

## Catalyst's current situation.

Catalyst has suffered financial losses for five consecutive years, and challenges are expected to intensify as the worldwide economic recession affects us all. Currently, we carry over \$900 million in debt. In the past 18 months, our workforce has been reduced by over 1100 people. In February of this year, we announced a restructuring plan for the Powell River mill to improve its cost competitiveness given a weakened economy and lower paper demand. The mill's work force will be reduced by 127 positions. Given our circumstances, Catalyst is simply not in a position to borrow more money to pay unreasonable and unjustifiable property taxes.

## What is at stake?

Every resident of Powell River needs to understand the seriousness of this issue. With an industrial tax rate that is 13 times that of residents, new industry can't afford to come to Powell River, and the viability of existing ones are at risk.

Our plan is to maintain operations at our Powell River mill, by working with the 475 men and women employed here to reduce operating costs. Likewise, we are willing to explore joint infrastructure projects that can help lower municipal service costs for all tax classes and the community as a whole. Under these circumstances, property taxes paid by the average homeowner would increase less, and housing values could be maintained.

## Action is needed now.

For more information or to voice your ideas or support, please contact Powell River Council members.

## Your Powell River Council Members:

**Stewart Alsgard, Mayor**  
**Debbie Dee**  
**Dave Formosa**  
**Maggie Hathaway**  
**Chris McNaughton**  
**Jim Palm**  
**Aaron Pinch**

**6910 Duncan Street**  
**Powell River, BC**  
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## For more information or to voice your support:

**Please contact us at 604-247-4400 or visit [www.catalystpaper.com/propertytaxsolutions](http://www.catalystpaper.com/propertytaxsolutions).**

# Now is the time for reason.

A sustainable future for our community depends on a fair and equitable industrial tax solution.



## An unsustainable situation.

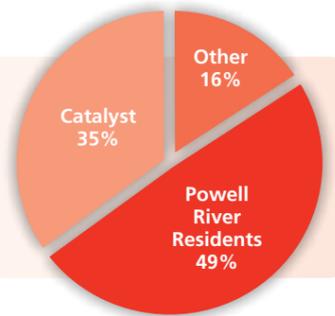
Catalyst Paper, owner of the Powell River mill, currently pays \$4.6 million in major industry property taxes to the municipality of Powell River. This amount is disproportionate compared with the value of municipal services provided to the mill, estimated to be less than \$1.5 million.

This huge discrepancy between the cost of services received and the tax levied is not reasonable, and most critically, cannot be sustained, particularly in these difficult economic times. The consequences of not reaching a fair and equitable solution with the municipality of Powell River would be harmful to the community, and the mill. We need your support to help reach a solution that works for everyone.

## Consider what's reasonable.

Examples that illustrate the inequity:

- » The Powell River tax rate for industry is 13 times that of residents.
- » If you, as a resident, owned a home with an assessment of \$231,000, and were being charged property taxes at the same rate as our Powell River mill, you would owe about \$9,500 in property taxes every year.
- » In 2008, the residential property tax rate in Powell River was \$3.16 per \$1000 of assessment; the rate paid by the Powell River mill was \$40.90 per \$1000 of assessment.

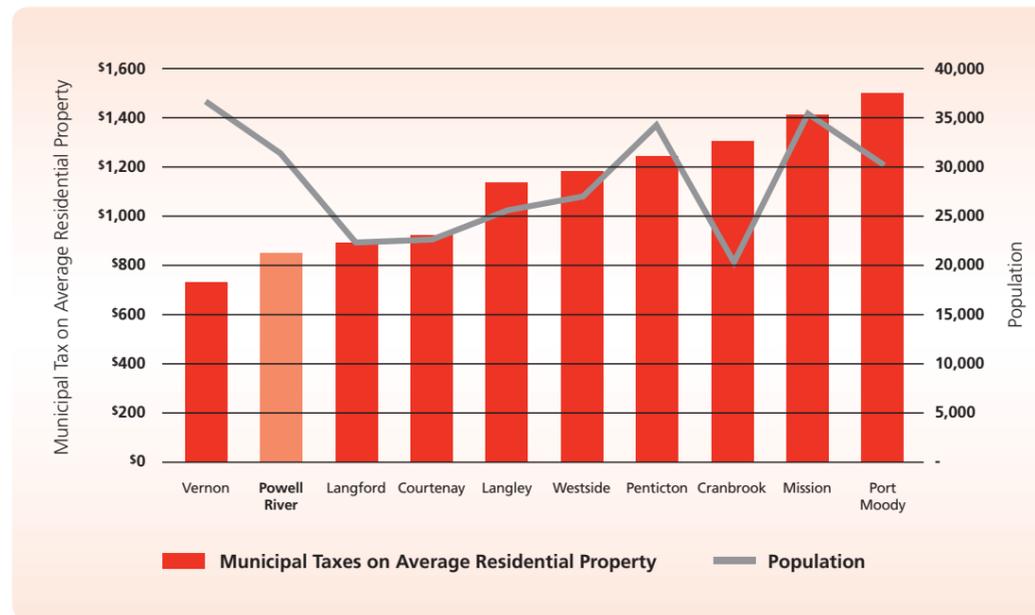


Tax Revenue in Powell River

## Reasonable solutions are on the table.

There are 9 property-use classifications in this region – Residential, Utilities, Supportive Housing, Major Industry, Light Industry, Business and Other, Managed Forest, Recreational Property/Non-Profit Organization, and Farm. The Municipality sets a different tax rate for each class, as is common practice.

With this in mind, Catalyst has tabled an innovative proposal with each of the four BC communities in which we operate mills. The proposal is based on a 'cost of service' model for major industry taxpayers based on paying for the consumption of services used.



Our proposal is fair and puts affordability at the top of the list of considerations. From this year forward, Catalyst would pay for the municipal services its mills use, plus 30%. This approach makes efficiency and competitiveness an ongoing commitment for all of us in Powell River.

## Under our proposal, you will still enjoy one of the lowest residential tax rates in BC.

It is true that if our proposal is adopted, residential taxes would increase. However, the residential tax rate would still remain lower than in most communities across our province and one-third of what Catalyst pays. Bear in mind, that if you as residents were to be taxed as heavily as industry is being taxed, you'd be asking yourself if you can afford to remain in the area. The reality is, what is unfair to business will eventually be unfair to you, especially if the mill can no longer afford to operate in your community.

## Other municipalities are working with us.

To date, Powell River Council has been working with us and has acknowledged the need to find an equitable and sustainable solution. We appreciate the tax reductions that have been made to date and that have been promised going forward. Still, Catalyst believes a sustainable tax regime must be based on everyone paying taxes reflecting municipal services consumed.

Catalyst wants to keep all of its mills operating through this very difficult time, but we must have community support to succeed.

## The global economic crisis has hit our industry hard.

This is not a good time for the forest products industry. There is a worldwide decline in paper demand, and a worldwide credit crunch severely affecting businesses. To survive, Catalyst needs a fair municipal tax system that gives our mills the ability to compete with other jurisdictions in Canada, the United States, Latin America and Asia. As recent announcements have shown, uncompetitive mills face closure.