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SUNDAY, NOVEMBER 2, 2003

PHONE 564-0005

Strong dollar forces Canfor to boost cost reductions

Lest/We forget



Members of the Prince George Royal Canadian Legion kicked off their annual poppy drive Friday with a prayer and wreath ceremony at Pineview Centre. The annual drive raises \$70,000 locally for war veterans. JEFF HODSON/FREE PRESS

Canfor's not done yet. Prince George's largest forest products company had scheduled December 2003 as the deadline for its \$150 million cost reduction program.

But the unprecedented increase in the value of the Canadian dollar has put so much pressure on the company's bottom line that they have adjusted that target upwards to \$230 million in cuts.

"Although results show a marked improvement from last quarter, we continue to drive our cost reduction/margin improvement program in order to achieve the targets we've set for annualized cost savings by year end," said David Emerson, Canfor's president and CEO.

Since the end of 2002, the Canadian dollar has climbed over 10¢ against the American dollar. The jump has resulted in an estimated \$150 million impact on net sales, said Emerson.

The vast majority of cost savings are projected to come in the company's wood products division. But, because a number of projects are still in progress, recordable savings only sits at \$48 million against a \$140 million target.

"We look forward to full benefits being realized in the first quarter of 2004," said Emerson.

The pulp and paper division has reached \$54 million in savings against a \$63 million target.

Centralized services and the company's corporate division have already exceeded targets. Centralized services achieved \$15 million in savings, \$4 million more than its \$11 million target. Corporate cut \$13 million from the bottom line. It had targeted \$10 million.

Meanwhile, higher than normal lumber prices and the sale of the company's B.C. Chemicals plant in August contributed to relatively strong third quarter results.

Canfor reported net income of \$80.1 million for the third quarter, compared to a loss of \$11.6 million in the same quarter of 2002. The results include a \$60.7 million after-tax gain from the B.C. Chemicals sale.

Canfor reported net income for the first nine months of 2003 of \$119.2 million. That compares with net income of \$69.5 million during the same three quarters last year.

Duchess Park dominates school closure debate

For a meeting with an agenda that didn't even feature the words "Duchess" or "Park", the school board's discussion Tuesday night involved an inordinate amount of talk about the future of Duchess Park Secondary School.

The night began with Jim Yurkowski, chair of the district parent advisory council, wondering aloud why the option to close the downtown high school wasn't up for discussion.

Board trustees voted to proceed with the public hearing process into the possible closure of Lakewood and John McInnis junior secondary schools.

Tuesday's meeting was just the official beginning of what is expected to be a three-month debate about which schools to close in order to save the district money, noted Yurkowski.

But with only the two junior highs on the list, the board only really has one choice, he said: close them or don't. Not closing them isn't really an option, he said, given the district is still expecting to be \$5.5 million in the red this year.

Closing Duchess had been mentioned in this year's amalgamation report as the second best money-saving option, noted Al Cameron, parent advisory council chair at

Lakewood Junior Secondary.

"I'm very miffed, being on this focus group, and wondering why Duchess Park is not on the list," he said.

A group of stakeholders that included staff, parents and students from all of the affected schools met three times over the last month to discuss the amalgamation report.

Cameron suggested the focus group recommended the school board consider more than just one of the options. It's the same concern raised recently by Donna Stolk, PAC chair at John McInnis Junior Secondary.

The absence of Duchess Park concerned some of the five school trustees present for the vote.

"I do believe we should perhaps consider putting Duchess Park on the list in case we do have some uncertainty in the process," said John Rustad, adding that he thought trustees should have more than one option.

Board vice-chair Lyn Hall agreed. But "it wouldn't be fair to the community" if trustees arbitrarily added it to the list that night with no forewarning, he said.

Secretary-treasurer Bryan Mix said the board would have the option of putting Duchess Park on the list at its November 25 meeting, and still be able to meet the requirement of 60 days public consultation.

Nonetheless, debate about Duchess Park overshadowed discussion of the options that were actually on the table, with all trustees weighing in on the issue.

"We would be spending an equal amount of money on three different buildings," said Patricia Wick Thibault.

The \$8.4 million that will eventually be needed to renovate Duchess Park will be at least matched by renos at Lakewood, John McInnis and DP Todd, she said.

Fred McLeod suggested the price tag would actually be \$2 million higher, and would be needed almost immediately. Duchess Park repairs are not urgent, he said.

Ultimately, trustees passed first two readings of the closure bylaws for the two junior high schools. The board will now begin public consultations with stakeholders before voting on whether to pass third and final reading at the January meeting.

Trustee Michelle Marrelli bowed out of the discussion due to the possibility of a perceived conflict of interest. Her daughter attends John McInnis.

Trustee Carlene Keddle was out of town on business.

No decision has yet been made on whether Duchess Park will be added to the list at the November board meeting.

Lest We Forget In Honour of our Veterans

In recognition, and to remember those who gave their lives, we will publish your historical photos in our Remembrance Day Edition, Sunday, November 9, 2003

The deadline for submissions is Wednesday, November 5, 2003. We can reproduce black and white or colour. Please dig through your old photo albums and drop your photos off at the Free Press as soon as possible. Please include name(s) and years of service and if possible, a brief note of where, when, etc. You may also drop the photos off at The Royal Canadian Legion.