

The Watchdog Bulletin



Desolation Sound:
part of Paradise

Special events in our Community

- Joint Venture
- Catalyst ownership update
- Section 21- who's got the jurisdiction???

What's going on with the Joint Venture?

According to the Mayor, the City is about to commit itself to a joint venture with the Catalyst Paper Company and the Sliammon Development Corporation, which will 'potentially' bring jobs and money to Powell River. Citing confidentiality, City officials have stuck to their line that they can't dare let the public know what's going on – even though the Joint Venture is sure to involve taxpayers' dollars in one way or another. We know, given Catalyst's

\$900 million dollar debt, that they ain't gonna' give their 800 surplus acres to the City and Sliammon for free. The Mayor says the City and its partners are going to develop and sell the land.

So what's up? How much is this 'deal' going to cost us now and in the future? What are the risks for taxpayers dollars?

Come on, your Worship, give your loyal subjects a clue! Or should we be asking the Prez of the Chamber of Commerce?

NorskeSkog dumps their Catalyst stock

On January 30, 2006, NorskeSkog, the major shareholder in the Catalyst Paper Company, sold its remaining shares of company stock – a grand total of 29% -- to UBS, a Canadian securities firm. NorskeSkog also sold 7% of shares last year when it got out of the deal with Norske Canada that resulted in the name change from Norske Canada to Catalyst.

While technically not a sale of the company, the controlling shareholder interest has been sold. What this means

is that the new controlling shareholder should be able to call the shots with regard to running the company since it controls a majority of the shares. Duh?!

UBS is just holding the stock for a new owner who is rumoured to be Bowater Inc. of South Carolina (yep, that's in the southern U.S.). Watchdog has been told that Bowater's environmental and labour relations records aren't the greatest. Watchdog will investigate this issue to determine the facts and report on it in the next issue.

“Citing confidentiality, City officials have stuck to their line that they can't dare let the public know what's going on . . . ”



Watchdog digging for facts!

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Pun of the Month

A vulture boards an airplane, carrying two dead raccoons. The stewardess looks at him and says, "I'm sorry, sir, only one carrion allowed per passenger."

The Section 21 "Who's Got Jurisdiction" Game

Trying to pin down who has the jurisdiction to seek repeal of the outdated, complex and confusing Section 21 is a little like the game of 'hot potato'. The City's Chief Administrative Officer says: "It is not a municipal matter for which the City of Powell River has any jurisdiction." Hmm... that's funny. If so, why did City Council pass a resolution last June to 'make a submission to the Province from the Municipality...to revise' Section 21 if it is not a municipal matter?

Clearly, the Province and the CEO of Catalyst see it as a municipal matter. Ida Chong, the Minister of Community Services says a request from the City of Powell River is needed before any change to Section 21 will be considered. Hmm... that's funny. Doesn't sound like what the

City CAO said. And, Russ Horner, CEO of Catalyst Paper Co. says: "This [repeal of Section 21] is an issue for Mayor and Council to address..." -- not Catalyst. Hmm...that's funny. Doesn't sound like what the City CAO said. But watch closely, the potato is about to be passed again.

Watchdog has located a June 21, 2005 City of Powell River memorandum which states that any change to Section 21 would "require an authorized resolution of Council in support of the change in the form of a letter from the Mayor or the CAO, ...and a letter from Norske [now Catalyst] supporting the change.

Who's got the potato now?

News from around the world:

Bolivian President takes salary cut for education

New Bolivian President Evo Morales cut his salary by more than half and ordered that no cabinet minister collect a higher wage than his own, with the savings earmarked for hiring more public school teachers. "We need 6,000 new teachers and there is only money for 2,200", Morales said.

In one of the first decrees of his young administration, Morales said his monthly salary would be 15,000 bolivianos, equivalent to about \$1,700 US.

Morales had promised to cut the salary of the president and members of his party in half during the election campaign. His predecessor earned \$3,900 a month.

Morales was inaugurated as Bolivia's first Indian president in January following his landslide election win in December.

A politician with a moral compass and worthy priorities. Refreshing, eh?

Important Questions Regarding the Joint Venture

How much will it cost the City to participate in the Joint Venture?

Have independent assessments been done of the value of the 800 acres of Catalyst surplus land?

Have independent environmental assessments been done of the 800 acres of Catalyst surplus land?

Who are all the partners in the Joint Venture and what are their respective percentage shares?

Who is negotiating on behalf of the City?

How will the Joint Venture partnership be managed and by whom (an independent manager or otherwise)?

Will the City retain a veto right over key management decisions to protect taxpayers' interests?

How will the City's (meaning taxpayers') interest be protected?

What are the financial and legal risks for the City (meaning taxpayers) in participating in the joint venture?

What are the duties of each joint venture partner?

Will all joint venture contracts be subject to normal City rules regarding tendering practices, including at least three independent bids being solicited?

What rules will be in place to avoid conflict of interest violations in the conduct of joint venture business?

What public reporting of joint venture operating results and financial position will be made and how frequently? Monthly? Quarterly?

Is there a BUSINESS PLAN and, if so, what is it?