Forest Nova Scotia

The nature of our business is growing.

Sector update

CWF virtual session

March 2, 2021

Forest NS :

- 600+ members from all sectors
  - sm & lg pvt landowners/managers; Christmas tree growers; silviculture, trucking and harvesting contractors; pellet mills; HW and SW sawmills; energy producers; pulp and paper mills.
  - 85% small private landowners

- Voice of the forest sector since 1934.

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2020

=

Change

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How did we get here?

December 20, 2019 –

Premier announces no extension to Boat Harbour Act

January 31st, 2020 –

Northern Pulp closes

* March 15, 2020 –

NS: 1st case of COVID-19 announced

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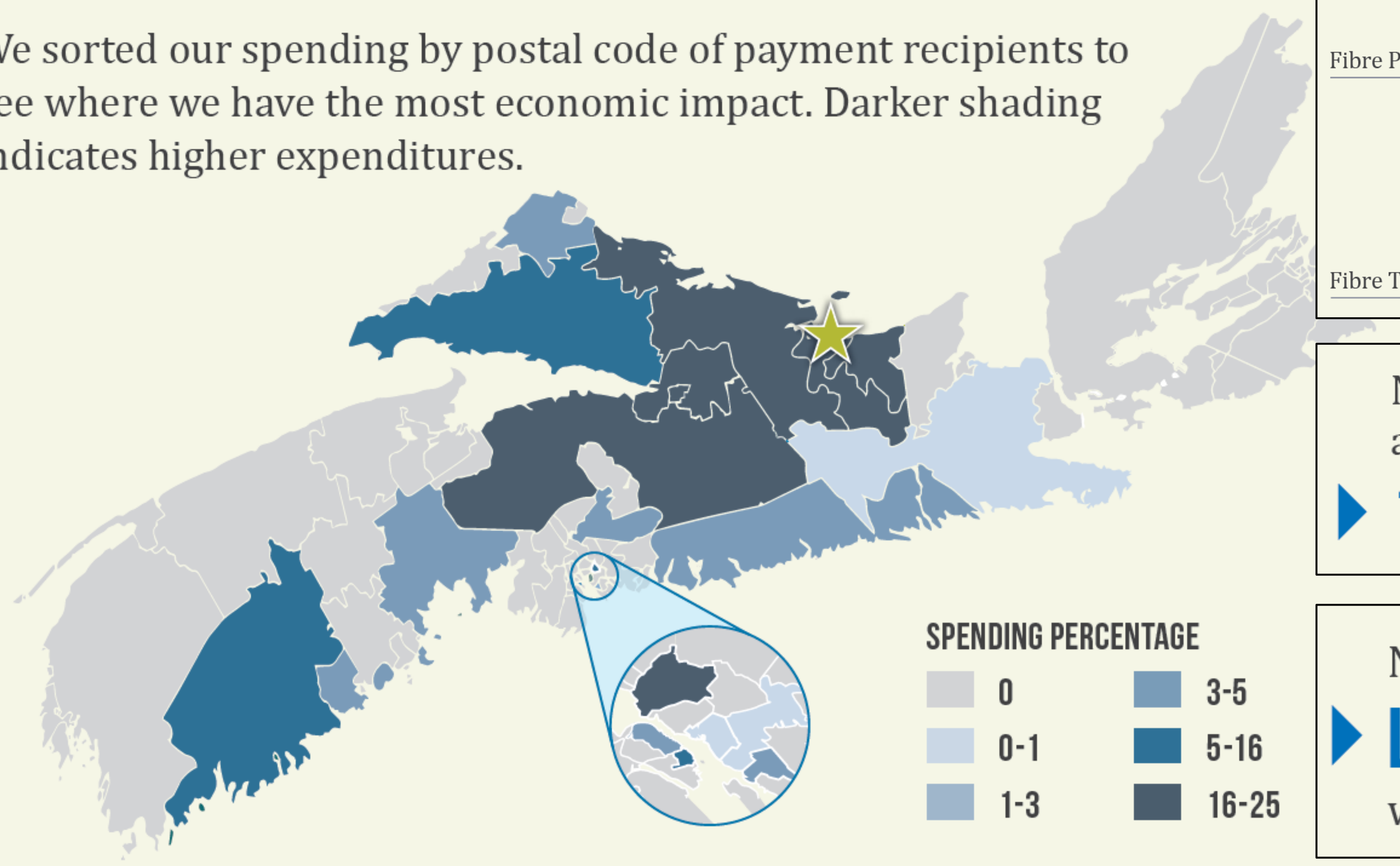
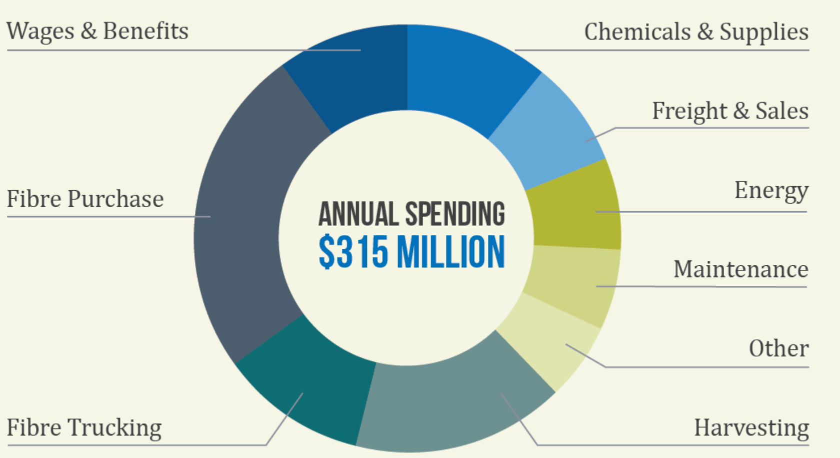
Northern Pulp's Impact on NS Economy

RURAL ECONOMIC IMPACT

We sorted our spending by postal code of payment recipients to see where we have the most economic impact. Darker shading indicates higher expenditures.





Northern Pulp's operations directly affect and benefit over

1,300 COMPANIES.

Northern Pulp is one of the

LARGEST SHIPPERS

with the Halifax Port Authority.

Source: Gardner Pinfold Consultants - 2015

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Wood Fiber Flow in NS

Logs & Studs
70%

Pulpwood
30%

% of softwood tree

Lumber
42%

Lumber
30%

Chips
38%

Pulpwood
material
51%

Chips
82%

Sawdust/
shavings
6%

Whitewood
material
5%

Fines
4%

Bark
14%

Bark
14%

Bark
14%

- Only 30% of a tree becomes lumber.
- The remaining 70% (woodchips, bark and sawdust) are by-products which the sawmill sells to a pulp mill or uses to produce steam and power for their operations.
- The sale of these products is essential to sawmill economic survival, as well as to woodland owners who supply 70%+ of wood on the market.

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Northern Pulp Plays Significant Role Provincial Forestry Sector

- Sawmills:
  - Consume ~1.8–2.0 MM gmt of sawlogs/studwood annually
  - 70-80% is sourced from private lands
- NPNS:
  - Provides ~20-30% of all sawmill roundwood requirements
    - Security of supply provides impetus for sawmill and forestry-related investment

- NP Purchases
  - ~95% of all sawmill chips produced
  - ~40% of all sawmill bark/sawdust produced
  - ~575,000 gmt pulpwood annually (swd/hwd)
    - ~ 80% from private lands including 2/3 from small private producers
- NPNS purchases bolster sawmill economics
  - Sawmill chips and bark/sawdust sales are essential for sawmill and related forestry suppliers economic survival

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Results of NP Closure

- Decrease in value of timberland = lost income for 30,000+ landowners

  Retirement, tuition, senior independence

- Contraction in logging force
- Sawmill closures
- Reduction of forest industry by at least 50%....6,000 direct and indirect jobs.
- Loss of silviculture industry (300 workers).

  No more planting trees, nurseries, precommercial thinning

- Lahey Report meaningless

  New practices involve the removal of the pulpwood in the forest to allow for higher quality trees to grow. If you can’t sell pulpwood, you can’t improve the health of the forest.

- A high-grade forest
- Reduction in real estate values. (ex. Miramichi, Liverpool, Iroquois Falls Ont.)

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* 2020's - "Silver Lining": COVID-19

- Forest Sector Guidance Document
  - A safe return to work…
- SW Lumber (data via MLB unaudited #)

	2019	2020	
NS	409,758,567	415,521,946	1.4%
NB	1,352,640,290	1,376,100,220	1.7%
PE	824,002	824,002	-
N&L	58,376,613	59,830,986	2.5%
	Y/Y: 30,677,682		1.7%

- US/Can housing numbers strong into 2021.
  - Jan/Jan up 22.5%

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Forestry Transition Team:

a path to the future of forestry in Nova Scotia

Short | Medium | Long

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Forestry Transition Team:

-31 initiatives under 4 priorities over last 12 months

- some you saw…others you didn't.
- investments (roads, silviculture, debt relief, small scale wood heat, workforce development)
- trade missions / market intel – places/products

  (ex: EU / mass timber & carbon offsets)

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Forestry Transition Team:

<u>Priority: Supply Chain Viability</u>

- contractor loan program
- land purchases
- silviculture review
- silviculture and roads investments
- road weights, configs, special moves
- Timber Loan Board modernization

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NOVA SCOTIA
NEEDS
FORESTRY

Thank you…

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