

**Nackawic Community Report:**

**A media analysis of recent events associated with forest industry mill closures**

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**This community report is part of a larger project on “Community response to forestry transition in rural Canada.”**

**The project is funded by the Social Sciences and Humanities Research Council.**

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# Community Report: Nackawic

## Overview

In late 2004, due to volatility in the forest industry, the community of Nackawic, New Brunswick experienced the closure of its largest single employer. The indefinite mothballing of the St. Anne-Nackawic pulp mill resulted in the loss of a significant number of jobs in the community. This event presented considerable challenges to the community of Nackawic's economic sustainability and vitality. Beginning with a brief overview of the community's history, this report utilizes news media reports, census data (2001, 2006 Community Profiles), and other secondary sources to describe the context and timeline of events leading up to and following the mill closures. A selection of quotations from community members, officials, and concerned parties is also presented.

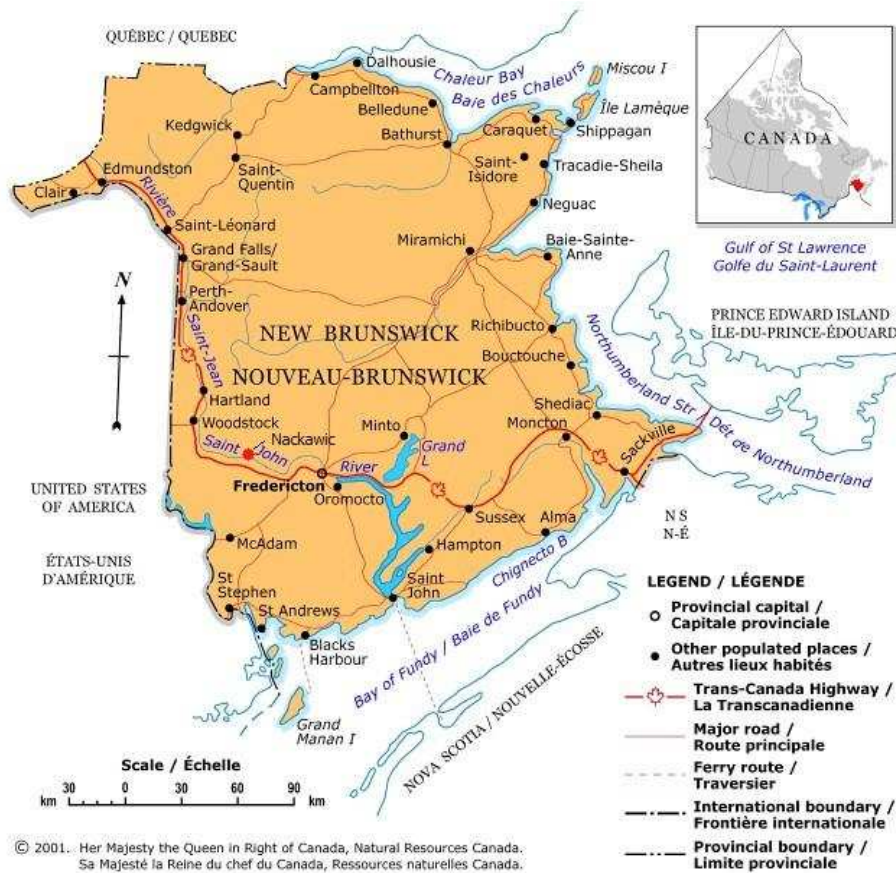


Figure 1 Map of New Brunswick. Credit- [www.atlas.gc.ca](http://www.atlas.gc.ca)

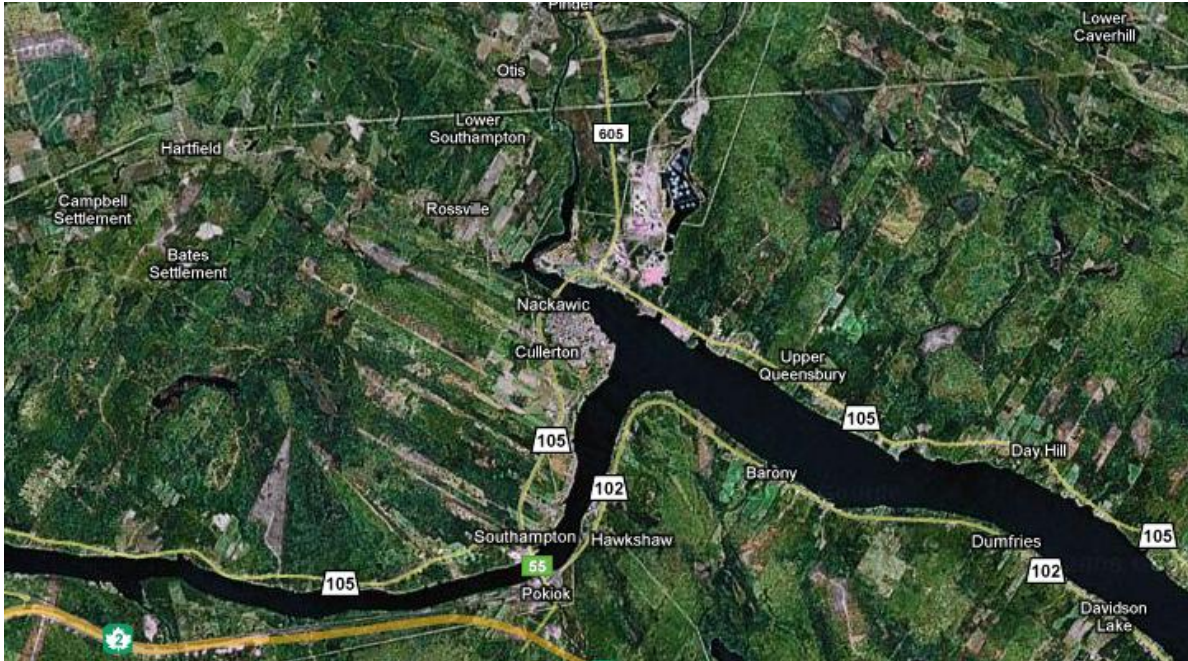


Figure 2 Satellite Map of Nackawic. Credit- Google Maps

### ***Community Description***

The town of Nackawic is situated on the banks of the St. John River, midway between the communities of Fredericton and Woodstock, in Western New Brunswick. It had not existed before 1960, at which time the government of New Brunswick began building a hydroelectric dam at Mactaquac to provide electricity for the province. The Nackawic town site was constructed in the late 1960's to accommodate families that would be displaced by flooding between Mactaquac and Woodstock caused by the dam.

As these newcomers also required employment, and due to Nackawic's ideal geographic location, the town was chosen as the site of a large pulp mill. The mill opened in 1970, directly employing a large portion of Nackawic residents while indirectly employing still more through the creation of spinoff jobs in the forestry, manufacturing, and service sectors. With the mill came a strong dependence on the fortunes of the forest industry, a reality that characterizes Nackawic still. The World's Largest Axe was constructed in Nackawic as a symbol of this vital relationship.

While efforts have been made to increase economic diversification—promoting the town as a tourist destination, for example—Nackawic remains for all intents and purposes a single industry town. In the midst of a global recession, recent adversity in the forest industry has presented special challenges for the town, and it remains to be seen how the community will cope.

## Selected Characteristics

### Population Decline

Nackawic experienced a significant population decline in the five year period between 1996 and 2001 (10.7%). While population decline was a general trend in New Brunswick during this time period, Nackawic suffered a proportionately much larger loss of residents. During the five year period between 2001 and 2006, Nackawic experienced a further population decline of 6.2%, while New Brunswick as a whole showed a slight population increase.

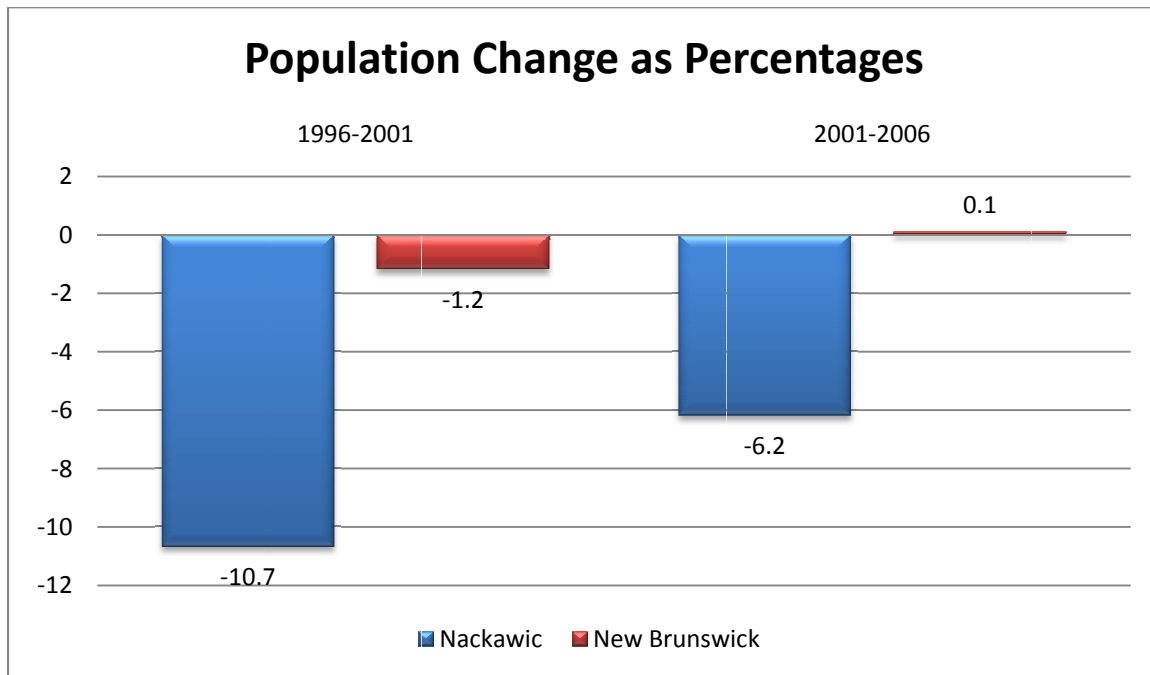


Figure 3 Population Change in Nackawic and New Brunswick as Percentages

### Unemployment

In 2001, Nackawic enjoyed a comparatively low unemployment rate (6.2%) in relation to the New Brunswick provincial average (12.5%). However, the situation had reversed by 2006. The closure of the Nackawic mill in 2004 was reflected in the unemployment rate (13.8%), which was comparatively high in relation to the provincial average (10%).

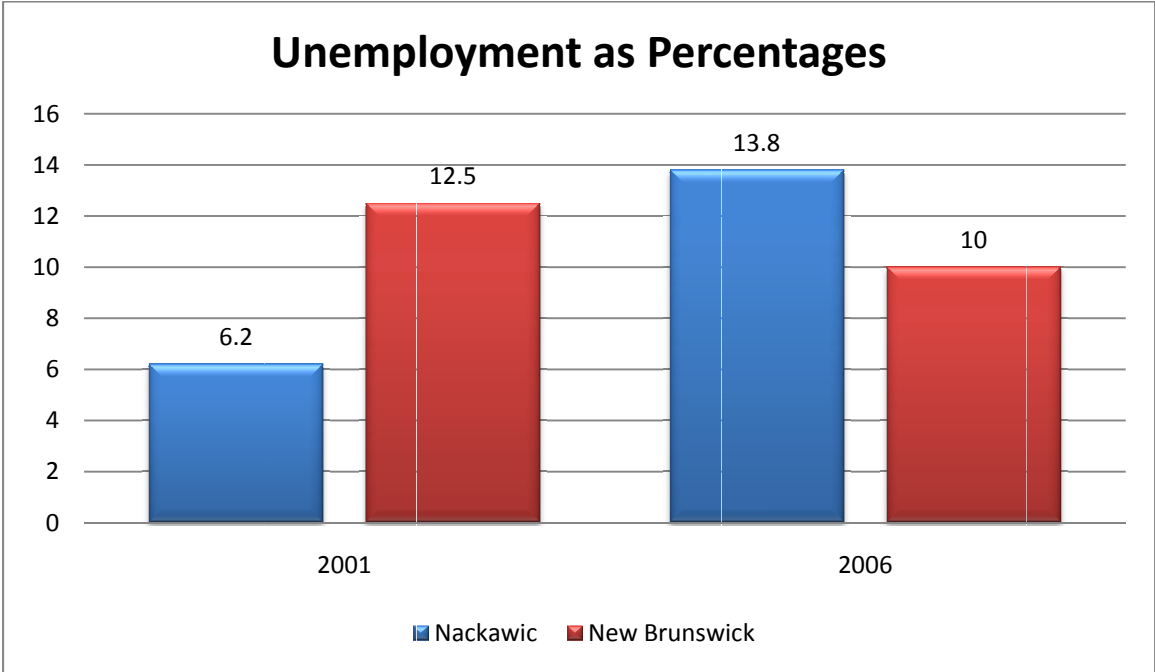


Figure 4 Unemployment Rates in Nackawic and New Brunswick as Percentages

### Employment by Industry

Employment in Nackawic is heavily concentrated in manufacturing, retail, and other services related to the forest industry. The figures from the 2006 census show a significant decline from 2001 (almost 20%) in the percentage of employment in the manufacturing and construction sectors. This decline likely reflects the closure of the Nackawic pulp mill, which left almost 300 mill workers unemployed.

## Employment by Industry: 2001

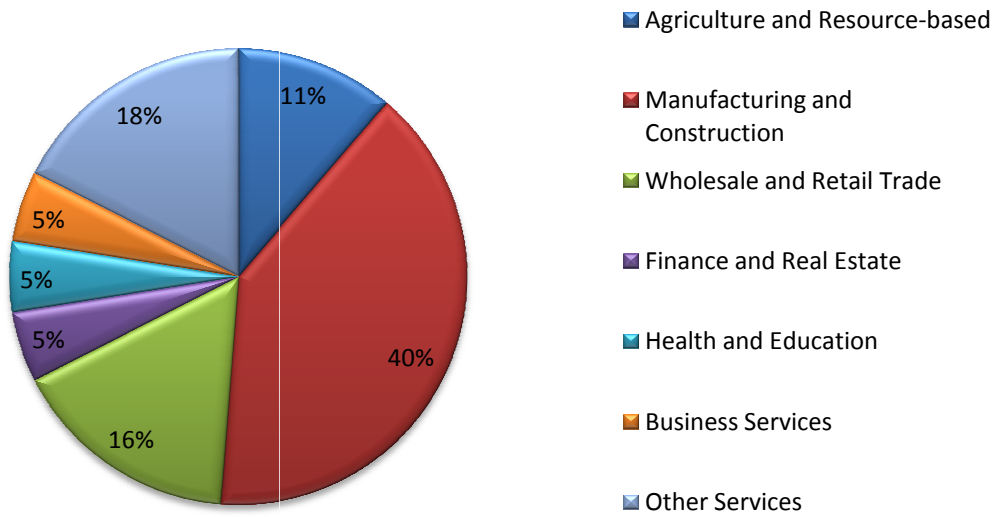


Figure 5 Employment by Industry, Nackawic: 2001

## Employment by Industry: 2006

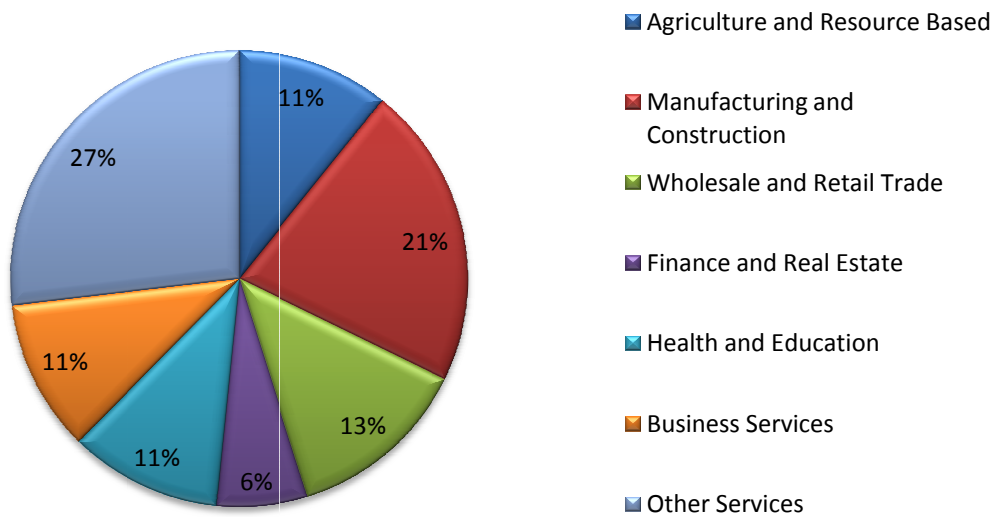


Figure 6 Employment by Industry, Nackawic: 2006

## ***Media Analysis: Mill Closure 2004***

### **Mill Closes Abruptly**

On September 15, 2004 after thirty five years of operation, the Nackawic-St.Anne pulp mill was abruptly shut down after owners—New York based firm Parsons and Whittemore—ordered the facility closed. Around 400 mill workers and managers were laid off as a result of the indefinite closure and, because the closure occurred during a regularly scheduled maintenance shutdown, private contractors performing repairs were also ordered off the job, including over 350 tradesmen, carpenters, and millwrights. Parsons and Whittemore would file for bankruptcy the next day, citing an uncertain global pulp market, the high cost of wood, and the rising Canadian dollar as reasons for the action.

According to media reports, aside from rumours of the company's financial troubles, there was little to no warning of the impending closure. Union officials were informed at an early morning meeting on the day of the closure. They, like other Nackawic community members, were shocked by the announcement. Many residents—especially former mill workers—expressed disappointment and anger at the failure of Parsons and Whittemore to provide advanced warning of an imminent closure, hampering workers' ability to prepare for the event.

### **Workers React**

Evidence of this anger and frustration came in the form of an occupation of the pulp mill's warehouse by nearly 50 newly unemployed mill workers. They entered the warehouse late in the afternoon on Sept. 15 and refused to leave, demanding that the company and the government provide an explanation for the sudden closure and that the mill be reopened. One of the occupiers, Canadian Auto Workers Local 219 Union member Brady Moore, explained to the media that workers were upset about Parsons and Whittemore's decision to close the mill with no warning just 2 months after a new collective agreement had been reached—an agreement in which the union had made considerable concessions in order to keep the mill viable. The workers ended the occupation early the next day, but continued to camp out near the entrance for 2 nights afterward.

### **The Community Responds**

While the occupation failed to achieve its goals, it paved the way for more concerted efforts by focusing media attention on the closure. Many Nackawic residents called on the provincial government to intervene, publishing impassioned pleas for assistance from Premier Bernard Lord and other government officials in local papers. A Save Our Mill..Save Our Communities rally was held under the World's Largest Axe and more than 1000 people turned

out to support and encourage efforts to secure a sustainable future for Nackawic. Residents were urged to “Shop Locally”, in support of local retailers. An Adjustment Committee was formed to help those affected by the mill closure adjust to the new reality in Nackawic. Media reports described a town united for the common good, expressing solidarity and hope in the face of significant adversity.



Figure 7 Workers at Save Our Communities Rally. Nackawic, N.B. Credit- [www.caw.ca](http://www.caw.ca)

Additionally, mill workers held talks to discuss several initiatives aimed at keeping the mill open. Unionized workers voted to work without pay to complete the repairs that had been abandoned during the closure, in an effort to properly mothball the mill so that it could begin operations anew if a another buyer could be found. For any specialized work which could not be done by workers themselves, the government would be lobbied for funding to hire contractors. The provincial and federal governments agreed to fund the work, and it was eventually carried out, with workers receiving full pay. Mill workers also entertained the idea of an employee buyout and takeover of the mill, but considered such an action only an option of last resort.

### **Nackawic Searches for a Buyer**

Most stakeholders and analysts agreed that the best course of action would be to attempt to secure a buyer who would operate the mill, a daunting task with the forest industry in turmoil. There seemed to be little interest for several months. However, in December 2004, media reported that union and provincial government officials had entered into negotiations with a potential buyer for the mill, the Montreal-based forestry company Tembec Inc. Optimism was running high and just as it appeared a deal was ready to be made, Tembec backed out, citing an unfavourable market and operating environment.

All those involved were reported to be extremely disappointed by the collapse of the deal, but still optimistic and determined that a new buyer could be found. Provincial government and community officials continued to contact possible buyers while at the same time pursuing new economic opportunities for Nackawic unrelated to the mill. Less than a month later, Premier Bernard Lord and New Brunswick Business Minister Peter Mesheau announced to a packed Nackawic Legion that a framework agreement had been made between Tembec Inc. and Indian business conglomerate Aditya Birla Group to purchase the mill. Aditya Birla Group would be the majority partner, while Tembec would take care of operations.



Figure 8 St. Anne-Nackawic Pulp Mill. Nackawic, N.B. Credit-Wikipedia

### **Tensions Arise**

Community members were ecstatic when news of the agreement was reported on April 1, 2005. News reports suggested that “hope had been restored”. However, the mill sale proved to be complex and would spend several months before the courts. Further complications would arise in the form of a lawsuit filed on behalf of 150 non-unionized workers whose underfunded pensions were at stake after the former mill owners declared bankruptcy.

Some feared that the lawsuit would threaten to derail the deal and, as a result, tensions began to arise between community members. One Nackawic resident likened the situation to the whole community “splitting in two”. Under significant pressure from other community members, the five former mill workers who filed the lawsuit eventually withdrew it, and the mill sale would be approved in late August 2005. Terms of the sale included the condition that the buyers would take no responsibility for former employees’ pension plans. The pension issue continues to be a source of tension between community members.

### **Back to Work at Last**

On Jan. 16, 2006, the St. Anne-Nackawic mill reopened as AV Nackawic, almost 16 months after it was mothballed. In early 2007, a 30-million dollar retrofit was begun which

would allow the mill to produce dissolving pulp, a product used in the manufacturing of rayon. 300 former mill workers were now reemployed, and media reports suggested that confidence was returning to Nackawic. Nackawic Region Economic Development chairman Jaques Laroche told reporters that businesses were beginning to show an interest in the region again. One report likened Nackawic's re-emergence to the "mythical phoenix, reborn from the ashes".

### **More Adversity**

Late in 2008, though, confidence in Nackawic began to slump once again. In the midst of a global recession, it was announced that AV Nackawic would face a temporary closure in order to bring inventories under control. The announced closure never happened. In March 2009, it was again announced that AV Nackawic would experience a shutdown. Frank Dottori, chairman of the AV Group, called the situation in the forest products industry a "disaster" and announced that a temporary shutdown of at least 5 weeks would occur when a plan for the move was drawn up. This time, the provincial government stepped in, lending 10-million to AV Group to keep the mill running, which was matched by the Birla Group.

### **Going Forward**

Forest industry conditions remain volatile and the community's continued reliance on AV Nackawic as its main economic driver represents a tenuous situation. Community officials have expressed the need to seek a more sustainable future for Nackawic, and are working to diversify the economy in the hopes of attaining that goal. Based on available information, these efforts have not yet begun to pay significant dividends, but are demonstrating some promise.



Figure 9 Nackawic Sunrise. Nackawic, N.B. Credit-[flickr.com/photos/18759438@N00/2211667927](https://www.flickr.com/photos/18759438@N00/2211667927)

## **Selected Quotations**

*"This was a very painful decision to close today...We've operated this mill for 35 years, and believe me, we did not do this capriciously, it was agonizing whether to do it or not."* Parsons and Whittemore legal counsel, Maria Fulgeri, on the closing of St. Anne Nackawic. 15/09/04. Hagerman, S. Daily Gleaner. Fredericton, N.B.

*"I don't think it is a death blow,"* Former mayor Robert Connors, on Nackawic's future after the mill closure. 15/09/04. Staples, M. Daily Gleaner. Fredericton, N.B.

*"I feel bad for the younger employees...They have nothing. This is terrible for the community. You've got nothing and there is no other industry here to fall back on."* Robert Phillips, retired mill employee, on the closure. 15/09/04. Staples, M. Daily Gleaner. Fredericton, N.B.

*"It will be a big disappointment to a lot of families. Some may have to leave. It's quite shattering, really."* Diane Peterson, Millville resident, on the closure. 15/09/04. Staples, M. Daily Gleaner. Fredericton, N.B.

*"You give this place six months, and if that mill doesn't start running again this will be a ghost town."* Tim Gillis, a chemical technician and manager at St. Anne-Nackawic, on the closure. 18/09/04. Richer, S. Globe and Mail. Toronto, Ont.

*"I'm worried about the town, the employees. People are scared as hell. Their lives have been turned upside down".* Former mayor Robert Connors, on the closure. 18/09/04. Richer, S. Globe and Mail. Toronto, Ont.

*"The mill closure took the wind out of the sails, but they haven't taken our sails yet."* Business owner Terry White, on how the closure affected his business. 08/01/05. O'Kane, J. Daily Gleaner. Fredericton, N.B.

*"This one is tough and I share it...It's tough but we are going to get through it. It's tough because it affects a community. It affects New Brunswickers and we feel this one. I feel it."* Business New Brunswick Minister Peter Mesheau, after an agreement with Tembec to purchase the mill fell through. 09/03/05. Kaufield, K. Telegraph-Journal. Saint John, N.B.

*"We are going to do everything in our power to work with our partners to make this a long-term, profitable operation,"* Barry Elsliger, president of Canadian Auto Workers Local 219, on the sale of St. Anne-Nackawic to Tembec and Birla Group. 02/04/05. Hagerman, S. Daily Gleaner. Fredericton, N.B.

*"We can't ever let our town be so dependent on one industry again, believe me I am glad they are here. We need the plant to reopen, but we certainly learned the dangers of relying on one industry here."* Janet Caldwell, a town councillor and business owner, after the mill sale. 02/04/05. Hagerman, S. Daily Gleaner. Fredericton, N.B.

*"If these people need help, the community will be there for them and hopefully the agencies that are responsible for that will be there to help them also,"* he said. Former mayor Robert Connors, speaking of families that may be in need during the time between EI running out and the mill reopening. EI running out for former mill workers. 23/07/05. Anonymous. Daily Gleaner. Fredericton, N.B.

*"I don't believe Mr. Landegger deserves a dime after what he has done to the people... We have suffered enough. We have been bullied enough. It's time the government stood up with some intestinal fortitude to the George Landegggers of the world."* Former mill worker Steven Hawkes, upset about the settlement from the sale, which saw 26-million go to the largest secured creditor St. Anne Holdings, a company controlled by former owner Landegger. 27/08/05. Hagerman, S. Daily Gleaner. Fredericton, N.B.

*"We are going to have move forward. We have got to put the past behind us... There are a lot of losers in this, and it is unfortunate, but that's the way it has to be... Now... we've got to look at the future. Nackawic is on its way to prosperity again."* 27/08/05. Former mayor Robert Connors, on the mill sale. Hagerman, S. Daily Gleaner. Fredericton, N.B.

*"I believe I can sum up in four words the feelings of all assembled here today... Let's get to work."* Barry Elsliger, president of Canadian Auto Workers Local 219, at the signing of the final mill sale agreements. 10/11/05. Anonymous. Daily Gleaner. Fredericton, N.B.

*"It sure is good news but there's still some fear within residents... It will take a while before 100-per-cent confidence returns."* Jacques Laroche, chairman of the Nackawic Region Economic Development Team, on the 1 year anniversary of the mill reopening. 13/01/07. Anonymous. Daily Gleaner. Fredericton, N.B.

*"It's great news for Nackawic... From what I can surmise, they're looking at a 25-year plan for this mill. That's a long ways out and it gives us some comfort that this mill is sustainable and will be open for the future."* 16/08/07. Former mayor Robert Connors, upon hearing news that AV Nackawic would expand its production. Berry, S. Daily Gleaner. Fredericton, N.B.

*"We're in for a long haul... The market is still horrendous. It's just a disaster for the forest products industry across Canada."* AV Nackawic executive Frank Dottori, on the mill's future prospects. 11/03/09. Bundale, B. The Tribune. Campbelton, N.B.

## ***Community Statistical Profile 2006***

<u>Characteristics</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>
Population in 2006	977		
Population in 2001	1042		
2001 to 2006 population change (%)	-6.2		
Median age of the population	43.2	43	43.6
% of the population aged 15 and over	82.6	83.3	83.7
Total private dwellings	405		
Number of owned dwellings	325		
Number of rented dwellings	35		
Average value of owned dwelling (\$)	103903		
Median monthly payments for rented dwellings (\$)	401		
Median monthly payments for owner-occupied dwellings (\$)	489		
Median income in 2005 - All census families (\$)	43701		
Median income in 2005 - All private households (\$)	40864		
Persons 15 years and over with income (counts)	715	370	350
Median income - Persons 15 years and over (\$)	22915	30087	16105
Immigrants	10		
Non-permanent residents	0		
Aboriginal identity population	15	0	15
Total Pop. 15 years+ with a High school certificate or equivalent	215	115	100
Total Pop. 15 years+ with a University certificate; diploma or degree	55	30	25
Labour Participation rate	58	57.7	59
Employment rate	50	50	49.4
Unemployment rate	13.8	13.3	14.3

## ***Community Statistical Profile 2001***

<u>Characteristics</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>
Population in 2001	1042		
Population in 1996	1167		
1996 to 2001 population change (%)	-10.7		
Median age of the population	41.7	41	42.3
% of the population ages 15 and over	80.4	80.4	81.1
Total private dwellings	395		
Number of owner-occupied dwellings	315		
Number of rented dwellings	80		
Average value of dwelling (\$)	83983		
Average gross monthly payments for rented dwellings (\$)	482		
Average monthly payments for owner-occupied dwellings (\$)	525		
Median family income; 2000 (\$) - All census families	46384		
Median household income; 2000 (\$) - All Private Households	44863		
Persons 15 years of age and over with income	730		
Median total income of persons 15 years of age and over (\$)	18524		
Immigrants	60	35	25
Non-permanent residents	0	0	0
Aboriginal identity population	20	10	10
% of population 20-34 with high school graduation certificate	36.4	15.4	10
% of population 20-34 with university certificate; diploma or degree	12.1	15.4	10
% of population 35-44 with high school graduation certificate	21.7	25	27.3
% of population 35-44 with university certificate; diploma or degree	21.7	33.3	18.2
% of population 45-64 with high school graduation certificate	18.8	18.4	21.2
% of population 45-64 with university certificate; diploma or degree	14.5	10.5	15.2
Labour Participation rate	50	64.6	36.1
Employment rate	46.9	58.2	33.7
Unemployment rate	6.2	7.8	6.7

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