

## MEETING BULLETS

**DATE:** May 17, 2023  
**PREPARED FOR:** Honourable Bruce Ralston, Minister of Forests  
**REGARDING:** Minister's meeting with Interior Lumber Manufacturers Association (ILMA)

### ILMA Board Members:

**Chair: Ken Kalesnikoff**, Kalesnikoff Lumber  
**Craig Upper**, Porcupine Wood Products  
**Dan MacMaster**, Vaagen Fibre Canada  
**Pat McMechan**, Stella-Jones  
**Mark Semeniuk**, Atco Wood Products  
**Warren Carter**, North Enderby Timber  
**Dan Battistella**, Past President  
**Paul Rasmussen, President:** Appointed in November 2022

**Justin Storm**, J.H Huscroft Ltd.  
**Pat Cutts**, Brisco Wood Preservers  
**Paul Heit**, Brink Forest Products Ltd.  
**Trevor Kanigan**, Gold Island Forest Products  
**John Drew**, Woodco  
**Kelly Tegart**, Brisco Wood Preservers  
**Scott Weatherford**, Atco Wood Products  
**Michael Copperthwaite**, Revelstoke Community Forest Corporation

## STRATEGIC CONSIDERATION AND KEY MESSAGES:

- I recognize the importance of the ILMA's companies and your strong connection to our local communities, family-supporting jobs and contribution to rural economic growth.
- I understand that BCTS is making progress on implementing the new Value-Added Manufacturing Program and continues to engage with the ILMA on this initiative. I understand your concerns over the current volume limit for eligibility. BCTS is committed to growing and evolving the program in consultation with the value-added sector and I look forward to updates as that process unfolds.
- A major part of my mandate is to lead the transition of our forest sector from high-volume to high-value production. I know your organization will have critical insights on this, particularly as we move to make mass timber a priority and appreciate that Paul Rasmussen, Ken Kalesnikoff, Dan Battistella and Warren Carter are all sitting as members on the Value-Added Wood Coalition.
- I am asking you to come forward with your suggestions on how we lead the transformation of our forest sector and look forward to a collaborative relationship.

- I also appreciate the ILMA's leadership in the new Value-Added Accelerators and I look forward to updates on how that work is progressing to support growth of the value-added sector in BC.
- And, in order to support the work we want to do together and as a signal of our Government's commitment to your members, we have initiated a new branch in the Ministry of Forests that will be dedicated to growing the value-added wood manufacturing sector in BC.
- Thank you for inviting me. I look forward to our work together to update and modernize our sector to ensure a competitive, sustainable future for forest communities, Indigenous peoples, workers and companies.

#### **ILMA Background:**

- ILMA represents the interests of small and mid-sized independent lumber, veneer and value-added manufacturers in the Southern Interior.
- Member companies include Aspen Planers, Atco Wood Products, Brink Forest Products Ltd, Brisco Wood Preservers, Galloway Lumber Co., Gold Island Forest Products, J.H. Huscroft Ltd., Kalesnikoff Lumber Co., North Enderby Timber, Porcupine Wood Products, Revelstoke Community Forest Corporation, Stella-Jones Inc., Vaagen Fibre Canada and Woodco.
- They are a strong advocate for the value-added sector in BC.
- The ILMA Chair Ken Kalesnikoff, President Paul Rasmussen and Board member Warren Carter are all members of the BC Value-Added Coalition Committee.

#### **Issues:**

- The ILMA's primary objective is getting the "right log to the right mill". This means optimizing fibre supply to its highest possible end use in manufacturing.
- ILMA are focused on predictable and fair cost access to fibre, whether that be through forest tenure reform to align more of the timber harvesting land base to smaller manufacturers or through lumber supply agreements.
- ILMA members are often in direct competition with larger manufacturers who also hold tenure. They are concerned about the concentration in Crown land tenure holdings by a handful of companies, including their dominance in the BCTS bidding pool that is affecting their ability to compete due to the economy of scale between larger and smaller licensees.
- ILMA will highlight the increasing pressure and constraints they experience operating on the land-base driven by old growth deferrals, community watershed concerns and the future watershed security strategy led by ENV, caribou habitat and Indigenous values that lead to higher delivered log costs and fibre shortages.

#### **BC Timber Sales**

- BC Timber sale auctions are a key fibre source for ILMA members and they must compete against each other and larger manufacturers to supply their mills.
- ILMA have indicated support for the new BCTS Value Added Manufacturing Program ('Cat VA') program. They also advocate for expanding the program from its current volume of 600,000 cubic meters (m3).
- BCTS continues to grow and evolve the program in consultation with the value-added sector.

- Across the province, timber supply continues to decline (e.g. mountain pine beetle mortality, wildfire, new land base protections) and manufacturing capacity exceeds the supply of fibre.
- Participants in BCTS's current CAT2 program, in most cases, are dependent on relationships with major tenure holder's primary breakdown or to secure additional fibre from others to meet their specific needs.
- Consequently, due to restricted supply, auction prices for CAT2 sales continue to increase even though there is a restricted bidder pool for CAT2 sales – which is viewed by many as counter to the desire for predictable access to cost effective fibre.

**PREPARED BY:**

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**REVIEWED BY:**

	Initials	Date
DM		
Associate DM		
ADM	MS	May 17, 2023
Program Exec Dir	RP	May 17, 2023