

Provincial Support to former NewPage Port Hawkesbury Paper Mill

Forestry Infrastructure Fund

The province announced in September 2011 its seven-point plan to provide jobs, specialized training, and a way to keep the former NewPage papermill re-sale ready.

A Forestry Infrastructure Fund (FIF) was set up to allow for:

- new silviculture work
- harvesting, including a six month stockpiling program
- road maintenance on Crown land
- forestry training program
- establishing a woodlands core team

Through the Forestry Infrastructure Fund, 400 jobs were created, including:

- 250 jobs in silviculture
- 100 jobs in logging and hauling
- 25 jobs in road building
- 25 jobs for woodlands staff

Operations gradually ramped up through the fall until logging activities returned to approximately 70 per cent of pre-mill shutdown levels; where activity levels stabilized until the annual road closure this month. Over 90 per cent of planned road and silviculture work was completed by late February.

Wood was supplied to over 19 large and small forestry companies in eastern and central Nova Scotia, assisting operations at sawmills and at Northern Pulp.

TO DATE: The Forestry Infrastructure Fund has spent a net of \$9.3 million from the \$14 million allocated for this fund. The actual spent was \$12.3 million minus \$3 million earned in logging sales.

March 16 2012: The province projects that it will spend up to \$9 million more on the Forestry Infrastructure Fund. It is allocating \$12 million, however \$3 million is expected to be returned to the province through logging sales between April and September, for a projected total spending of \$9 million.

Hot Idle Funding

Hot idle is required to keep the mill re-sale ready. When NewPage Port Hawkesbury closed, there was approximately \$25 million remaining in its account. Those monies were used to pay bills, including hot idle relating to the sale of the mill.

In early January, after consultations with the monitor responsible for the sale of the mill, the province announced that it would continue to keep the mill re-sale ready through February and March during negotiations with successful bidder Pacific West Commercial Corporation (The Stern Group), at a cost of \$5 million.

As company funds were not depleted until March, the amount needed to keep hot idle until the end of March was \$3.2 Million, not \$5 million.

September 20, 2011: The province committed up to \$5 million to keep the mill at 'hot idle', ready for re-sale. To date, \$3.2 million of that hot idle allocation has been used.

March 16, 2012: As the sales process is taking longer than anticipated, the province is announcing \$5.8 million in new funding to maintain the mill's "hot idle" state, until the end of September 2012.

At this time the province is also allowing the mill to access another \$10 million under a May 2006 agreement with Stora Enso to fund "hot idle".