

Commentary-Dave Pasolli-Western Wood Truss Association of Alberta

If you have an idea for a commentary or would like to submit your own commentary for a future newsletter please let me know at dave@wwta.ab.ca

Supply and Demand and the Role of Government

“When government-in pursuit of good intentions-tries to rearrange the economy, legislate morality, or help special interests, the costs come in inefficiency, lack of motivation, and loss of freedom. Government should be a referee, not an active player.”-Milton Friedman

Everyone wants the government to look after their own interest and this only interferes with the free market system doing what it does best balance supply and demand.

Take for example the price of lumber. Several years ago lumber producers in the United States were complaining that wood coming from Canada was unfairly subsidized and therefore they called on the government to impose duties. Although these duties have been recently reduced they are still in effect.

With lumber prices skyrocketing and increasing the average price of a new single-family home in the US by \$24,000 the National Association of Home Builders is working with government officials to develop solutions to these sharp price increases which threaten housing affordability across the nation.

Other policies also mess with the market including environmental agendas. Remember in the 80's the spotted owl and the amount of wood taken off the market. What ever happened to the spotted owl? Did saving its habitat work?

The market is always right and will work itself out following the principals of supply and demand. With higher prices companies will adapt and add more capacity. Companies will innovate with new products that use the resource more efficiently and the end result will be that the end price will be where it should be. Unless the government sticks their fingers in tries to influence the market, then the customer gets what they deserve.

I can't help but relate this to the energy sector that is so important to the people of Alberta. With the pressure from the Greta's of the world to shut down the extraction of fossil fuels and governments standing in the way of development isn't the only result going to be that the price is going to skyrocket?

In 2018 the government of British Columbia led by John Horgan and supported by the B.C. Green Party fought with all their resources to stop the Trans Mountain pipeline expansion in the interests of the people of B.C. But in May of 2018 the same John

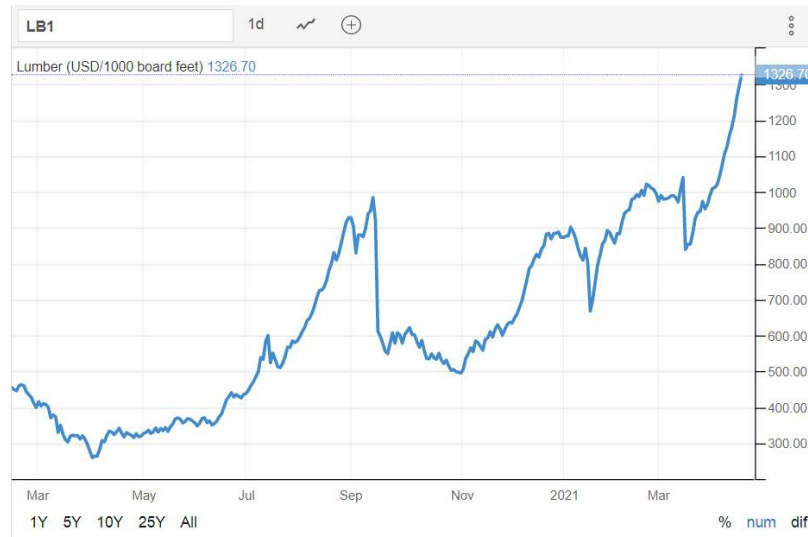
Morgan requested the Federal Government to take some leadership in reducing the price at the pump. I just don't see Vancouver commuters being happy with paying \$300 to fill up their Toyota, but that may be the result of their actions as we continue to put a price on carbon.

I would like to end with another quote from Milton Friedman.

“If you put the federal government in charge of the Sahara Desert, in 5 years there would be a shortage of sand.”

Economic Update

After a brief pullback in the price of lumber it continues to climb.



From the onset, the pandemic was a perfect storm for surging lumber prices. At the same time that sawmills were limiting production during the early months of the crisis, the pandemic was spurring a do-it-yourself boom among Americans stuck at home. That supply and demand mismatch was made worse by record low interest rates and a historically tight existing housing inventory which caused buyers to rush to new construction. The backlog is so big that prices aren't falling despite wood production hitting a 13-year high in February. –Lance Lambert, Fortune

“The pipeline for lumber and other wood products demand remains quite deep in 2021... Builders have plenty of ongoing projects to keep working through, which is keeping lumber and panel demand high, and making it very difficult for mills to ramp production up fast enough to rebalance the market,” says Dustin Jalbert, senior economist at Fastmarkets RISI, where he specializes in wood prices.

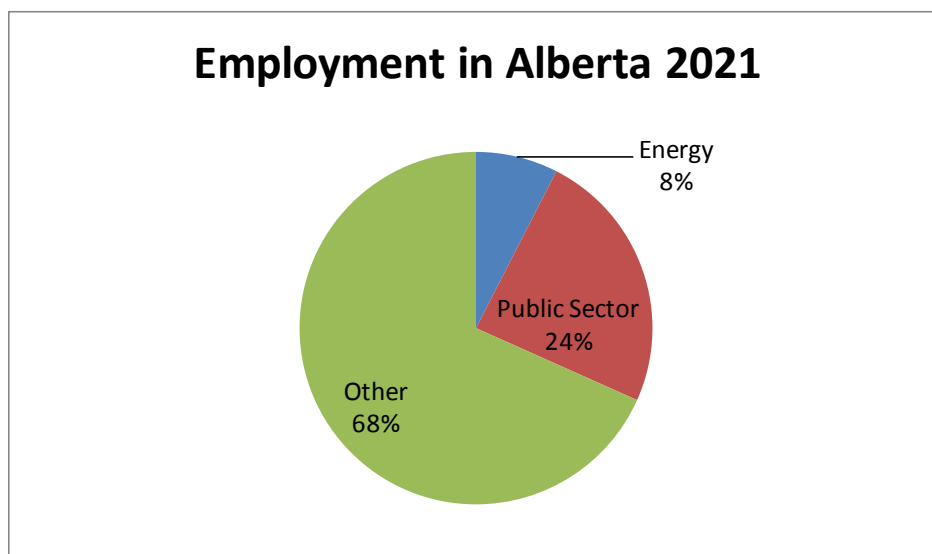
“Considering that Biden’s 2 trillion infrastructure plan includes \$213 billion for various housing initiatives, at some point Americans may wake up to the fact that duties on Canadian softwood lumber hurts them by adding to record high lumber prices.” Kristen Hillman, Canada’s ambassador to the U.S. at the COFI Conference.

After a strong first 2 months of 2021 starts in March were down slightly from 2301 to 1974. YTD starts are still up slightly in 2021 15.7%.

NEW HOUSING CONSTRUCTION				
Actual				
	MAR-21	MAR-20	YTD-21	YTD-20
Starts (10,000+)	1,974	2,301	5,894	5,094
Completions (10,000+)	1,782	1,518	4,718	5,315

With all the negative news about lock downs and job losses in the energy sector you may wonder why housing starts are relatively strong. Of course, low interest rates play a part reducing the qualifying requirements, but as prices in Toronto and Vancouver continue to increase we may see the government take further steps to cool the market.

Another reason for the strength is the workforce in Alberta. While we think we live and die by the energy sector currently only 8% of the workforce in Alberta receives a pay cheque directly from the energy sector. No surprisingly about 24% of employees receive a pay cheque from the public sector. Therefore, almost a quarter of the total employees have not had their income or security of employment affected at all during the pandemic.



Quality Control

This week I had a request to talk about white specks in lumber.

NLGA 6.13.2 WHITE SPECKS

“White Specks” are small white or brown pits or spots in wood caused by fungus and filled partially or wholly with white cellulosic substance. It only develops in the living tree and does not develop further in service. The size of each white speck varies from one-quarter of an inch to one inch long, and are about a sixteenth of an inch wide, with their length parallel to the grain of the wood.



Where permitted in the NLGA Rule, it is so limited that it has no more effect on the intended use of the pieces than other characteristics permitted in the same grade. Pieces containing white specks are no more subject to decay than pieces that do not contain it.

What the heck does that mean?

If we look at the NLGA Grading Rules for #2 Structural All Species, it states for white specks that they have to be firm and 1/3 of the face or equivalent.

In #2 and Standard, white speck “1/3 face or equivalent” is a volume restriction. When white speck appears, it is limited to the following or equivalent area:

- a) a maximum of 1/3 the length for the full width of the face;
- or
- b) a maximum of 1/3 the width of the face for the full length.

For example: you could have 3’ on the end of a 10’ board that is 100% white speck as long as the other 7’ was clear. Or you could have the 1/3 of the width (1-1/8” on a 2x4) for the full length.

“Firm” in relation to white specks infers that it will not crumble under thumb pressure and cannot be easily picked out.

Now those are the lumber grade requirements and of course we are building trusses out of this lumber so we have to look a little closer. If you have an area of white specks under a plate you have to consider those teeth that go into the lumber less effective and may have to upsize the plate or replace the lumber. So if the area of white speck is occurring in the middle of the web for example it may be acceptable, but if it is at the end of the web where there is going to be a plate attached it may not be acceptable.

If the area of white speck is not “Firm” meaning that it will crumble under the pressure of your thumb or easily picked out it does not meet the grade and should be discarded.

If you have any other topics you would like to see in the newsletter just let me know.

Health and Safety Toolbox

Similarly to the Quality topic the WWTA would like to give you a monthly item you can discuss when doing your Safety Toolbox meeting.

This month I would like to focus on **Psychological Hazards**. In our manufacturing industry we quite often focus on safety and even health hazards, but it is an employer’s responsibility to assess and control Psychological Hazards as well. These hazards are elements of the work environment, management practices or organizational practices that pose a risk to mental health and well- being.

Although we often think of exposure to harassment, violence, or traumatic events the main causes of these hazards long term exposure to less severe hazards such as increasing job demands, hours of work, job security technological change, or interpersonal relationships can affect the workers’ health. Exposure to these hazards can result in people sometimes developing negative coping behaviours such as drug or alcohol abuse.

These conditions also can have an effect on the employer through absenteeism rates, turnovers, accidents, and WCB claims with higher disability rates. WCB is currently more inclined to accept a psychological claim related to the workplace even if sometimes it may be related to non-work issues.

It is important that these hazards be considered in your hazard assessment process and I would encourage companies to go back and re-examine their HA’s to see if they are missing. Then make sure that you work to develop controls for the hazards. Remember to get the workers input in the development of your hazard assessments.

You are required to develop a policy on psychological hazards and employers should indicate their commitment to identifying and controlling these hazards. Your policy should include:

- A statement that acts of harassment are unacceptable
- A definition of workplace psychological hazards
- A requirement of psychological hazard assessment
- Training for workers, supervisors, and managers on the recognition of reporting of hazards
- Support for workers experiencing workplace related psychological hazards
- Confidentiality for those experiencing or reporting incidents

Successful strategies to control work-related psychological hazards should focus on prevention. This may include assigning reasonable work and assigning work that aligns with the workers' skills. Reducing the impact of these hazards may include actions like promotion of wellness programs, modified duties, and employee assistance counselling.

Most importantly is that the workers are made aware that they can communicate any issues they are having with their employer and that it should be encouraged.

The Alberta Government has a new format OHS eNews you can subscribe to with all kinds of good material at: <https://ohs-pubstore.labour.alberta.ca/>

The Alberta Government is revising the OHS code and the public consultation phase is open until May 10, 2021. These proposed changes are in line with the strategy to reduce red tape and roll back some of the changes that were introduced under the previous government. To give your feedback go to and complete the survey go to:

https://www.alberta.ca/ohs-code-review-2020-23.aspx?utm_source=Email_marketing&utm_campaign=LBR-Mar30-OHSsurvey&cmp=1&utm_medium=HTMLEmail

News and Events

The online Annual General Meeting of the WWTA was held March 19 and the minutes are available on the website.

Derek Foss was elected as our new President and we are pleased to welcome Manfred Schmolz as a new Director. The Current Board of Directors consists of:

Derek Foss
Paul Foreman
Laura Barber
Brad Cuthbertson
Darrell Curtis
Brent Feyter

Tony Hiendl
David Klassen
Manfred Schmolz

New Standata 19-BCI-023

After undergoing a thorough review of the previous standard Municipal Affairs has just published the new Standata April 13, 2021. There were a lot of stakeholders involved in the process including the WWTA and it is enforceable upon publishing.

It can be found at: <https://www.alberta.ca/building-standata.aspx#jumplinks-1>

The WWTA will be holding a virtual meeting to go through the new Standata on April 20 at 1:00 if you would like more clarification.

It goes into quite detail on design software and the difference between proprietary and non-proprietary software, so take a close look at those definitions to see how the software you are using fits in.

The defined terms are updated to better reflect what is actually happening and the requirements for the Manufacturer's corporate letter and the Supplier's letter appear to be clearer.

The last page of the document details the interpretation that are likely to be applied by the Authority having Jurisdiction and will most likely determine their requirements, so make sure that you have a good understanding of this.

Depending on how companies design and source products this Standata does have the potential to add additional engineering costs that you need to consider.

We would like to commend Alberta Municipal Affairs in supporting the project as Alberta is the only province that currently has such an interpretation. I know that they were under pressure from other stakeholders like APEGA that take the approach that sizing any product is practicing engineering.

I would assume that once Safety Codes Officers receive this new Standata that this will trigger requirements from them to comply for new permits issued. I think that as this practice has been in place for such a long time some officers have taken it for granted.

WWTA Online Training

If you have not yet taken a look at the WWTA online training program I would encourage you to, as no doubt you will be hiring new workers in the near future and it is a good method to get them productive earlier and safer. If you want an overview of the program go to the WWTA website at: <http://www.wwta.ab.ca/truss-training-online.html>

Did You Know?

The Western Wood Truss Association of Alberta has a form that you can use when supplying a farm building under the existing Farm Building Code. It is called the “**Farm Building Purchase Supplement**”. Quite often these buildings are built without any professional designers and the current code allows for a lot of load reductions due to being used for low human occupancy.

The intent of this form is to clearly communicate with the purchaser what the design considerations are and to get them to sign off if any load reductions are taken.

By far the most collapses of roof trusses occur in these types of buildings resulting from lack of professional design and installation. When collapses do occur the owner or builder will typically plead ignorance resulting in potential liability for the supplier, so this is a good way to prove your diligence.

If you do not have this form please contact me and I will send it to you.