority, DFO, requires an assessment of the proposed activity and a fish habitat compensation plan. The meaning of fish habitat in this instance is any spawning, nursery, rearing, food supply, and migration areas on which fish are directly or indirectly dependent for their life processes. An application for a HADD authorization must be submitted to DFO.

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In order to alter fish habitat or divert watercourses in Nova Scotia, an application is to be submitted to NSE for approval. In coordination with DFO, the application is reviewed and a decision is made as to whether the project can or cannot proceed. Should permission to proceed be granted, conditions of the approval will be set which would likely include habitat compensation requirements. The protection of salmonid habitat is currently a priority for regulators in the province of Nova Scotia and the proponent must be able to demonstrate that all reasonable efforts have been made to avoid habitat destruction through avoidance and/or redesign.

In the case where a HADD is deemed acceptable, the issuance of an authorization by DFO is usually contingent upon the development of a fish Habitat Compensation Plan acceptable to DFO. MITI has developed a suitable compensation plan that addresses wetlands, freshwater stream habitats, and marine habitat in the marine environment. Details of the habitat to be compensated for are included in this document, and several habitat compensation options are presented (see discussions in Sections 6.8 and 6.9). A detailed Habitat Compensation Plan is provided in Appendix 6.8-A; however, the HADD authorization will only be issued following environmental assessment approval.

In accordance with Section 32 of the *Fisheries Act*, a DFO authorization will also be required should the construction phase involve blasting activities have the potential to destroy marine or freshwater fish.

Wetland Alteration

In March 2006, NSE released the Wetlands Designation Policy and the Operational Bulletin Respecting the Alteration of Wetlands as guidance for obtaining wetland alteration approvals in Nova Scotia. This policy states that the mitigative sequence must be demonstrated for approval of wetland alteration: avoid, mitigate, compensate. If the wetland cannot be avoided, this must be fully justified, and a detailed mitigation plan must be presented. The residual impacts on the wetland must be quantified, and the loss in wetland function must be compensated for at the proponent's expense. It should be noted that this policy was replaced with changes to the *Environment Act* (EA) and the Activities Designation Regulations, but how alterations to wetlands are addressed have not changed.

1.4 ENVIRONMENTAL IMPACT STATEMENT OBJECTIVES AND APPROACH

The focus of this EIS is to identify potential Project-related environmental and socio-economic effects. Mitigation has been proposed to address potentially significant adverse environmental effects. Monitoring and follow-up measures have also been proposed, as required, to verify environmental effects predictions and the effectiveness of mitigation measures.

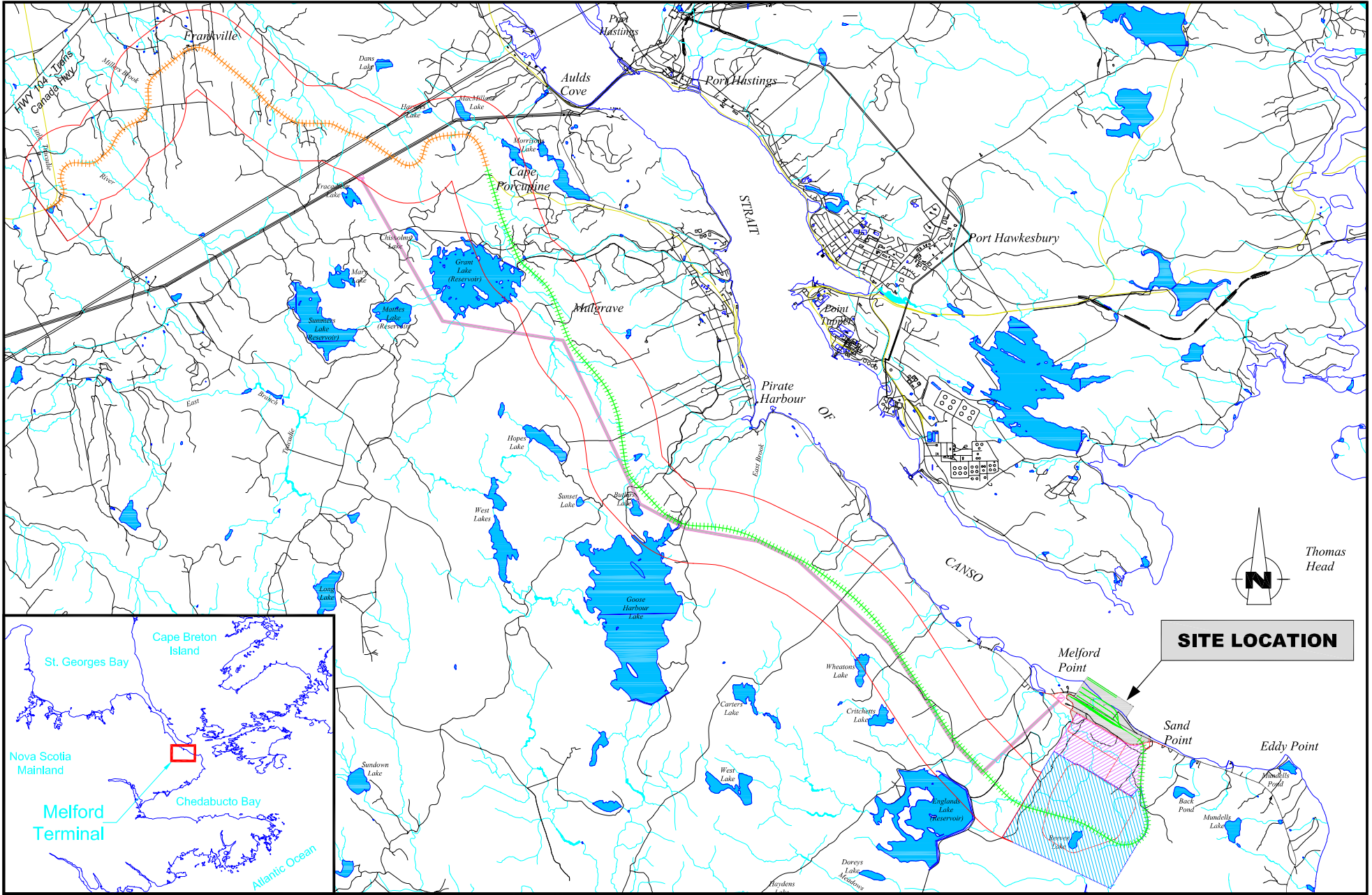
The primary objectives of the EIS are to:

- Assist MITI with environmental management planning for the Project;
- Using the requirements of the NS Environmental Assessment Regulations, the Project Terms of Reference, and Scoping Document, provide Government Agencies, stakeholders and the public with a complete and accurate assessment of the effects of the Project on the environment and human health, in such a way to enable reviewers to draw conclusions regarding the initiative; and
- Obtain regulatory approval.

1.5 ORGANIZATION OF THE REPORT

The EIS has been structured in accordance with the Environmental Assessment Information Requirements Document (February 27, 2008) and includes:

- a description of the proposed undertaking;
- the reason for the undertaking;
- other methods of carrying out the undertaking;
- a description of alternatives to the undertaking;
- a description of the environment that might reasonably be affected by the undertaking;
- the environmental effects of the undertaking;
- measures that may be taken to prevent, mitigate, or remedy negative environmental effects and maximize the positive environmental effects on the environment;
- a discussion of adverse effects or significant environmental effects which cannot or will not be avoided or mitigated through the application of environmental best practices;
- a program to monitor environmental effects produced by the undertaking during its construction, operation, and decommissioning/abandonment stages; and
- a program of public information to explain the undertaking.



SITE LOCATION

LEGEND:

- Proposed Melford Rail Track
- Proposed Melford Rail Track (On Existing Rail Bed)
- Existing Route 344
- Road Network
- Environmental Baseline Study Corridor
- Initial Logistics Park
- Future Logistics Park Expansion
- Proposed NSPI Easement

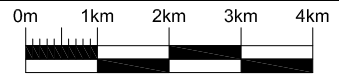
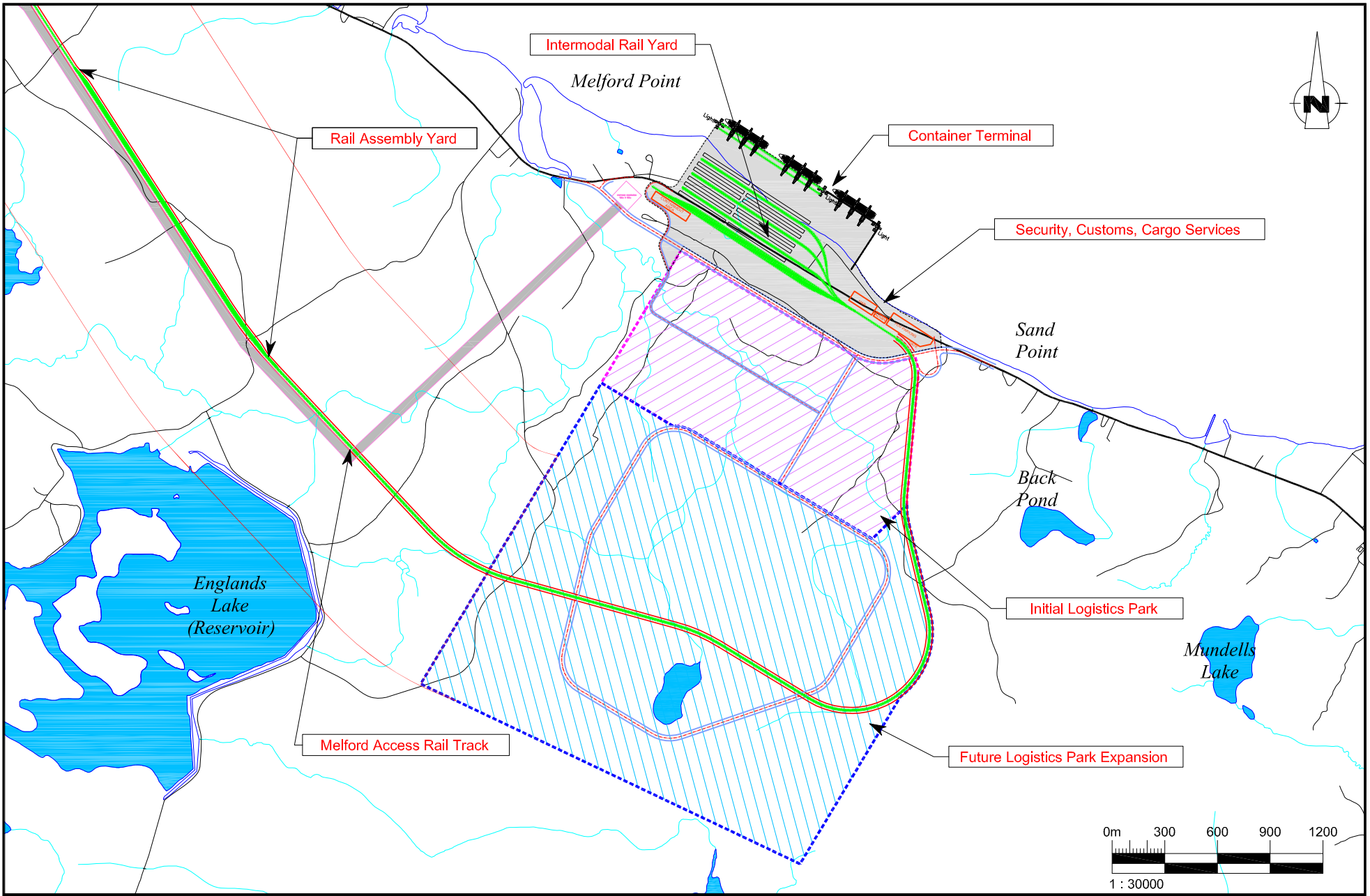



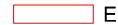






Figure 1.1-1
Melford International Terminal
Project Location
July 2008

Source:
 Nova Scotia Atlas, 5th Edition, 2001, Service
 Nova Scotia and Municipal Relations, Nova Scotia Geomatics Centre



LEGEND:

- | | |
|--|---|
|  Proposed Melford Rail Track |  Proposed Melford International Terminal |
|  Existing Route 344 |  Environmental Baseline Study Corridor |
|  Road Network |  Initial Logistics Park |
| |  Future Logistics Park Expansion |
| |  Proposed NSPI Easement |

Source:
 Nova Scotia Atlas, 5th Edition, 2001, Service
 Nova Scotia and Municipal Relations, Nova Scotia Geomatics Centre

Figure 1.1-2
 Melford International Terminal
 Project Components
 July 2008