

Commentary-Dave Pasolli-Western Wood Truss Association of Alberta

## **Is Alberta Going to Watch the Latest Oil Boom from the Sidelines?**

With Oil hovering around \$80 and Western Canada Select over \$60 up from a low of \$3.81 in April 2020 some say that we are in for another boom.

Oil prices could hit \$100 per barrel over the next six months if we have a colder-than-usual winter, which could be the most important driver of global energy markets in the coming months, Bank of America says.

“We believe that the robust global oil demand recovery will outpace supply growth over the next 18 months, further draining inventories and setting the stage for higher oil prices,” analysts at BofA wrote in June, in which they significantly raised their price forecasts for next year’s average crude prices.

In the near future, the oil world is going to look a lot different than it has over the past decade. I don’t think I need to tell you the past five years have been ugly; even the bright spots like US shale have been pounded on the rocks like a dinghy in a hurricane. And the world’s loudest are digging the industry’s grave. According to most media channels, things are only going to get worse for the petroleum sector.

“We’ll cap oil and gas sector emissions today and ensure they decrease tomorrow at a pace and scale needed to reach net-zero by 2050,” said Trudeau. While the prime minister admits this is “no small task for a major oil and gas producing country,” it’s also clear that he does not want the world to think of us as a burgeoning energy superpower.

But the world listens to him rather than those who do the work, because he is on the right side of the fence.

To properly ingest what’s coming, consider a few facts. Let’s look at consumption first. Currently, North America and Western Europe are the energy hogs and the poster children for overconsumption. But within another half-decade, those rich regions may be a consumption afterthought. The reason? China and South Asia, including India, are what really matter, looking forward. Yes, the rest of the world will consume a lot, and even places like Africa will be notable and rising. But China and India, and a few surrounding smaller countries, have about 3 billion people that are on an arrow-straight trajectory to get even with our standard of living, can you blame them?

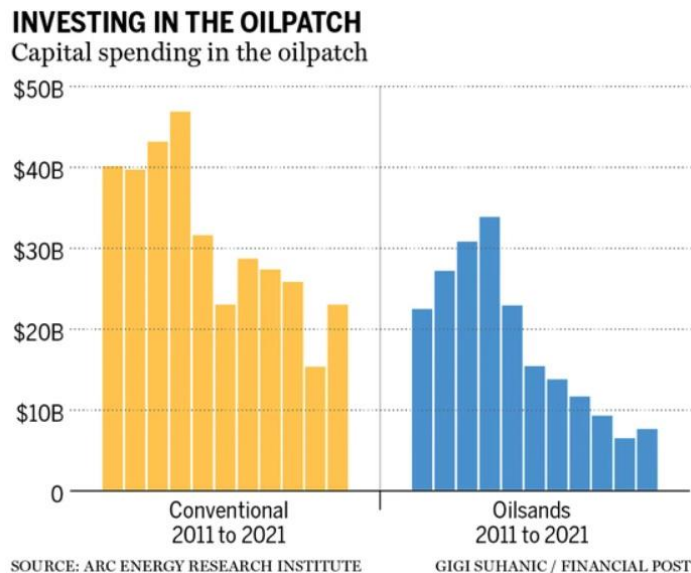
Consider that North America has 500 million people, and Western Europe has about 200 million, and we consume stuff in quantities that make one’s head spin. We demand

supermarkets full of everything, we demand every conceivable electronic gadget in the latest version, and we demand fresh sushi in the middle of our continents. In combination, these rich regions have about a quarter of the combined population of China and India. If we add Africa to the equation, then the expectations of future consumption become even higher. They don't even have to match our prodigious appetite; even if they only get halfway their consumption will dwarf the wests.

Demand may flat line here in North America and Western Europe, regions where ethnocentric elites look out the window at protests and conclude that, yep, it's over for oil, look at all those signs and people gluing themselves to buildings. Weather forecasting by looking out the window went out of style some centuries ago, yet we seem ok with it when making speeches at environmental conferences.

Now, if one can accept that petroleum demand will remain strong for quite some time – and even if you don't, the following is relevant – where will it come from?

Alberta and in fact all global hydrocarbon investments have fallen massively since the 2014 oil price crash. On top of that, the movement to divest hydrocarbon investments remains strong, and green investment is so incentivized that any investor's and government's dollars goes there first.



Although the royalty revenues from oil companies are great for the coffers of the Alberta Government, what really drove the economy in Alberta were the jobs created by the energy companies spending their capital looking for more oil and gas. Those were great paying jobs that allowed workers to buy houses and support the other sectors of the economy.

Now in the green economy the large resource companies are more likely to invest their profits in share buybacks and paying down debt in order to reward their investors than drill.

“Oil producers are not in the mood to use that money to expand production and to create new projects and spend into things that would have multipliers on the economy, we’re in a very different regime than we were in the past.” said Charles St-Arnaud, chief economist at Alberta Central.

So, who will produce all that oil the world is going to consume?

Not, for the most part, the US, or Canada, or big oil of Western Europe. US shale is going to have trouble attracting capital after showing all the capital discipline of trust fund kids. Canada can’t attract any capital because we seem to be working very hard to chase it away. European oil majors are caught in a PR/public market crossfire that demands they run away from oil production. We are seeing North America and Western Europe decimate their production bases, on purpose.

Russia, recently announced a new arctic investment plan worth up to \$231 billion (while the activist west works feverishly to outlaw any arctic exploration), Saudi Arabia confirmed plans to increase its production capability to 13 million barrels per day and Abu Dhabi announced \$122 billion in new hydrocarbon capital to increase production.

That’s who’s going to be supplying the world with oil, and at much higher prices. Canada will be left in a peculiar position, should the likely event of much higher oil prices come to pass: existing fields will spew out a lot of money, the oil sands will generate it by the truckload, but there will be few places to reinvest it because Canada’s urban power centres will resist any further development to the extreme. Even cities in Alberta are declaring Climate Emergencies.

We will likely, therefore, have an environment in Canada where the money is gushing again, but there will be not much for a corresponding boom. It will be a peculiar time; the cycle won’t see the historical round of corporate sales/start-ups, and if drilling activity does return the pipes to take it away may not be there. We could therefore see an odd cash flow boom, with nowhere for the cash to go. It won’t be going to support employment.

Russia/Abu Dhabi/Saudi Arabia/whoever else will reap the benefits in a major way; they will be increasing production right into a potentially significant shortage. We in the west will be handing them power, wealth, and control of the world’s future energy supplies. In hindsight, these current decisions will go down in history as some of the dumbest in

geopolitical history. But we will continue to elect governments that want declare Climate Emergencies and borrow money to support the economy. The green elected politicians will have to face their supporters when gas costs \$5.00 per litre.

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 for October were up 9.74% compared to the same month last year and are up 33.55% YTD for the province. Edmonton starts were level with the same month from 2020, while Calgary starts were up over 27%.

Commercial, industrial and institutional building permits are also seeing strong growth, up 122 per cent in September, compared with the same month a year ago.

Housing Starts Alberta						
	Oct-21	Oct-20	% Change	YTD 2021	YTD 2020	% Change
Alberta	2919	2660	9.74%	24559	18389	33.55%
Edmonton	1463	1470	-0.48%	10514	9123	15.25%
Calgary	1255	982	27.80%	11670	7443	56.79%
Red Deer	44	29	51.72%	109	62	75.81%
Grande Prairie	37	45	-17.78%	126	68	85.29%
Lethbridge	45	37	21.62%	541	423	27.90%
Wood Buffalo	6	10	-40.00%	71	43	65.12%
Canada	19090	18296	4.34%	201388	162869	23.65%

Single Family starts continue to be strong in the province, with multi-family starts staying consistent.

### Housing Starts by Dwelling Type (All Areas)

	Q3-21	Q3-20	YTD-21	YTD-20
Single	3,980	2,497	10,841	6,815
Semi-detached	680	608	2,325	1,776
Row	960	820	2,789	2,163
Apartment	2,219	2,255	6,644	5,581
Total	7,839	6,180	22,599	16,335

Although housing starts are strong there is no doubt that they could be better if builders were not facing supply chain issues on a number of fronts. This is only going to continue due to the flooding in B.C.

Building delays have led to a 22 per cent increase in the number of homes still under construction in Calgary. At 11,683 housing units, it's the highest number the city has seen in years.

Uncertainty appears to be the new normal in the construction sector as companies scramble to find workers, products and materials in the face of a global supply chain crisis that has disrupted the flow of goods needed to finish homes and other projects. In turn, builders and their customers try to absorb the seemingly never-ending price increases.

So builders are faced with two spectrums, either continue trying to make it more cost effective, or pretty much stop the whole project and wait a year or two.

Sterling Homes, one of the city's larger volume builders, says product delays are pushing back new home possessions for its customers as well — and adding to the overall cost. "Tubs, a lot of Fiberglas, siding products, faucets, appliances ... PVC piping, you name it. There probably hasn't been much of a supply that to some degree has not been affected," said Curt Keil, a vice-president with the company

"There's no doubt about it, it does create some extended build timelines," he said. Keil says typical home builds in Calgary used to take five months. Now it's seven to nine months.

And their prices have gone up, in the range of \$40,000 to \$50,000 per home compared with a year ago.

A supply chain expert at the University of Calgary says the global movement and supply of goods is in crisis, and it's affecting many sectors of the economy. Serasu Duran says the demand for new housing was fueled, in part, by COVID and a desire by some people to find a new place to live.

Duran says many manufacturers don't have the capacity to meet the demand because of a shortage of raw materials and in some cases labour, again tied to COVID as a result of illness, quarantine requirements and child-care responsibilities.

"Labour and material shortages lead to reduced capacity, which implies long waiting and delays. So, there are going to be long wait times and delivery times, which will increase material prices," said Duran.

She predicts it could take six to 12 months for the system to improve, and she cautions businesses not to make panic moves.

**Quality Control**

While traveling to plants it is nice to see some of you incorporating the Quality Control topic into your Quality Control Meetings. Sometimes these meetings can get a bit bland and it can be hard to get feedback from the workers, so by having a new topic to discuss can lead to a more productive meeting.

This idea came from **Eric Viens from All-Fab Building Components**. If you have an issue you would like to see discussed here, just let me know.

**Gaps Under Plates (Tooth Embedment Gaps)**

TPIC G.4.1.6

Tooth embedment gap after pressing, all teeth of each connector plate shall be completely embedded in each wood member. Teeth with an embedment gap of less than 0.8 mm (1/32”) shall be considered effective. Teeth with a gap equal to or greater than 1.6 mm (1/16”) shall be considered ineffective. Teeth with a gap between 0.8 mm (1/32”) and 1.6 mm (1/16”) shall be considered to be 60% effective.



**Table G.4.1.6  
Tooth effectiveness – embedment gap**

Tooth Embedment Gap (G)	Tooth Effectiveness
0 mm < G < 0.8 mm (0" < G < 1/32")	100%
0.8 mm ≤ G < 1.6 mm (1/32" ≤ G < 1/16")	60%
G ≥ 1.6 mm (G ≥ 1/16")	0%

I have a little gauge made from welding wire that I can slip in the slot and tell if the gap is greater than 1/16”.

While today’s presses do a good job pressing plates, mostly because of the finishing roller there are times where these gaps do show up. Usually if there is a difference in the lumber thickness or if the wood is deformed either cupped or twisted.



*Embedment Gap in the web member*

A traveling roller is a two-step process with the traveling gantry roller being adjusted to a height of approximately 1 5/8" which ensures that the plates are not over pressed. There should still be a 1/16" to 1/8" gap after being pressed by the traveling roller. The finish roller is responsible for fully pressing the plate.



*Plate pressed prior to the finish press.*

It is also important the plates are not over pressed and break the surface of the wood.



*Over Pressed Plate*

Another common area there are embedment gaps is in trusses that have been exposed to the weather where the wood has expanded and contracted. If this is the case the truss should be reviewed by a professional engineer to determine if they are still O.K., a repair required, or should be discarded.



*Trusses exposed to the weather causing lack of embedment*



## Health and Safety Toolbox

### Working in Cold Weather

Winter is here and it is important to review your Health and Safety Policies for working in cold weather.

The WWTA has a poster for this topic that you may want to print out and post for workers. It can be found on the WWTA webpage at: <http://www.wwta.ab.ca/health-and-safety.html> Thanks to the guys at Star Building Materials for posing on a very cold day.

Some things to keep in mind:

Frost in the early mornings and in shaded areas can be an unexpected slip and fall hazard, as it may only appear under certain weather conditions. Keep pathways well-lit and sanded.

Shorter daylight hours increase the need for appropriate lighting. - Position lights so they do not create shadows. - Consider scheduling tasks according to the light required. For example, schedule big equipment moves for full daylight hours.

Working at heights poses a higher risk in winter conditions.

- Wind or frost and ice can destabilize supports such as ladders or roofing brackets.
- Snow on rooftops can hide hazards such as skylights or vents. - Workers are more susceptible to cold exposure due to high winds.
- Snow is heavy and adds to the load on roofs or raised surfaces. Consider the maximum load limit of the surface before adding the weight of a worker to that load.

Temperature, wind, level of activity and clothing can all affect how an individual experiences cold. Health effects associated with working in the cold include frostbite and hypothermia. The following controls can help protect workers from cold weather conditions:

- give workers time to adjust to colder conditions before assigning a full work schedule
- provide enclosures and heating systems where practical and possible
- shield workers from drafts and wind
- use a work/warm-up schedule, limiting the period of outdoor work between warm-ups
- use a buddy system to avoid working alone in very cold weather • educate workers on signs of over exposure to cold which can result in health problems such as frostbite and hypothermia

One thing I think we also may overlook is driving in winter when discussing the topic.

- Ensure vehicles have appropriate tires for the roads they travel. Snow tires are best for most parts of Alberta in winter. All four tires should match in size, type and speed rating. Check air pressure often – air pressure drops about 1 psi for every 5°C.
- Winterize vehicles. Check exhaust, heating and cooling systems for leaks. Test the battery and replace if necessary. Check lights regularly. Change to winter windshield wipers.
- Equip each vehicle with a winter survival kit.
- Scrape frost from windows to improve visibility.
- Remove snow and ice from vehicles to prevent flying snow and ice from endangering other vehicles on the road.
- Remind workers to activate taillights in inclement weather by turning on headlights. Taillights are not lit with automatic daytime running lights.
- Consider developing a winter driving policy that lists responsibilities and expectations for both the employer and workers.
- Consider developing winter driving procedures to outline how to respond to different situations.
- Check the weather forecast and road reports when planning any travel. If possible, postpone trips when conditions are unsafe.

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

### **New OHS legislation comes into effect December. 1**

An updated *Occupational Health and Safety Act (OHS Act)* and revised regulations take effect December 1, 2021. The new act eliminates duplication and simplifies language to make OHS laws easier to understand and follow, resulting in healthier and safer workplaces and supporting investment attraction and job creation. Workers continue to have the same rights and protections under the revised OHS laws.

Read [Change highlights: the 2020 OHS Act](#) to learn more.

One of the biggest changes to the new legislation has to do with Joint Worksite Health and Safety Committees that were introduced in the last change, including the deletion of the word Worksite. Following is a few of the highlights that you should be aware of.

<b>Area of change</b>	<b>Highlights</b>
<p>Health and safety committees and representatives on sites with multiple employers</p>	<p>Health and safety committees and representatives will no longer be mandatory on work sites with multiple employers and a prime contractor. Prime contractors will be required to coordinate health and safety issues between workers and employers. Prime contractors must also designate a person to ensure cooperation between employers and workers occurs.</p> <p>Workers may also access their individual employers' health and safety committee or representative.</p> <p>OHS directors still have the ability to require a committee or representative for any work site.</p> <p>If there is no prime contractor, the person in control of the site may voluntarily designate a prime contractor, who would assume prime contractor responsibilities for health and safety.</p> <p>If there is no prime contractor, committees or representatives are still required on multiple-employer sites.</p>
<p>Calculating the number of workers for health and safety committee/representative purposes</p>	<p>The new OHS Act simplifies how the number of workers is calculated when deciding if an employer requires a health and safety committee or a representative. The calculation is based on the number of workers "regularly employed." The new method more accurately depicts worker numbers in normal conditions. The new method also excludes volunteers and those not being financially compensated from the calculation.</p> <p>The requirements of 20 or more workers for committee and five to 19 workers for a representative remain the same.</p>
<p>Technical rules for health and safety committees and representatives</p>	<p>Technical requirements and rules for the committees and representatives move from the act to the OHS Code.</p> <p>The code is a regulation and is the proper place for technical requirements and rules.</p> <p>The act retains the overall enabling</p>

	<p>provisions for committees and representatives.</p> <p>The committee and representative rules in the OHS Code will apply to eligible farms and ranches. Farms and ranches have modified training requirements for committees and representatives.</p> <p>Training is required for only committee co-chairs and representatives and not for committee members. Farms and ranches remain exempt from all other parts of the OHS Code.</p>
<p>Training requirements for health and safety committee members and representatives</p>	<p>Employers and workers have more flexible options for training and it can be tailored to suit individual workplace needs.</p> <p>Training requirements have been expanded to include committee members as well as committee co-chairs and representatives (except for farms and ranches).</p> <p><b>There is no longer a requirement for government approved training courses or training providers.</b></p> <p>Training will follow general guidelines in the OHS Code.</p>

There are also other changes that affect: potential serious injury reporting, disciplinary action complaints, dangerous work refusals, and injury reporting amongst other issues.

### Canadian Wood Truss Association

The CWTA met virtually October 27, 2021. Following is a brief description of the topics discussed. (These are not from official minutes of the meeting):

Mark Parry from CORE Insurance gave an update of the industry.

He reported that the market has remained hard with rates continuing to increase in most sectors throughout 2021.

The Core Canada has been working on putting the WoodSure program out to market in an effort to provide lower, more stable rates for program participants however this is an extremely slow process and “we” are at the mercy of the underwriters. While optimistic that a new larger carrier will sign onto the program, he is unable to forecast when new information will be forthcoming.

The past year the WoodSure program has been good, but has lost a few accounts. The challenge for the program is retaining members due to the state of the market. Mark noted, that when providing quotations to non-members, he is able to illustrate to the client that the savings he can offer if they are a member of a regional association, in most instances, outweighs the cost of the association memberships.

At the onset of the COVID pandemic, the insurance industry was nervous about what impact the pandemic may have on claims. Mark reported that one client did talk about filing a claim for business interruption; however this claim did not proceed. He noted that most policies have exclusions for this type of interruption.

#### National Quality Program Update

Patti LeFrancois presented a draft Business Case for the QA/QC National Program developed to reflect the QA/QC Program Model determined at the June 4, 2021 Board Meeting. The consensus of the Board is that this model breaks down who would be responsible for each stage of development of the program, implementation, and then operation once in place as follows:

##### **Canadian Wood Truss Association**

- Forms an arms-length body to develop, implement and administer the QA/QC National Program (QA/QC)
- Oversee development of QA/QC Program
- Provide interim management support to QA/QC Body

##### **QA/QC Body**

- Develops, implements and administers the QA/QC Program
- Certify Regional Associations to Administer the QA/QC Program
- Trains and licenses inspectors in regions across Canada
- Sets manufacturer annual fees
- Audits Regional Associations compliance QA/QC
- Audits Inspector work
- Maintains and updates program materials, specifications
- Works with code officials
- Maintain data base of inspection results by manufacturer and region
- Monitors manufacturer compliance with QA/QC Program criteria
- Issue and suspend manufacturer compliance certification as per QA/QC Program Criteria

##### **Regional Associations**

- Registers truss manufacturing plants in the National QA/QC Program
- Collects registration fees from program participants
- Remits participant program registration fees to QA/QC Body
- Hires licensed QA/QC inspectors or arranges for contracts

- Collect inspection fees from manufacturers
- Schedules inspections
- Monitors inspection completions
- Markets Program to members and non-member manufacturers

The Board discussed how the CWTA is still seeking someone with the knowledge of ISO Standards to work with us to get us through the certification process and partners to invest in the planning development costs.

Patti is to develop a PowerPoint presentation to be presented to the Regional Association staff and Board Members. The presentation is to include the Delivery Model, in charts, graphs, and narrative.

**The Canadian Wood Council** has advised that there will be an increase in membership fees for the upcoming year for all classes of membership. We have not been officially advised of the amount; however, it has been indicated that our fee will increase from \$15,000 to \$20,000 per year. If this is the amount, this will result in the proportionate CWTA member share increasing by 33.33% for the 2021/2022 year.

### **2022 Annual General Meeting of the WWTA**

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.

### **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?**

Alberta Agriculture and Forestry has provided funding to Alberta WoodWORKS! to form a new committee in order to support value-added wood manufactures in the Province. In addition to myself, the WWTA President Derek Foss will be contributing to the committee.