

Commentary-Dave Pasolli-Western Wood Truss Association of Alberta

I have included an interesting article from Vaughn Palmer that appeared in the Vancouver Sun in July. In it he talks about the decisions that traditional B.C. forestry companies are making about where to invest in future production. Also in typical NDP fashion Premier John Horgan would like private companies to commit more of their funds to support provincial services.

## High-priced B.C. losing to low-priced U.S. South for forestry investment

*Opinion: For a variety of reasons, including NDP policies, B.C. forest companies are finding the U.S. southeast a better place to invest their profits*

Author of the article: **Vaughn Palmer** Jul 26, 2021- Vancouver Sun

VICTORIA — Premier John Horgan says B.C.-based forest companies should be investing their recent record-high profits in supporting employment in forest-dependent communities and in generating government revenues here in B.C.

We need to make sure that those benefits to those companies flow down to workers, to communities and of course also to the province, so that we can provide the services that we need, critically, right now, to put out fires,” Horgan told reporters during a stopover last week at the wildfire centre in Castlegar.

Horgan was responding to the announcement from Canfor that it was reducing operations in B.C. owing to the wildfire crisis.

“Certainly, the forest sector is going to be slowed down by the fires, no question about that,” the premier conceded. “So I’m not surprised that Canfor has decided to shut down. ... A break now to give relief on the land base to provide the resources that we need, potentially — equipment from those companies to put out the fire is what happens almost annually when we have difficult seasons.”

But at the same time he emphasized how “lumber prices have been at historic highs — and that’s not a couple of per cent above normal, it’s massively above normal.”

Prices have actually fluctuated of late — down earlier in the summer during a production glut, futures on the rise in anticipation of wildfire driven shutdowns.

Still, as Horgan noted: “Canfor and other forest companies have done very well in the past couple of months.

“These are quarterly businesses that save all their profits and you would have seen record high profits by major B.C. forest companies in the first quarter. I suspect we’ll see that in the second quarter.”

That was Wednesday.

On Monday came news that another B.C. company was investing in yet another mill expansion south of the border.

“Hunt Forest Products and Tolko Industries announce new sawmill in Bienville Parish,” read the news release from Louisiana Gov. John Bel Edwards. “State of the art lumber mill to produce 320 million board feet annually, result in 517 direct, indirect jobs.”



*The joint venture between Tolko and Hunt Forest Products will be the companies' second one in Louisiana.*

Putting up half of the estimated US\$240 million cost of the new mill was Tolko Industries, the privately owned forest company based in Vernon, B.C.

This is Tolko’s fourth investment in production facilities in the U.S. south in the last three years, the second in partnership with Louisiana-based Hunt Forest Products.

“A family-owned company like ours, and that has been very successful,” said Tolko CEO Thorlakson. “So, we are looking forward to working with the Hunt family again to bring another state-of-the-art sawmill, and jobs, to Louisiana.”

Tolko has invested \$178 million U.S. in the two Louisiana mills. The second, which opened in 2018, is in Urania. The company's other partnerships are in Alabama and Mississippi.

Louisiana provided a package of incentives to "secure" the \$240 million spending in the new mill, according to the governor's news release.

Those include a fast-start workplace development program to recruit and train the necessary workforce for the high-tech mill by the time it opens in early 2023.

The state also put up a \$2 million performance grant, "subject to the companies reaching specified investment and payroll benchmarks." Hunt and Tolko are expected to access Louisiana's "quality jobs and industrial tax exemption" programs the release said.

Tolko is not the only B.C.-based forest company investing in production in the southern states. Others include Canfor, Interfor, West Fraser, Conifex and Teal-Jones.

One reason why they are going south was highlighted in a news release last week from RBC capital markets on the paper, packaging and forest products industries.

Along with notes on the drop in composite lumber prices since the May peak, the report included a chart on variable production costs across North America.

It put the B.C. industry at the high end of the scale, with costs approaching the break-even point during the decline in composite lumber prices in the early part of July.

At the low end of the scale was the U.S. south, with variable costs, measured in dollars per million board feet, that are reckoned to be about half of those in B.C.

"We now have a B.C. Interior that is the highest cost jurisdiction in North America, moving there from the lowest cost region two decades ago," wrote RBC analyst Paul Quinn in an explanatory note.

The change is a result of a combination of factors, including the reduction in timber supplies owing to the mountain pine beetle infestation, competitive bidding for the remaining wood, government regulations and restrictions on the transfer of timber cutting rights.

"On the forest policy side," continued Quinn, "the government has also chosen forest tenures as an avenue to address First Nation settlements, with the imminent introduction of tenure-take-back legislation.

**“At the same time, the provincial government wants to promote Mass Timber (construction) and attract new investment.”**

Good luck with that: “Given, its highest cost status, unfriendly business environment — relative to the welcoming reception in the U.S. South — and land claim issues, it is no wonder B.C. forest companies are looking outside the province to invest in growth.”

I gather Horgan has been told as much — albeit more politely — any time he asks B.C. industry leaders why they aren’t investing in value-added production here in B.C.

But so far the two sides are talking past each other, with results that mostly benefit jurisdictions in the southern U.S.

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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](mailto:dave@wwta.ab.ca)

**Economic Update**

Housing starts in Alberta were flat compared to Sept. 2020 and YTD starts are up 37.6%. Edmonton saw starts increase 18% YTD and Calgary is up 61% compared to 2020. Starts in Canada are up 26% YTD compared to last year, and up 11% for the month of Sept.

Housing Starts Alberta						
	Sep-21	Sep-20	% Change	YTD 2021	YTD 2020	% Change
Alberta	2152	2165	-0.60%	21640	15729	37.58%
Edmonton	903	866	4.27%	9051	7653	18.27%
Calgary	1026	1035	-0.87%	10415	6461	61.20%
Red Deer	10	38	-73.68%	164	128	28.13%
Grande Prairie	12	4	200.00%	96	73	31.51%
Lethbridge	27	45	-40.00%	496	386	28.50%
Wood Buffalo	5	12	-58.33%	65	33	96.97%
Canada	20202	18169	11.19%	182298	144573	26.09%

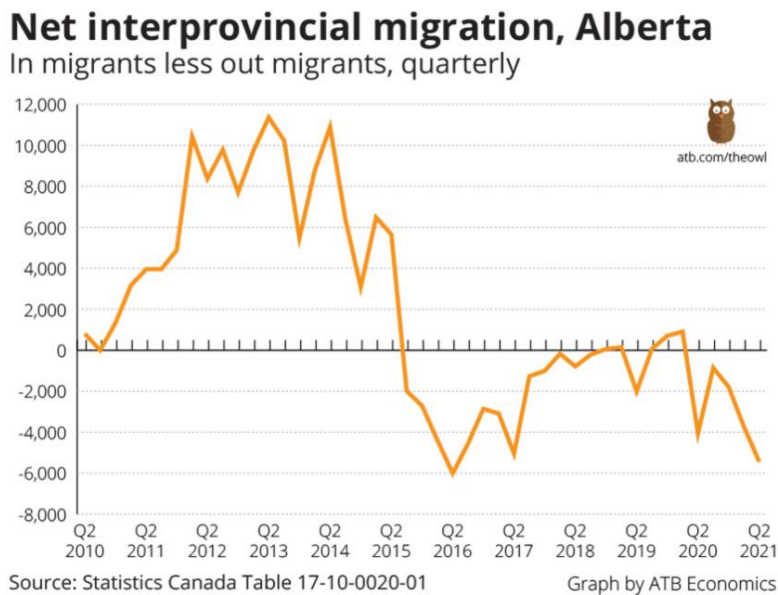
Alberta Migration has always been a strong contributor to the residential construction industry as people have moved here for high paying jobs. Although the price of oil and natural gas has been strong lately the large capital expenditures are not being made as investment in the industry has dried up. This has resulted in migration out of the province since 2015.

About 77,000 people came to Alberta from other provinces and territories between April 2020 and June 2021 while almost 93,000 left, for a net loss of 16,000 residents.

The second quarter of 2021 saw a net outflow of 5,447, the largest loss since 2016.

On a net basis, Alberta lost the most residents in the second quarter to British Columbia (-6,985) followed by Nova Scotia (-839). Actually, B.C. gained a total of 15,290 migrants in the second quarter.

Alberta gained the most residents in the second quarter from Manitoba (1,126) followed by Saskatchewan (+1,043).



After touching bottom lumber futures look to be on the rise again, maintaining momentum.



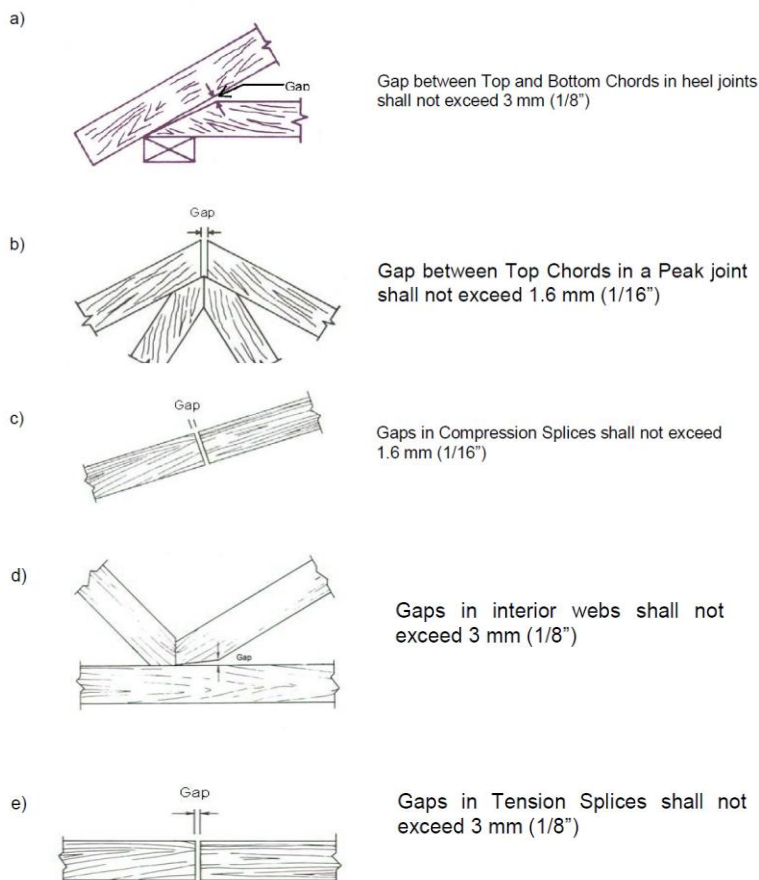
Chicago lumber futures rose to above \$760 per thousand board feet, the highest in 3 months, and were up nearly 70% from their August low on supply constraints and an uptick in demand. Tightening the labor market and wildfires in western Canada led to transportation problems and expensive logs. Meanwhile, the drop in prices brought DIYers back into force putting additional pressure on wood cost. Still, the cost of lumber remains more than 55% below a record high of \$1,711.2 hit in May.  
-Trading Economics

### Quality Control

This month we are going to discuss **Gaps at Joints**.

According to The Truss Plate Institute of Canada's appendix G5.1 Member to Member Gaps.

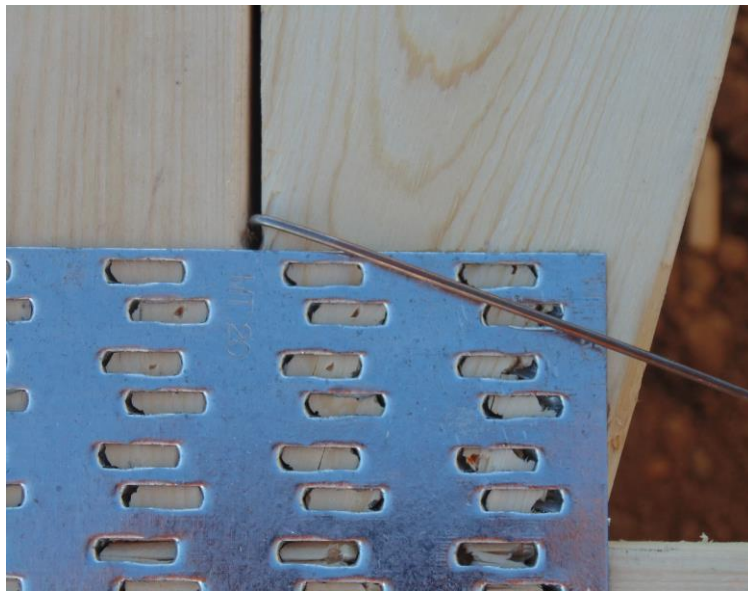
Members at each joint should have wood to wood bearing at each interface. Gaps in joints after pressing shall not exceed 1.6 mm (1/16 inch) for compression splices including pitch breaks and 3 mm (1/8 inch) for all other joints.



The reason that there is a difference between compression and tension is that the metal connector plates are very good at holding the pieces of wood from pulling apart in tension, but the wood members have to be tight in compression joints in order to keep the truss from deforming and the plates from buckling over the gap.

If there is a gap at the peak or pitch break for example, when the truss is loaded the gap will close resulting in the truss deflecting more than the design allows for.

With today's accurate cutting saws it is much easier for a plant to just make a rule of having a maximum of 1/16" gap and not try to figure out if it is compression or tension.



*Checking the gap with a 1/16" wire*

I have a little gauge made of bent welding electrodes that I can check the gaps between the joints and also gaps under the plates.

As I mentioned that with today's automated saws gaps are a lot rarer than they used to be, but what does occur is the cut not being square due to the board having a deformation so that it is tight on one side but gapping on the other side, like in the picture above. Make sure that you check both sides of the truss in this case.



Another area of concern is when long angle cuts are made like in the case of a heel slider or wedge. If the cut is slightly out the joint will not be tight and it could affect the heel height.

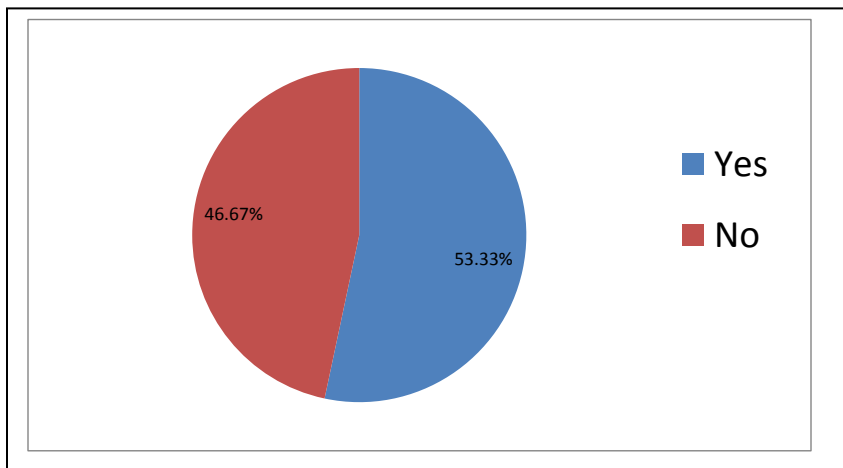
### Health and Safety Toolbox

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

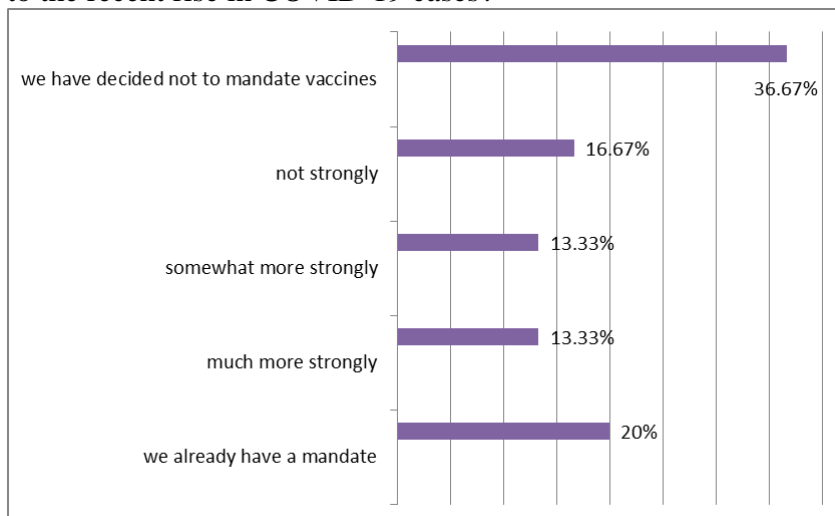
The WWTA did a short survey of our members in September about vaccination mandates as more companies are beginning to impose them upon their workforce as a measure to reduce the spread of Covid-19.

This is a very controversial issue as it can be seen as crossing the line into people's personal decision on health care and how far an employer can go.

1. Does your organization currently, or do you plan to, ask individuals to voluntarily disclose that they have been fully vaccinated?

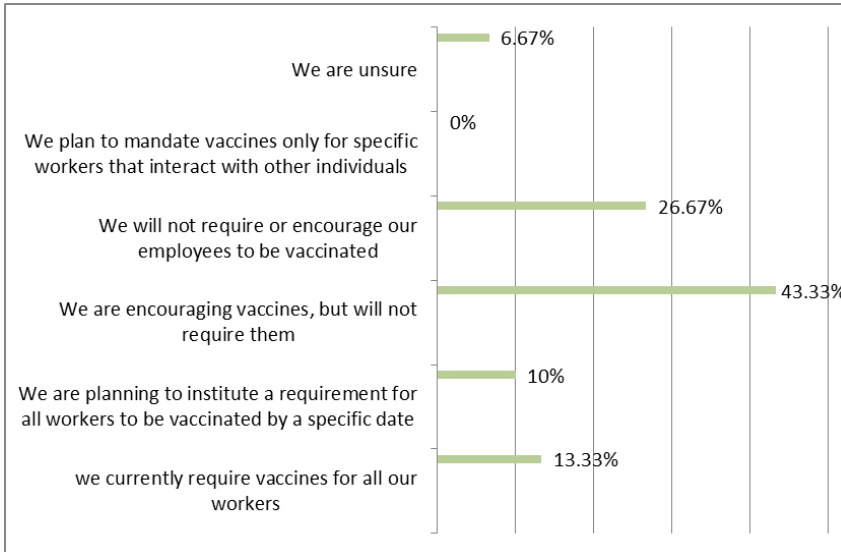


2. To what extent is your organization more strongly considering a vaccine mandate due to the recent rise in COVID-19 cases?

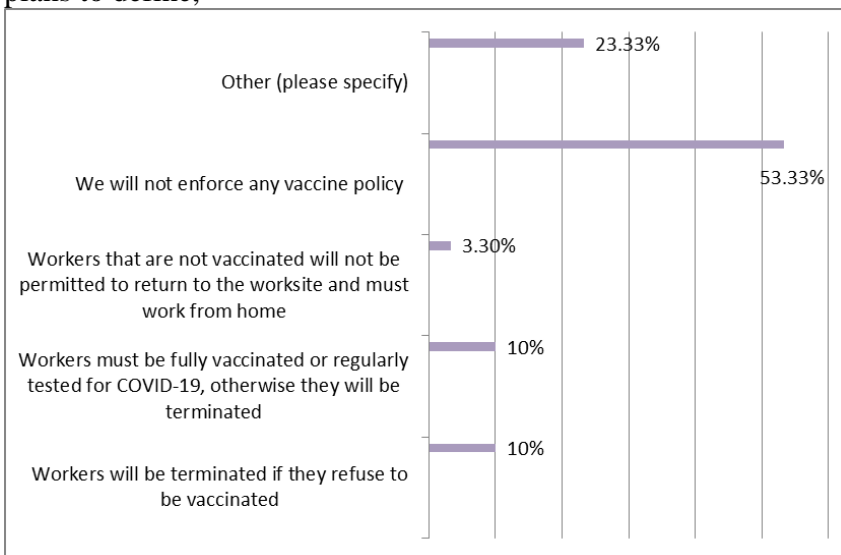




3. Which of the following statements best describes your organizations approach to COVID-19 vaccinations?

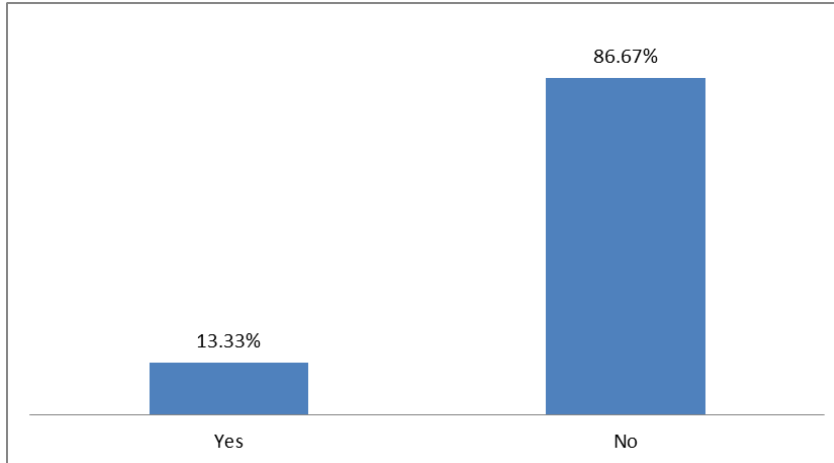


4. Which of the following best describes how your organization currently defines, or plans to define,



- Religious beliefs will not be recognized medical require doctors note
- Workers must be fully vaccinated or regularly test or they will be placed on unpaid leave until one of the 2 options is fulfilled.
- We have not made a hard stance, vaccinate or else. We have asked those who are not to go and do so, and they are. We have made being vaccinated part of our new hire conditions of employment.
- vaccines encouraged, regular COVID 19 (fast) on-site testing
- We will follow laws, not mandates especially since these are not scientifically proven to work. We will support freedom and right to choose.
- We haven't had to implement a policy as 98% of our staff are fully vaccinated.

5. Does your organization require proof of vaccination from any visitors or contractors visiting your worksite?



6. Do you have any comments that you would like to make?

- We will follow federal, provincial and local bylaws and laws.
- As the COVID-19 situation remains fluid, our response will remain fluid as well.
- These responses all relate to our policies today and does not mean we would not introduce more strict policies in the future. We would probably do more to require vaccines but are too busy right now to introduce a labour disruption into our business.
- Some of our policies are in the works and have not been rolled out yet. They are subject to change.
- At the time we polled our staff as to their vaccination status 94% were vaccinated. we have asked those who were not to go do so and they have complied. We have made being vaccinated a condition of employment for new hires. We have not asked for proof as of yet. We have put up signage that those visiting may need to provide proof of vaccination if asked.
- I don't see how you can legally mandate this if you didn't mandate the flue vaccine, chicken pox, small pox, etc....
- It is absolutely wrong to threaten people with there livelihood's if they haven't gotten a vaccine. There body there choice!!!!
- This information could change as some of these items have not been finalized with our organization.
- We will not be implementing a vaccine passport mandate for any employees. As an employer this is a constant polarizing issue that should be left out of a worksite.
- I am getting less tolerant of vaccine hesitation and will be looking to enforce more stringent requirements. The medical and social costs that the unvaccinated are creating is unnecessary.
- If people don't wake up and realize they are exchanging temporary security for freedom we will loose everything. Look at Israel and they are on their 4th booster, have the highest rate of vaccination and highest rate of Covid cases & deaths (doesn't take a rocket scientist to see the jabs are causing the increases which is what thousands of doctors have been censored for sharing the truth)...and now the Israeli government is saying the Green Pass (Covid Passport) is not valid until you get your 4th shot....next will be the 5th, then 6th, then every 3 months, then every month....it will never end. The vaccines do not work and they are causing more problems than anything. Natural immunity has proven to work. This is political and evil and the fear campaign will only stop when the people of this world stand up against it which we are starting to see in Australia, Israel, France and other brave countries.
- Forced vaccinations are wrong and should not be promoted or supported in anyway.
- Policy will be enforced for existing employees Jan 1st, 2022. Vaccination is a condition of employment of all new hires.

The province announced plans to introduce new legislation that will protect businesses that require their employees to be fully vaccinated. The legislation would potentially thwart employees from pursuing legal action or human rights violation claims based solely on vaccination requirements.

<https://calgary.ctvnews.ca/alberta-rolls-out-harsher-harassment-fines-business-grants-for-vaccine-passport-program-1.5615489>

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/>

## News and Events

Hopefully the world will get through the 4<sup>th</sup> wave and we can get together for our Annual General Meeting in 2022. Please mark **Friday April 1, 2022** on your calendar for our meeting that will be held in Edmonton.

I will be representing the WWTA at the Canadian Wood Truss Association meeting October 27<sup>th</sup> virtually. If you have anything that you would like me to bring up please get it to me prior to the meeting.

At the past WWTA Board of Directors meeting it was decided for the association to transition out of the Certifying Partner role for Health and Safety in 2022 to concentrate on other issues of concern for members. There will be more information on this transition for plants with a COR with the WWTA shortly.

Simpson Strong-Tie and Hundegger Make Joint Investment to Better Serve Wood Component Industry

[Simpson Strong-Tie](#), the leader in engineered structural connectors and building solutions, and [Hundegger](#), the market leader in CNC-controlled joinery technology, announced today a joint indirect investment in the North America Hundegger equipment sales and service representative partner, Hundegger USA, LC.

<https://news.strongtie.com/2021/09/simpson-strong-tie-and-hundegger-make-joint-investment-to-better-serve-wood-component-industry/>

I am starting to travel to see you members now, and I hope to see all our member plants before the end of the year Covid willing. If your company is not comfortable with an in-plant visit at this time I would be happy to arrange a virtual Q.C. review similar to 2020.

### **Virtual Meetings**

One day we will get back to meeting in a room I hope, but in the meantime if you have any topics you would like the WWTA to hold a virtual meeting on please let me know.

### **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?**

If you want to see a presentation I did for the Safety Codes Officers in June it can now be viewed on their website at: <https://www.safetycodes.ab.ca/training-and-certification/education-resources/>

Thanks to **Jennifer Johnson** at the Safety Codes Council for organizing it.