

The big Bowater buyout

N.S. government acquires land and debt, floats community forestry and R&D projects

by Jack Scrine

An excited buzz thrummed through the packed conference room at Halifax's Westin Hotel on Dec. 11, 2012. Dozens of lively conversations took place among hundreds of forest industry players and other interested parties as they waited for Premier Darrell Dexter to take the stage to announce what had long been speculated and just the night before confirmed by a press release: the province of Nova Scotia had reached an agreement with Resolute Forest Products to purchase the 555,000-acre Bowater Mersey woodlands.

It was appropriate the premier's announcement was part of his opening remarks at the Forestry for the Future panel discussion, featuring presentations by industry leaders on a range of topics related to taking forestry down new and prosperous paths.

The purchase deal came with a token \$1 price tag, but involved taking on total liabilities of \$136.4 million, including Bowater's \$118.4 million pension liability and severance costs, and \$18 million of the company's debt. The acquisition means almost 1,000 former workers who rely on Bowater pension benefits will receive the money they are owed.

On the other side of the ledger, the assets acquired by the province are deemed to have a total value of \$150.4 million. That includes the lands (\$117.7 million), 30,000 acres of which will be designated as protected areas; the 30MW Brooklyn Power plant (\$25 million), which will be bought by Emera; the Bowater Mersey paper mill site (\$5 million), which will be converted to a centre for clean energy and forestry innovation; and other assets including fiber inventory, cash, and investment tax credits (\$2.7 million). Dexter said

the Oakhill sawmill could not be acquired by the province because of Canada's obligations under the Softwood Lumber Agreement with the U.S.

Minister of Natural Resources Charlie

a province should own that land, should be in control of our own destiny, and they had ideas ranging from community forests, to more Crown leases for forest industries, and so on. We've listened to what we've heard,

and it will diversify our economy and build a stronger province."

The day before the land purchase announcement the province rolled out a community forests pilot program, calling for expressions of interest from groups in the southwest region that would take on management responsibilities for certain parcels of Crown land.

"We have environmental groups and co-op sawmillers and others who are strongly interested in that, and it's a way to keep local

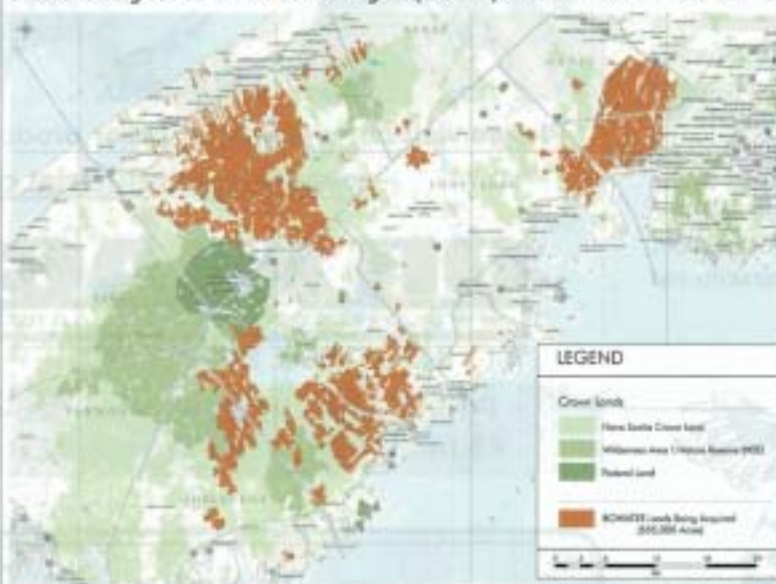
benefits in our community," Parker said.

Dexter said this model allows citizens to be involved with forestry in a meaningful way – "not just be consulted, but be truly engaged in the decision-making process and share in the benefits."

Amanda Lavers, executive director of the Mersey Tobetic Research Institute and a community forests advocate, told *AFR* there are several groups interested in pitching community forestry proposals for former Bowater lands, and she hopes the government will give them all a fair shake. "I think that they're trying to create an open and fair process for identifying community forests, and we would like to see, wherever possible, that that's a collaborative process rather than a competitive process," Lavers said.

For those with rose-tinted glasses firmly fastened, these developments in December spelled excitement and optimism for forestry in Nova Scotia. Even the more cynical among us surely kicked the carpet and grumbled, "It's not bad news."

Plan Showing Lands of Bowater Being Acquired by the Province of Nova Scotia



Parker told *AFR* the province negotiated the price for some time alongside a team of legal experts, and due diligence was done in determining an accurate evaluation of the assets' value. The government says interest on the debt to make the purchase will be covered by stumpage fees of about \$4 million per year.

It would be remiss to give the government full credit for stepping up to purchase the land. Since the mill's closure in June, 2012, Nova Scotians like Geoff Le Boutillier, chair of a group called Buy Back the Mersey, have been "conspiring" to achieve this result, believing it presents far better prospects than allowing the land to be purchased by a private, possibly international, corporation. Le Boutillier said dialogue between government and the group's 22 member organizations was positive throughout the second half of 2012, though it was a long and challenging process.

Parker praised the group's efforts. "As a government we respond to what we hear from people in the community," he said. "They all told us the same thing: that we as