

Almost everything went wrong, says K-C Chairman

(This is the second in a series of articles based on a copy of a speech given by Kimberly-Clark Chairman of the Board and Chief Executive Officer Darwin E. Smith, as presented at a public meeting in Terrace Bay on May 3. The first instalment appeared in last week's issue of the News.)

What went wrong—and how can we continue to live with these results, par-

ticularly when we see more of the same, even though there is modest strengthening in the pulp market?

First, as to what went wrong, the answer is—almost everything. To begin with, the expansion cost \$70 million more than originally anticipated.

Second, pulp prices came nowhere near to keeping pace with infla-

tion. Today's market price for our softwood kraft grade of pulp is substantially below the price anticipated at the time the expansion was approved.

Third is the cost of limit wood—of which the two largest parts are labour and maintenance materials. The cost of wood is about 42 percent of the total cost of producing pulp, and is way out of line compared to the

wood cost of competitive pulps—a subject I will explain further in a moment.

Fourth, the cost of mill operations is substantially more than originally planned. Today there are substantially more people in the pulp mill than were planned when the project was approved.

In summary, and with the benefit of 20/20 hindsight, the projections made

at the time the expansion project was authorized badly missed the mark. We thought that pulp prices and costs of manufacture would keep pace with inflation. In 1985, the price of pulp was \$249 per ton lower than anticipated, while the cost of manufacture was \$150 per ton higher. This means that we realized about \$400 per ton less than planned. When you multiply that by 384,000 tons, the annual shortfall is almost unbelievable.

Equally frustrating was the dramatic shift in the company's originally anticipated need for kraft pulp produced at Terrace Bay. At that time, we foresaw the ability of our U.S. operations to consume more than the total of the kraft pulp which could be produced at Terrace Bay. But the passage of time has changed all that.

Some novel tissue forming techniques requiring great quantities of LL-19 failed to result in acceptable consumer products.

Other new or improved products required different pulp—such as hardwood. Then it developed that eucalyptus pulp was much superior for our needs than the pulp we could produce from the poplar stands here in this part of Ontario.

These were not matters of our choosing. They were mandated by competition which, in turn, is an expression of consumer choice.

Please do not misunderstand me. The dedication of many of our people to the quality management process has recently resulted in the production of excellent quantities of some of the best bleached kraft softwood pulp in Canada, with the hint that if we can persuade all concerned to adopt the quality management process as a way of life, we can consistently make an even better product. Sadly, however, we no longer need or can economically consume the full output of the mill.

Presently, we forecast

that on a sustained basis we can consume slightly over half of the production at Terrace Bay. I am trying to increase this amount; however, I cannot compel our other units to use pulp which will result in final products inferior in quality to those of the competition.

What this means is that if Terrace Bay is to remain as part of Kimberly-Clark, we must now look at it as a market pulp mill. This is true because the company can buy all the pulp it needs from others at very competitive prices—without making any investment whatsoever. Thus Terrace Bay/Longlac becomes like any other independent business—it must survive out there in the market place. Otherwise, there isn't much choice—the facilities must be sold either in whole or in part, or shut down either in whole or in part.

(The speech will be concluded in next week's issue of the News.)

Terrace Bay Police Report

A theft of over \$1,000 in equipment, including a propane cylinder and heater is currently being investigated by the Terrace Bay Police Force.

A recent Police Force news release noted that during the first half of May there was also a break and enter at the local residence in which a large amount of money was stolen. An area gas station was also broken into, the release added.

The Block Parent Program, which only began a few weeks ago in Terrace Bay, has already reaped some rewards, of a sort. The police report noted that a complaint of an indecent exposure by a male was

received through the program. The culprit had left the scene upon arrival of the police, and to date he has not been identified by the children involved.

Police also investigated a motor vehicle accident involving damages over \$700. No charges were laid.

In other police matters during the month, a charge was laid against a motorcycle driver under the Highway Traffic Act for improper licence and failing to register.

A complaint was received regarding a noisy party causing a disturbance and was settled upon arrival of police. An incident of

unlawful entry was also investigated, and the parties involved resolved the problem without any further action taken by police.

Several subpoenas and summonses were served and a Warrant of Commitment executed. One complaint of nuisance phone calls was received, and the person involved was advised as to what course of action to take in such cases.

Two incidents of welfare being requested by transients were attended to and the persons involved assisted accordingly. Police attended to a neighbour dispute regard-

ing trespassing and the matter was taken care of by the involved people. One bicycle that had been found was turned in along with a report of a lost wallet.

A hunting dog, carrying a radio transmitter on his collar, was reported missing by a hunter from the United States. Any information regarding this dog would be appreciated.

Police located a person who had gone missing from Birchwood Terrace and returned the person to the residence. A report was received of a necklace which was lost the night of May 15 by one of the Kinsmen volunteers assisting with the Child Identification Program at the Curling Club Lounge. Should anyone find this item, it would be appreciated if it was turned into the Police office.

Confusion published

"We've had some problems in the past, and these have been reinforced by articles in the press," Ontario Hydro spokesman Gabe Fritzen explained at a Terrace Bay Township Council meeting on May 12, adding that many local residents assume that the Ontario Hydro office in Schreiber is responsible for what does or does not happen in Terrace Bay.

"The impression that might've been left with people is one that they should contact Ontario Hydro (in Schreiber) if they have problems, and that is certainly not the case," he told Council. "We are involved as a contractor only. People should contact the township office first."

He said this is the case for either Schreiber or Terrace Bay.

"I assume the press will straighten this matter out,"

Reeve Ollie Chapman said. The Terrace Bay-Schreiber News was the only representative of the media present at the meeting. In the April 2 issue of the News, a township resident appeared before Council and complained that a broken street light near his home had not been replaced in over six months.

At that time Reeve Chapman said the fault for the problem does not entirely lie with the township and the resident should "raise hell" with Ontario Hydro instead. The township has its own hydro department.

Later at the meeting a letter from the Terrace Bay office of Kimberly-Clark of Canada was read. In the letter, Planning Supervisor J.E. Boucher pointed out that from 2 a.m. to 8 p.m. on Saturday, May 24, the townsite will be supplied with water from the company's Emergency Pum-

phouse on the Aguasabon River.

"This is routine," clerk-treasurer Larry Simons told Council. "It happens once a year."

Councillor Peter Romanuk explained that the switch in water supply has to do with a Kimberly-Clark maintenance shutdown. The letter warned that during the scheduled period on May 24 there may be a change in the water pressure in the town.

A letter from Lake Nipigon MPP Gilles Pouliot was also read, and in it Pouliot told Council that its \$21,000 subsidy from the Ministry of Transportation and Communications had been recently approved. The money will go towards the operation of the township's

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Are You Interested In French Immersion for your Child?

Marathon Public School has for the past year been the home of an exciting and successful SK French Immersion Program. These children will now be entering a full day grade 1 program.

At the present time the Separate School Board provides busing for students in Schreiber and Terrace Bay to attend Holy Saviour School, a separate school in Marathon.

If you would like to provide your child with the opportunity to be a part of this grade 1 French Immersion Program contact your trustees:

Terrace Bay:
Joan Nugent
Rita McBride
Jerry Armour
Mary Clara Papineau

Schreiber:
Marilyn Chapman
Alex Gordon
Paul Cebrario

For further information we would be happy to answer any questions you might have. Feel free to call before May 26 at

229-1307 or 229-1922

Registration Meeting For FALL/WINTER COURSES

Date: Tuesday, June 3rd
Time: 4:00 p.m.
Place: Schreiber Public School, Library

For further information, please contact our off-campus representative in your area:

Mrs. Barbara Spadoni
Telephone: 824-2761

All registrants are required to pay a non-refundable deposit of \$50 per course. The deposit will be applied towards the tuition fees for the course.

Lakehead University



Keith Penner

Member of Parliament for
Cochrane/Superior will be
in Terrace Bay and Schreiber
June 2nd

for an appointment with
Keith Penner please call:
in Terrace Bay: **George Ramsay**
825-3681
in Schreiber: **Harold McParland**
824-2036