

Commentary-Dave Pasolli-Western Wood Truss Association of Alberta

Promising more fiscal restraint, Freeland tables a lower-spending budget focused on housing

The 2022-23 deficit projection is \$52,000,000,000 — half of what it was last year.

Canada's finances have improved in the few months since Freeland tabled her last fiscal update. With the federal government winding down costly COVID-related spending and cashing in on substantially higher oil prices, the deficit for the 2021-22 fiscal year will be \$30 billion lower than what Freeland predicted it would be in December.

According to the Canadian Tax Payers debt clock the total Federal debt is only \$1,162,585,919,325 or \$31,127 per person, so only adding \$52 billion does not look all that bad, it was expected to be worse with the Liberal NDP alliance. Kind of like going on a cruise expecting to gain 10 lbs. and happy that you only gained 5.

I find it interesting that when the government announces a new budget, there is not too much said about how they did on the last budget. Also, look out for the critical word “over” where they announce big headline numbers that are over several years when they might not even be in power.

For example, let’s take a look at the National Housing Strategy launched in 2017. The NHS was billed as a major re-engagement by the federal government on affordable housing after more than two decades on the sidelines. Starting with a headline commitment of \$40 billion when first announced and supplemented in subsequent budgets, the NHS is now ostensibly [valued](#) at more than \$75 billion over ten years.

A 2021 [review](#) of the NHS by the Parliamentary Budget Officer (PBO) showed \$37 billion in actual and planned federal budgetary expenditures over 10 years starting in 2018/19, compared to \$75 billion in headline commitments. And \$12 billion of the actual/planned total represents pre-existing commitments made prior to the NHS. Thus, only one-third (\$25 billion) of the claimed \$75 billion headline number represents new federal spending. The majority of this money is in the form of loans and not grants, so it is expected to be paid back.

But onto this year’s budget for housing.

This federal budget has already been dubbed the "housing budget" by some observers because so much of the new spending is directed at getting more people into homes of

their own. A third of all new spending in this budget — \$10.1 billion — is directed at housing.

With the average price of a Canadian home soaring past \$800,000 in February, Freeland said a home is "out of reach for far too many Canadians" and the government is prepared to do "everything" it can "to make the market fairer."

“Over the next 10 years, we will double the number of homes we build,” Freeland said during her budget presentation.

I am not really sure how she gets to this number as we average about 200,000 starts a year, does this mean we will be building 400,000 units by 2032. If this comes true it will be great to be in the truss business.



“Budget 2022 proposes to provide \$4 billion over five years, starting in 2022-23, to launch a new **Housing Accelerator Fund** that is flexible to the needs and realities of cities and communities, while providing them support such as an annual per-door incentive or up-front funding for investments in municipal housing planning and delivery processes that will speed up housing development,” the federal government said.

The accelerator fund aims to build 100,000 new units over five years. That would be 20,000 additional units per year, again great for our industry, but let’s check back in 5 years.

The government also announced the creation of the “Tax-Free First Home Savings Account” which would allow people to save up to \$40,000 with a maximum annual contribution limit of \$5,000. This would allow first time buyers to save a little at tax time similar to a RRSP contribution and the money could grow tax free.

Wouldn't it have been simpler to allow first time buyers to simply withdraw money from their RRSP without having the requirement to re-contribute what they withdraw? I guess that does not support the creation of a new bureaucracy to support the program.

And we can't forget the "Stress Test" launched by the same government in 2017 that forced new home buyers to qualify at a higher mortgage rate than the current rate and took a lot of buyers out of the market. If these people had been able to qualify at the low rates at the time, and they got a 5 year term they would just be renewing now and have some equity in their homes.

So we have a contradiction of policy, one trying to get new people into the market, and another keeping them out.

[what liberal policies mean for home prices](#)

Who is going to build these houses?

The average selling price of a Canadian home has surged more than 50% in the last two years, driven by record low interest rates and tight supply. Construction has failed to keep pace with immigration-driven population growth. The plan to build hundreds of thousands of new homes runs counter the reality that home building is generally the purview of municipal and provincial governments, leaving the federal government little role beyond handing out money.

"It's very ambitious. I would say it's going to be equally challenging to pull it off, simply because the construction sector is already more or less operating at full capacity," said Robert Kavcic, senior economist at BMO Economics. "And we are already building a record number of homes in this country."

Canada has added more than 100,000 construction jobs in the last four months alone, a historic run of increases for the sector. Overall jobless rate fell to a record 5.3% in March.

"Just the sheer volume of work that exists within the industry (creates) a lot of pressure on the various trades," said Jim Ritchie, chief operating officer of Tridel, which develops condominiums in the Toronto area. "So there's a lot of demand for that workforce."

Canada's immigration program could be a double-edged sword, as it brings in more skilled workers to replace a fast-retiring workforce, but also fuels housing demand. There is also a mismatch between the workers Canada is currently targeting and those it needs.

"Right now, our immigration policies are more geared towards attracting white collar labor than blue collar labor," said Mike Moffatt, senior director of policy and innovation at the Smart Prosperity Institute.

Construction costs rose nearly 10% in 2021 and are set to climb again, driven by higher labor and materials costs, adding to the near-term challenges, said Ritchie of Tridel.

If Chrystia Freeland's goal of doubling the number of homes we build becomes reality, and labor is hard to find, these conditions certainly support the development of more automation in the component manufacturing industry.

This entire budget is of course dependent on Canada having a strong economy in near future allowing the government to continue to justify borrowing money to fund their programs. There is a lot in this budget that increases spending, but very little in it to stimulate the economy.

With the new taxes on profits of the big Canadian Banks I can just imagine them sitting in their luxurious board rooms discussing how to pass these new taxes onto their customers when they want to borrow money.

And while the government is developing these plans to help people get into the housing market, what about the large part of the population that currently own homes and likes to see prices rise?

The first thing a new home buyer wants to see happen when they get their first home is for the price of it to increase.

They keep telling us that as long as the debt to GDP is within the guardrails everything will be OK. If interest rates hit double digits, natural resources are left in the ground, there is high inflation, and people are out of work houses will become very affordable, just like the late 1980's.

Oh, I dream of the day when the government does not spend so much of our own money on us but lets us keep more of it.

Here is a link to an article in Mclean's magazine from August 15, 1988 about the Calgary Housing market.

[fighting-back-in-calgary](#)

[full-scale-attack-on-canadian-home-prices-bmo-economist](#)

Next month I will focus more on the efforts for affordable housing.

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

Economic Update

In Alberta, urban housing starts totaled 2270 in March 2022, a year-over-year increase of 15%. Canadian housing starts decreased by 25.77% over the same period. In Alberta, single-detached units, which comprised 44.6% of all units; is exactly the same at 2714 for the quarter, while multi-family starts are up 2%.

Calgary starts were up slightly from 1159 in Feb., while Edmonton starts were also up slightly from 816 units last month. Calgary is slightly outpacing Edmonton in starts. Canadian starts are down 17.51% compared to last year.

Housing Starts Alberta						
	Mar-22	Mar-21	% Change	YTD 2022	YTD 2021	% Change
Alberta	2270	1974	14.99%	6211	5894	5.38%
Edmonton	916	742	23.45%	2641	2511	5.18%
Calgary	1242	1058	17.39%	2962	2822	4.96%
Red Deer	2	11	-81.82%	18	32	-43.75%
Grande Prairie	9	12	-25.00%	30	24	25.00%
Lethbridge	13	39	-66.67%	288	204	41.18%
Wood Buffalo	4	5	-20.00%	7	15	-53.33%
Canada	16099	21689	-25.77%	44940	54479	-17.51%

The average single detached house price in Alberta was \$617,447 compared to \$543,439 in March 2021, and increase of 11.4%. This compares to the increase of 12% for the country.

Borrowing money just got more expensive

In an effort to bring down a national inflation rate that came in last month at its highest level since 1991, the Bank of Canada announced April 13 that its trendsetting policy interest rate has been increased from 0.5% to 1.0%.

Today's increase follows the 25-basis point hike announced on March 2 and is unlikely to be the last increase we will see this year. There is a good chance the policy interest rate will rise to 2.0% or even higher before the end of 2022.

Raising interest rates is a tricky business because the cure for elevated inflation is the economic drag created by higher borrowing costs. With this in mind, the Bank argues that the national economy is strong enough to absorb the rate hike.

Each year, the Bank of Canada sets eight fixed dates on which it announces whether or not it will change its policy interest rate. The next announcement is scheduled for June 1, 2022.

Job recovery still lagging in some sectors

On a seasonally-adjusted basis, employment across all sectors of the Alberta economy was 2.1% (48,800 positions) higher in March 2022 than in February 2020 before the pandemic was declared.

But, as has been the case throughout the pandemic, the situation varies from industry to industry with some parts of the economy well ahead of where they were two years ago and some well behind.

The sectors that have roared back include wholesale and retail trade (+13.6%), finance and real estate* (+12.6%), natural resources** (+12.1%) and business, building and other support services (+10.3%).

Sectors that are yet to replace the jobs lost during the pandemic include agriculture (-33.7%), utilities (-25.3%), other services (13.5%) and accommodation and food services (-12.9%).

In some sectors—agriculture is a prime example—labour shortages are driving the lower employment numbers rather than a lack of job openings.

Nationally, total employment in March was 2.3% (441,600) above the pre-pandemic level.

In Canada as a whole, public administration jobs were up by 10.3% but down by 0.3% in Alberta. Manufacturing jobs in Canada have recovered the ground lost since the pandemic was declared (+0.8%) but remain 9.6% lower in Alberta.

The Crazy Lumber Market, What's Next?

[More](#)

Quality Control

Let's talk about Holes

We are talking about naturally occurring holes in lumber, not manufactured holes.

As per NLGA Paragraph 716. Holes either extend partially or wholly thorough the piece. An alternate designation for holes which extend only partially through the piece is surface pits. Unless otherwise specified, holes are measured the same as knots. Holes are classified by size as follows:

- A “pinhole” is not over 1/16” in diameter;
- A “medium hole” is not over ¼” in diameter;

- A “large hole” is not over 1” in diameter;
- A “very large hole” is over 1” in diameter;
- A “slough knot” is a corner knot hole running from one wide face into the adjoining narrow face measured by taking the average of its measurements on the wide face.

A knot hole is a hole resulting from the loss of a knot from the piece

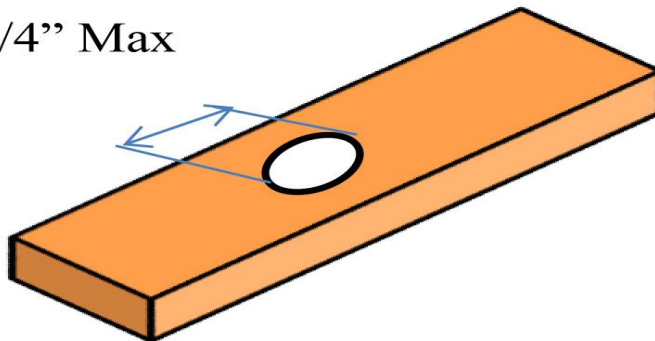


A knot about to become a hole

For the purposes of manufacturing trusses I think it is prudent to limit the maximum size of hole to 1 1/4” per lineal foot. If you have multiple large holes the board should be discarded.

Holes

1 1/4” Max





A 1" hole on two sides would just be acceptable.

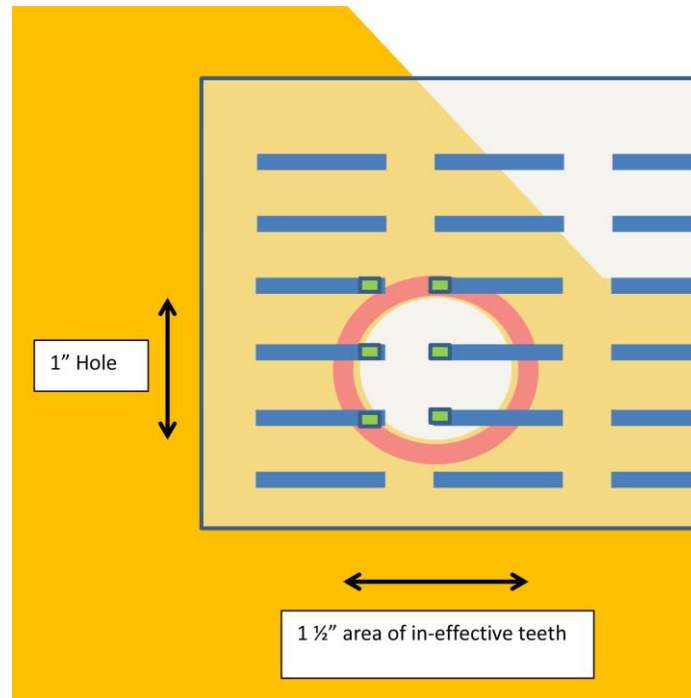


A Slough knot hole running from one wide face into the adjoining narrow face

As I have stated before it is not the truss employee's job to be a lumber grader, but it is important to look out for these defects. However common sense judgement should be used.

Like other defects, it is not just what is allowed by the grading rule that should be taken into consideration, but how it affects the joint on the truss where the plate goes.

Teeth into the hole are considered in-effective including $\frac{1}{4}$ " around the hole.



In the above diagram with a 1" hole and $\frac{1}{4}$ " area of in-effective teeth, you would need to deduct 6 teeth as being in-effective.

If you have machine made holes, you are probably using lumber that should not be in trusses like stud material.

For more information on lumber defect you can go to www.trustrainingonline module 107 Lumber Grade and Quality

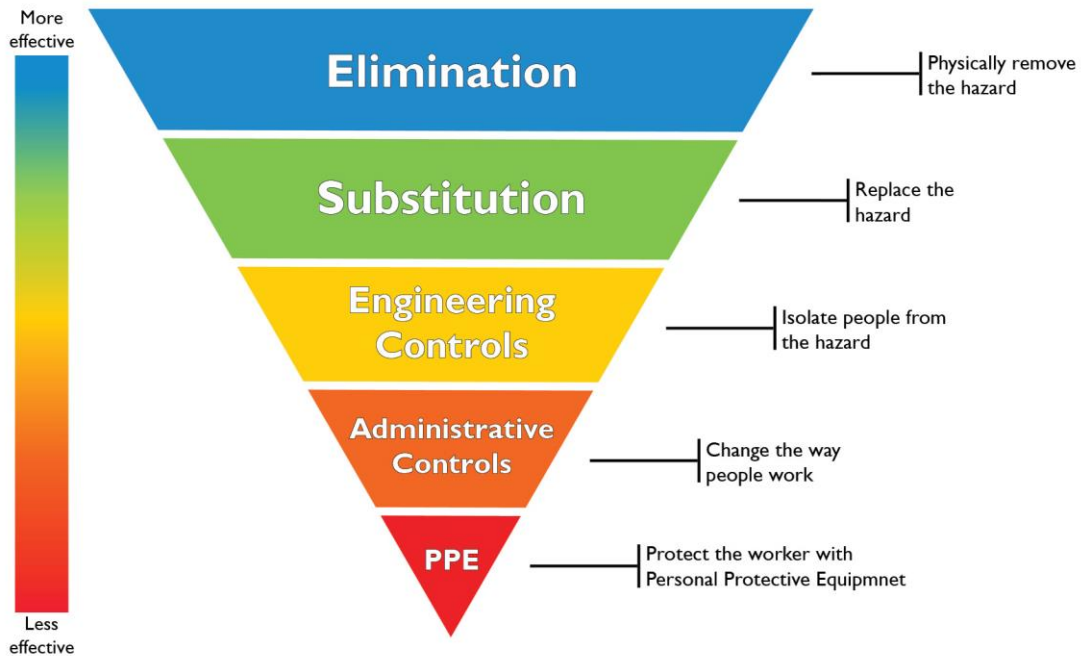
Health and Safety Toolbox

Similarly to the Quality topic the WWTAA would like to give you a monthly item you can discuss when doing your Safety Toolbox meeting. This month we are going to focus on:

The Hierarchy of Controls for Machine Safeguarding.

The hierarchy of controls is important for machine safety control selection. The top controls are the most effective (Elimination) and become less effective as you move down the hierarchy up to the personal protective equipment (PPE). Companies need to learn what tools are needed to lift the reliance on lower-level controls.

In our industry I think sometimes we rely too much on PPE controls, because they are easy to identify and enforce.



In a recent study by WCB Manitoba, companies were only 34% reliant on engineering controls or better. Engineered controls physically restrict access or stop hazardous motion when operators get close. It shows most of our reliance is on lower than awareness controls. Awareness controls can still be physical, shields, but those shields may not completely prevent access to hazards and just control inadvertent contact.

The real issue is to assign the proper risk analysis to the task to ensure that higher levels of controls are used where appropriate.

Following is link to an interesting site for the WESguard Academy that did the Manitoba study using the hierarchy of controls for machinery.

<https://wesguard.ca/academy.html>

On the site there are 4 good YouTube videos explaining the process that you could use in your Health and Safety Meeting.

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

Our **Annual General Meeting** and Conference is fast approaching on May 10 at the Fantasyland Hotel in Edmonton.

If you have not sent in your registration please get it to me by May 1, so that I can make sure you get fed.

The Western Wood Truss Association of Alberta is pleased to announce that the keynote speaker for our upcoming Annual General Meeting May 10, 2022 will be **Nate Horner, Minister of Agriculture, Forestry, and Rural Economic Development.**

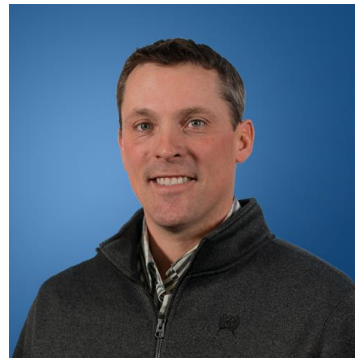
As the price for lumber has been strong it has generated good royalties for the Province and the ministry is looking for ways to help value-added wood products manufacturers in the province.

This will be an excellent opportunity to showcase and raise the profile of our industry to the Minister and the Alberta Government. It is therefore, in our best interest to have a strong showing of our membership, so please make an effort to attend the meeting.

Nate Horner Biography

Nate Horner was elected to the Legislative Assembly of Alberta for the constituency of Drumheller-Stettler on April 16, 2019.

Mr. Horner previously served as the associate minister of Rural Economic Development and deputy chair of the Select Special Democratic Accountability Committee.



He was also a member of the Standing Committee on Private Bills and Private Members' Public Bills, the Standing Committee on Alberta's Economic Future and the Standing Committee on Privileges and Elections, Standing Orders and Printing.

Before he was elected to the Legislative Assembly of Alberta, he was a rancher with a cow-calf mix farm operation. He has also been an active volunteer, serving as an emergency medical responder for Dryland Emergency Medical Services Association, president of the Highway 9 Feeder Co-op Association and co-chair of the Hardgrass Bronc Match.

Mr. Horner has his Ag business diploma from Olds College and his Bachelor of Science degree in agriculture from the University of Lethbridge. He was the Canadian Intercollegiate Rodeo Association saddle bronc champion in 2002 and 2004.

Mr. Horner and his wife Jennifer have three children, Avery, Luke and Kase.

The Agenda for the Meeting is:

9:30	Registration	
10:00	President's Opening Remarks	Derek Foss
10:15	CWC Low-rise Project	Rory Koska-Alberta WoodWorks
10:45	Break	
11:00	Benefit Partners	Dan Millar
11:15	What Happens When There is a Building Collapse	Mark Parry-Core Insurance Services
11:30	TPIC Update	David Klassen, P, Eng
12:00	Lunch	
1:00	COR Transition	Ray Gaetz-AASP
1:30	CSA-S349 and Certification	Dave Pasolli
2:00	Break	
2:30	WWTA Update	Dave Pasolli
3:00	Annual General Meeting	Derek Foss
3:45	Break	
4:00	Keynote Speaker	Minister Nate Horner
5:30	Cocktails	
6:30	Dinner	

We will also be having an informal Meet and Greet at 6:00 May 9th before the meeting at the **1ST Rnd** Sports bar located in the West Edmonton Mall on Bourbon Street for those of you coming in the night before the meeting.

The Effects of Tornadoes on Residential Structures.

We are planning on having a presentation from Gregory Kopp from the Western University that has been involved in the Northern Tornadoes Project (NTP) and research on how single family houses are affected, particularly the results of the recent tornado in Barrie Ontario.

The presentation will introduce the work of the Northern Tornadoes Project at Western University, with a focus on the detailed findings from their forensic investigation of the July 15 2021 tornado in Barrie, Ontario. The EF2-rated storm damaged approximately 150 homes. The presentation will discuss issues with construction and resilience measures that would reduce damage to wood-frame houses in tornadoes.



Damage from Barrie Tornado 2021

Tornado Presentation-Greg Kopp
Tue, Apr 19, 2022 9:00 AM - 10:00 AM (MDT)

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/697276861>

You can also dial in using your phone.
(For supported devices, tap a one-touch number below to join instantly.)
Canada: +1 (647) 497-9391
- One-touch: <tel:+16474979391,,697276861#>
Access Code: 697-276-861

A Conversation with....

Due to the Annual General Meeting we will not be having a conversation with... call in May.

National Building Code of Canada

It is 2022, so the new National Building Code of Canada was just published at the end of March. There is no news yet from Municipal Affairs when it will be adopted in Alberta. This code is important as it references TPIC 2019 which has a requirement that plants shall have a quality control system in place. <https://nrc.canada.ca/node/3307>

TPIC Meeting

The next TPIC meeting is coming up June 2, so if you have anything you would like your representative David Klassen bring up please get your information to me prior to May 16th.

Board of Directors

We are looking for some new Board of Directors, so if you would be interested please let me know. It is a great opportunity to get involved with the WWTA and maximize the benefit your company gets from the association.

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?

In 2017 BILD and the WWTA worked to produce a booklet on fall arrest with wood trusses. The pamphlet can be found on the WWTA webpage at:

<http://www.wwta.ab.ca/builders.html>