

FORMING IDEAS

A publication of Brenco Industries Ltd

Volume 2 Issue 21 Spring 2018

See Your Future Employees Compete at Skills BC Provincial Competition



Skills BC Provincial Competitions take place April 18th at the Tradex Convention Centre at the Abbotsford Airport. Hundreds of high school and trade school students from across British Columbia will be competing.

Trades such as Robotics, CAD, Crane Operation, Piping, Welding and Hair

Dressing are represented. The top competitors from across the province will be there to test their abilities and compete for top prizes.

Brenco supports the Welding Competition by providing precut parts that are designed to test the competitors abilities at successfully welding in different

positions and conditions. Welding equipment is graciously provided by Lincoln Electric.

Come see the top students, possibly your future employees, from across BC do what they do best. For more information, go to: www.skillscanada.bc.ca/

In This Issue:

Don't Be Held Hostage

Page 3

Alert: US Steel Tariffs!

Page 2

Saving A Life

Page 4



**New Taxes
Crushing Growth**

A Waste-o-Saurus Story

Wäs-tö-sau-rús, n. [Waste, and Gr. sauros. a lizard.] A cute but troublesome creature that wastes time and material. The Waste-O-saurus is elusive but commonly identified through reduced profit and productivity.

**History Mystery
BUILDING
CITIES**

**New Website
Dedicated to Art:
www.brencoart.com**



Waste-O-Saurus Sightings

While our shiny, new provincial government drops bridge tolls and provides free medical coverage, we're learning who is going to pay because we all know... nothing in this world is free.

Let's throw some real numbers at you. There's no point giving you hypothetical information. This is real:

Brenco's annual MSP Premium for this year is \$45,000. Last year it was \$90,000. The reason for the difference: the previous Liberal government reduced the premium by 50% without a plan on how the shortfall would be covered. For the record, Brenco pays 100% of our employee's MSP premium. Anyway, we have a new government that has come up with a brilliantly

socialist solution. Bowing to public pressure, they are eliminating MSP premiums and loading the cost onto employers with an annual payroll over \$500,000. That represents a business with ten employees averaging \$25 an hour.

The premiums will be eliminated in 2020, but employers will be hit with a double whammy next year because they will still be paying MSP premiums as well as the new tax.

Brenco calculates the combined cost to be \$145,000 next year. Yes, an additional \$100,000 that could be used to purchase equipment, make improvements and hire staff. Yes, this is a rant but what a Waste-O-Saurus.



The Waste-o-saurus is intended to provide value to our readers by presenting issues relating to efficiency and quality in an effort to encourage and promote improvement. Do you have a Waste-o-saurus story that you'd like to share? Send it to us at: thebest@brenco.com

TARIFF



US Steel Tariffs Causing Pain

The US government announced on March 8th that they were imposing tariffs on imported steel and aluminum. Locally, tension was high in anticipation of the announcement and it came as somewhat of a relief that Canada and Mexico were to be exempt... for now. But that hasn't meant that business would go on as usual.

Prior to the announcement, Vancouver service centres were already experiencing shortages as fabricators stocked up to avoid anticipated price increases. In spite of being spared the direct impact of the US tariff, the 'run' on steel products was enough to drive prices up. In some cases, 25%. This will likely be a short term increase but we believe that prices will not drop to February levels once inventories are replenished which could happen by June.

A larger concern for BC fabricators could be long term steel shortages. We faced this problem last in 2004. We learned from that experience the problems our industry could be facing again soon. With critical material grades, thicknesses and sizes not

available, things can't get built. This will lead to delays and late deliveries as product is re-engineered or stopped until material becomes available. It will also lead to significant price increases as demand outweighs supply.

Why would supply be compromised if Canada is exempt from US tariffs? The problem becomes one of shipping. Most of the steel entering our market is sourced offshore. The primary countries of origin for steel recently have been Taiwan and Korea. Both are impacted by the US tariff and will likely lead to a decline in demand for their steel in the US. BC is a relatively small consumer of steel. Product destined for our ports is usually delivered on the same ships destined for US west coast ports. Reduced US demand means fewer sailings, which means dips in inventories as the time between shipments increases. BC service centres will likely increase their tonnages but probably not enough and not quickly. Their storage facilities are limited and they can't risk carrying a large amount of high priced inventory once prices return to normal.

What does this mean for BC fabricators? In one word: problems. Fabricators supplying under contract and those producing price sensitive products will be buying material at a higher price without the ability to pass on the increases. They will apply pressure on their suppliers to hold pricing in a desperate attempt to maintain profitability. Shortages will create production problems, drive up costs and delay deliveries, which could invoke penalties. Ironically, in an effort to avoid production delays, fabricators that have the financial ability will increase their own inventories which will create further shortages and additional price increases for the rest of the industry. Unfortunately, this is all coming at a time when our industry has suddenly become very busy.

Brenco staff attended the FMA Leadership Summit where they learned that US fabricators are as distressed about the tariffs as their Canadian counterparts. The only parties that have been pleased are the US steel and aluminum producers.

History Mystery

Normally, History Mystery focuses on a story relating to our industry. In this edition, we'll take a look at how society has changed the way in which we build and fund our cities.

This is a photograph of Mount Pleasant Elementary School in Vancouver, taken circa 1892. The school was located at the corner of Kingsway and Broadway until 1972, when it was demolished and replaced with a shopping mall. The photo shows Broadway heading west with Kingsway, known at that time as Westminster Road, in the far background. Westminster Road was built to connect Gastown with New Westminster. It followed an indigenous trail that had been used by Canadian and American natives for hundreds of years.

What makes this photo so interesting is that it shows the significant change in how urban development in the Lower Mainland is managed. Here, the school, still under



construction, is set in a neighbourhood that is largely undeveloped. The land appears recently cleared, the roads dirt at best and only a handful of buildings. Yet, in spite of the lack of development, a brick schoolhouse, built to last decades is under construction. This indicates foresight and optimism as well as an entirely different funding model from today where development comes first, followed later by the improvement of roads and construction of hospitals, bridges and schools. The delay can sometimes be a significant source of frustration as residents and commuters wait years and sometimes decades for improvements to be made.

RANSOMWARE AVOIDING DISASTER

Ransomware is a type of malicious software that threatens to publish the victim's data or perpetually block access unless a ransom is paid.

Ransomware attacks are typically carried out using a "Trojan" that is disguised as a legitimate file that the user is tricked into downloading or opening when it arrives as an email attachment. However, there is record of the "WannaCry worm" travelling automatically between computers without user interaction. The user opens the email and the infection occurs immediately.

Payment of the ransom is usually demanded in the form of a digital cur-

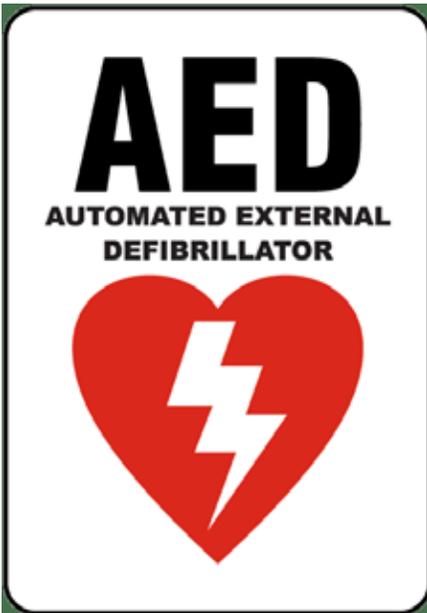
rency such as Bitcoin or Ukash. The amount may increase if it is not paid within a specific time period.

There are many forms of ransomware, each having unique levels of sophistication and malicious behaviours. Cryptowall will install spyware that steals passwords and bitcoin wallets. Fusob pretends to be an accusatory authority, demanding the victim to pay a fine or face a fictitious charge and suggests using iTunes gift cards for payment.

Ransomware, like all malicious softwares, continually changes and may not be detected by your security software.

In the corporate world, it is important to block or restrict employee access to the internet to avoid unintended downloads of malicious software. It's also a good idea to train staff on identifying suspicious emails and attachments.

The best defense against ransomware is to maintain a diligent backup procedure. It is far easier to delete, restore and rebuild two days of data than to either start from scratch or pay a ransom that may or may not result in the decryption of your files.



AED: A Lifesaver



An automated external defibrillator (AED) is a portable electronic device that automatically diagnoses the life-threatening cardiac arrhythmias of ventricular fibrillation and pulseless ventricular tachycardia, and is able to treat them through defibrillation, the application of electricity which stops the arrhythmia, allowing the heart to re-establish an effective rhythm. The ability of an AED to diagnose the patient's condition is a critical feature because it will not apply treatment unless one of those conditions exist.

Sudden cardiac arrest is unpredictable; it can happen anywhere, anytime, at any age, and without any warning. In fact, one occurs every 12 minutes in Canada and, with each passing minute before AED application, the probability of survival declines by 7-10%. Time is of the essence in these situations and using an AED is the only effective intervention. It is far more effective than CPR.

With simple audio and visual commands, AEDs are designed to be simple to use for the layperson, and the use of AEDs is taught in many first aid, certified first responder, and basic life support (BLS) level cardiopulmonary resuscitation (CPR) classes.

As AEDs have become more portable, user-friendly, and compact, they have also become more economically accessible to the average consumer and business. AED's can be purchased for under \$3000. Many units come standard with a built-in tutorial mode so that all employees can be trained to use the device in about 15 minutes.

If your place of business does not have an Automated External Defibrillator on site, consider the ease of use, low cost and potential life saving benefit as justification.

Brenco has been publishing
Forming Ideas
 for you since November 2007

Back issues are available
 on line at www.brenco.com



We are heading into crazy times, friends. Labour shortages, price increases, tax changes, political turmoil. Watch for rapid, unexpected changes.

phone: 604-584-2700

website: www.brenco.com

email: TheBest@brenco.com