

MacMillan Bloedel "entering a period of quality growth"

By Michael Swan

Last year MacMillan Bloedel made \$178.3 million, which was 315.6 per cent more than it made the year before.

Company President Ray Smith described this as "entering a period of quality growth." Smith may have understated the case.

MacMillan Bloedel's operations in Northern Ontario, with mills in Thunder Bay, Nipigon and Sturgeon Falls, represent a small part of the forestry giant, which is controlled by Noranda Forest Products Ltd., a subsidiary of the Noranda behemoth.

In fact, MacMillan Vice-president Gary Johncox was surprised they ranked in the top 20 in Northern Ontario.

But the three mills are a small part of something very, very large.

Though "quality growth" may understate the case, it does make the point that MacMillan Bloedel isn't just washing in with the tide of companies riding a good paper market.

MacMillan has identified its markets and made clear decisions

about what it will have to do to compete.

Sturgeon Falls

At Sturgeon Falls, where Cam Barrington runs a mill that is really two mills in one, that means modernizing for better efficiency.

Parts of the Sturgeon Falls (old) building date from 1918, but inside the former newsprint plant, MacMillan's liner paper is inspected entirely by computer.

The hardboard siding that is the mill's other product has been modified this year to make it easier to install, making it more competitive with vinyl siding.

Barrington, who runs his plant with the glee of a mad scientist about to recreate life, describes himself as aggressive about new technology.

His latest project is an 8-million anaerobic effluent treatment system, the first one in the pulp and paper industry.

Over the past few months the engineering company that builds the system has been running a small scale prototype in the mill, fine tuning the system for pulp

and paper operations.

That work is nearly complete and the next stage will be to build the full scale system which will treat liquid waste with bacteria that will ingest the sulphites from the mixture and create methane gas, which can be burned to heat the buildings.

The methane will take care of nearly 10 per cent of the plant's energy requirements.

Ultimately, the system will be cheaper than the conventional effluent treatment systems that rely on forcing oxygen into the mixture.

Philosophy in the '80s

Barrington's aggressive attitude toward technology reflects company philosophy in the '80s, according to Vancouver V.P. Gary Johncox.

"There's no question that the long recession left us needing to do some modernization," said Johncox. "Now that we're financially able it's a case of catching up."

The chipboard factory in Thunder Bay, plywood factory in Nipigon, and hardboard siding

operation in Sturgeon Falls all reflect a conscious desire to sell value-added products, rather than just ship trees.

Decisions about what

MacMillan Bloedel will manufacture are governed by the question, "What does the customer want, and what adds the greatest value to our resource?" said Johncox.

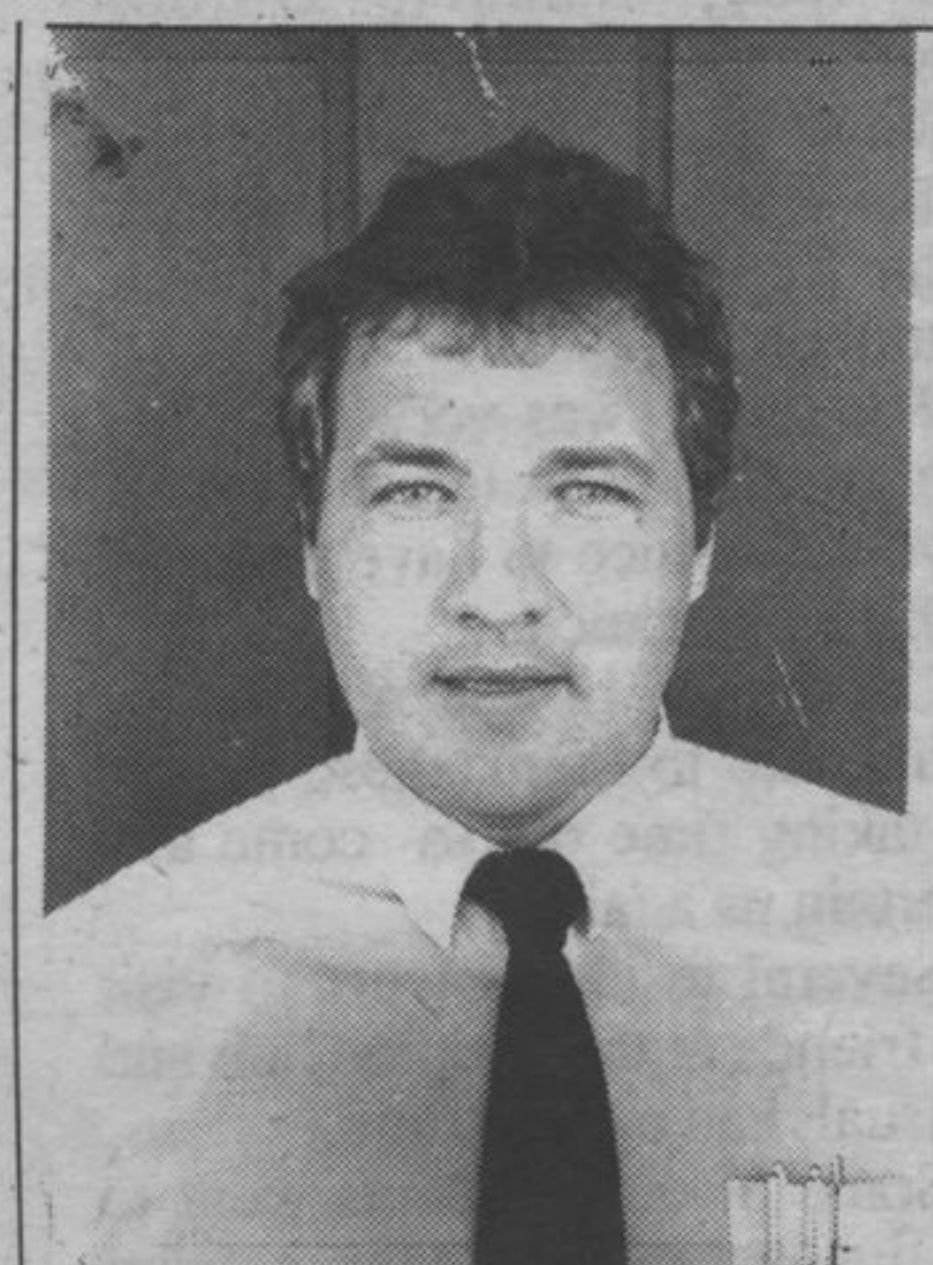
Money Management with Steve Dafoe

Steve Dafoe is a financial planner with Mutual Life and Mutual Investco of Canada.

He is qualified by degrees in finance, economics and political science. Dafoe was appointed to service the Terrace Bay-Schreiber communities.

He believes the information provided in these articles is an integral part of money management and he hopes that it will provide what he believes is an important service to people in our area.

If you have any questions or would like to write concerning these articles, please contact the News at 825-3747 or write to the News, P.O. Box 579, Terrace Bay, POT 2W0.



Steve Dafoe

How much life insurance do you need?

Life insurance is an important financial planning tool because it offers one of the simplest, most-economical methods of providing the funds necessary to guarantee that your financial obligations and objectives will be met.

Generally speaking, life insurance in financial planning is used to provide the capital and income for your dependents and to provide cash for the payment of taxes and certain other charges which may be payable by your estate.

Life insurance frequently forms a substantial portion of the amounts available to dependents. The question then arises as to the amount of income required. You should be very careful in determining the amount.

When the income for the family has been determined, there are two generally accepted methods of estimating the amount of capital necessary to fulfill the requirements; an interest-only approach which preserves capital; and a capital and income depletion procedure whereby a blend of capital and income is consumed annually.

Under the capital-retention procedure, an interest rate is assumed- for example 10 per cent- and the amount of capital required to produce the desired income is estimated.

If the desired annual income is \$25,000, and assuming a 10 per cent return, an amount of \$250,000 of income-producing capital would be required.

Under the capital-depletion approach, the procedure involves estimating the number of years the proceeds will be required and assuming an interest return.

The amount of capital required would then be a function of the assumed rate of return along with the number of years of payout.

As an example, consider a person aged 60, who requires an annual income of \$25,000. Based on annuity rates as of the date of writing, an amount of approximately \$224,000 would be required to provide the \$25,000 per year with the income paid monthly. In both instances, inflation should be taken into consideration.

Life insurance need not be complex. Armed with these basic concepts, you should be able to assist your agent in evaluating your requirements.

Next time: Disability income planning.

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PUBLIC NOTICE

TO ALL SNOWMOBILE USERS

The snowmobile season is approaching and we wish to emphasize the safety aspects of this sport.

Many roads in our area used by snowmobiles have gates or cable barriers which could result in injury or death to careless snowmobile operators and damage to their snowmobiles.

We wish to remind all those who might use roads in the area of these potential hazards, and emphasize the need for care and common sense in snowmobiling.



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