

Backgrounder

Economic Impacts of Northern Pulp Nova Scotia



What is the study about?

The purpose of the independent economic study is to examine the broad impact and contribution that the operations of Northern Pulp provide within the Pictou County region, and across the province of Nova Scotia. The study not only examines the impact of the mill as an ongoing business, but also examines the wider dependence of the forestry sector on Northern Pulp through an analysis of the economic impacts under a scenario of a potential mill closure, with a focus on the many sawmills that are highly dependent on the mill. Community level impacts of the mill, and related industries, are revealed through an analysis of the most-affected counties: Colchester, Queens, Lunenburg, Pictou, Cumberland, Hants, and Halifax.

What are the key findings?

Through rigorous economic analysis, combined with detailed interviews with representatives from 13 sawmills, forestry harvesters and related suppliers, this study has found that:

- Northern Pulp is a key player in rural Nova Scotia, creating a significant number of well-paying jobs in typically high-unemployment areas.
- Its unique partnerships with sawmills, forestry contractors and private woodlot owners are critical to its success, and to the rural economy.
- Northern Pulp spends \$279 million annually, with most spent in Nova Scotia.
- A supply chain of 1,379 companies support the mill operation.
- An estimated 2,679 full-time equivalent jobs are supported by the mill.
- Workers throughout the economy gain \$128 million annually worth of income.
- Approximately \$38 million in tax revenues is generated annually to the provincial and federal governments.
- Owing to the high level of inter-dependence within the forestry sector, a closure of the mill would result in the closure of several sawmills and forest harvesting businesses.
- A closure of the mill would remove all of the spending, employment, income and tax revenue benefits from the economy.

Why did Unifor commission the study?

The future of Northern Pulp's operations in Nova Scotia are at risk unless a solution can be found for a new effluent system to comply with the Boat Harbour Act, which mandates a change by January 31, 2020. Northern Pulp has plans in place that are currently under review by the Nova Scotia government to build an on-site treatment facility, meaning no untreated water will leave the mill property, eliminating risk of pipe leaks.

As the deadline approaches, a local group has been calling for the mill to close. This group remains strongly opposed despite the fact that pulp and paper mills across Canada and the United States use systems like that which Northern Pulp has planned, and successfully coexist with their communities.

Unifor proudly represents 240 workers at Northern Pulp, 12,000 workers in Nova Scotia, and 23,000 forestry

workers across Canada. We are Canada's largest union in the private sector with 315,000 members in every sector of the economy, and regularly advocate for good jobs, sustainable development, and progressive change for a better future. Our goal at Northern Pulp is to support a modern facility that meets and exceeds environmental targets, supports a sustainable forest sector and provides economic stability for the region for years to come.

The government of Nova Scotia has important decisions to make in the near future concerning the ongoing viability of Northern Pulp. Policy makers, community leaders, and the general public require the fullest possible understanding of the importance of the operations to the economy, and the wider implications of a potential closure for other businesses, and across several communities.

Who are Gardner Pinfold Consultants?

Gardner Pinfold Consulting was incorporated under the laws of Nova Scotia in 1979, and is an independent, Halifax-based company. The general objectives of the firm are to provide comprehensive professional services covering all aspects of economic consultancy.

Gardner Pinfold specializes in assignments related to the economics of natural resource and industrial development and in the field of regional economics. Recent assignments include benefit-cost analysis, program evaluation, economic impact assessment, forecasting, simulation modelling and advisory services in regulatory and judicial proceedings.

Gardner Pinfold is recognized as one of Canada's leading firms in terms of its analytical capabilities and experience related to the economics of natural resource development and management. The formal training and range of analytical skills of the firm's professional and support staff give Gardner Pinfold the capacity to undertake private and public sector assignments of both a highly quantitative and qualitative nature. The strong academic backgrounds in economics and law of the firm's principals have proved invaluable for the production of well-researched and methodologically sound reports.

What methods were used in the study?

In order to determine the impacts of the Northern Pulp operations, direct expenditures are used to drive an economic input-output model. The model captures the relationship amongst industries in the province, measuring how direct expenditures on goods and services create output, jobs and income in the economy through direct impacts, indirect impacts and induced demand. The model generates impacts according to standard economic indicators of gross value of output, gross domestic product, employment, labour income and taxes. Statistics Canada's inter-provincial input-output model was used to determine impacts for Canadian operations. A custom model run specifically for the Northern Pulp operations is the basis of results in this report.

Additionally, detailed interviews were conducted with representatives from 13 of Nova Scotia's most important sawmills, wood harvesters and related forestry businesses in order to gather data and insights on their inter-relationship with Northern Pulp, and the implications of a potential closure.