

Province buys Bowater lands

December 10, 2012 - 7:31pm [By DAVID JACKSON Provincial Reporter](#)

Deal includes pension provisions for former paper mill workers, Emera go-head to buy power plant



The Lower Medway River area part of the Bowater Mersey lands in Nova Scotia.
(CONTRIBUTED)

Provincial taxpayers are the new owners of more than 220,000 hectares of forest land worth more than \$100 million, part of a deal that will fund the pensions of former Bowater Mersey Paper Co. employees and eventually see Emera own Brooklyn Power Corp.

Premier Darrell Dexter announced the deal with Montreal-based Resolute Forest Products Monday evening.

“This secures the forestry future for southwest Nova Scotia for generations to come,” Dexter said in a telephone interview. “Certainly, this is a difficult economic time, but the alternatives would be to allow what is a generational opportunity to go unmet.”

It’s not as simple a a straight purchase of the land, valued at \$117.7 million. Resolute wanted a clean break from the Queens County mill, which it closed in June, and wanted to dispose of the assets in one sale. After close to six months of negotiations, the province has bought the Bowater Mersey Paper Co. for \$1.

The company comes with assets and liabilities. The only money that changes hands other than the \$1 is an \$18-million debt repayment, which Bowater owed to Resolute.

The liabilities also include \$100 million to cover pension costs of both union and non-union employees, plus another \$18.4 million in other employee costs and liabilities.

The province now owns the land, which the Bowater Transition Advisory Team's report had urged in a report released Friday. A coalition of community groups and other organizations have also called on the government to acquire the land, spread across nine counties.

Under provincial accounting rules, the \$117.7-million land value is added to the province's debt. The land value works out to \$535 a hectare, well below the \$2,350 per hectare average for 10,100 hectares it bought in January as part of a deal to keep the mill running.

The province retained Cortex Consultants Inc. of British Columbia to do a valuation of the land this time. In the first purchase, the province relied on other recent land transactions in the area as a guide.

The province expects to earn about \$4 million annually in stumpage fees from the land with in a couple of years, which would be enough to cover the increased debt-servicing costs.

The province has also purchased Brooklyn Power Corp., a 24-megawatt biomass facility, valued at \$25 million. It plans to sell it to Emera, the parent of Nova Scotia Power for that price.

The mill site itself is valued at \$5 million. The province plans to turn that into bio-energy and clean energy centre, and will make an announcement with new tenants on Wednesday.

djackson@herald.ca

About the Author



[By DAVID JACKSON Provincial Reporter](#)

David Jackson is The Chronicle Herald's provincial legislature reporter and The Howe Room columnist.