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Johns-Manville

Internal Correspondence

To: As indicated below.

Date: September 26, 1980

From: Shawn T. Tilson

Copies: J. C. Hatch

Subject: ASBESTOS REMOVAL

As you know, Jim Hatch recently attended a four-day seminar, conducted by the Ontario Research Foundation, to learn the approved and recognized procedure for the safe removal of asbestos materials.

For your perusal please find attached a copy of Jim's excellent report summarizing his assessments of the seminar as well as the immediate market potential for our Contract operations.

Jim is proceeding immediately to create an awareness in the marketplace, i.e. (School Boards, Governments, Hospitals, Institutions and Major Industrial Companies), of J-M's expertise and competence to deal with this matter.

We are extremely enthusiastic about the potential for all our Contract operations in this field and I solicit your participation and comments in establishing our approach to what appears to be a fantastic market opportunity.

Attach.

To: J. R. Ariss
F. Hartfield
M. Johnson, Montreal
D. Millington

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Johns-Manville

Internal Correspondence

To: Shawn Tilson

Date: Sept. 23, 1980

From: Jim Hatch

Copies:

Subject:

The purpose of this brief report is to focus attention on the possible marketing apportunities of encapsulation, reroval or enclosure of asbestos, which has been applied as a fire retardent in buildings. If one accepts the figures from the Department of the Environment, then one must primarly categorize the different forms of ownership in relation to each type of building before embarking on the possible applications in each area. I would list these buildings under the following basic descriptions:

(1) Schools, Colleges and Universities.

(2) Government and Municipal Buildings.

(3) Privately owned buildings which are leased for occupation, office rental and/or shopping arcades, with or without air plenum above the suspended ceiling.

(4) Industrial buildings and insulation.

(5) Buildings for demolition.

Although recent events and trends would point to a "gold-mine" situation in dealing with the problems posed by Asbestos in buildings, there is no set government legislation or objective to deal with this area of controversy.

Before proceeding further I suggest it would be of some benefit to briefly relate the history of the use of asbestos for fire-proofing in buildings in Canada. Turner Brothers Asbestos Limited, a subsidary of Turner and Newall Limited, who operated most of the Asbestos Mines in Rhodesia, South Africa and Swaziland up to the late '60's, did an extremely good selling operation for their fire-retardent products in Canada from the early '50's to mid '70's. During this period sprayed-on "Limpid" asbestos was widespread in the Canadian construction industry. This particular form of asbestos had a

...../2

high proportion of "grunnerite" or more commonly known as "arosite" in its composition. Rather than expand on a scientific or medical appraisal, I think it sufficient to state that this type of asbestos is considered one of the more hazardous types in use, unlike serpentine asbestos.

During this period of approximately 20 years the Department of Environment estimate, from permits granted, that 110,000 buildings under (3) above were constructed. Even without making a decent estimate on the cost of using either of the three aforementioned approved methods in these buildings, it seems obvious that the government will not legislate for this type of building, as the only benefit would be to reduce unemployment and placate the hardline ecologists. The result of this would be a bankrupt country. At best the legislative might instigate a procedure of management surveilance and monitoring of the potential hazard in these buildings. Because of the current public attitude towards asbestos it may seem unusual to group buildings with air plenum under the same heading as those which have the more conventional type air conditioning. My reason for this is the information acquired from the Ontario Research Foundation. They carried out extensive tests in eighteen (18) buildings where the area above the suspended ceiling was used as a return air plenum. In each of these buildings sprayed-on asbestos had been used. The results showed that 17 of these buildings were within Department of Environment guidlines. Due to the confidential nature of their research I could not extract any information on the reason why (one) 1 building did not meet with these guidlines. It is possible that this building was one owned by "Bell Canada", this is conjecture, without any evidence.

Due to public alarm and the inclination to ignore scientific fact, panic has set in with those responsible for buildings under (1) above i.e. places of education, resulting in all types of extremely expensive and uncoordinated practices taking place. While there is still vast potential in this area, I feel that between now and the summer recess of 1981, the contractors who will be successful in this field are the ones who can sit down and calmly discuss the problems involved and offer the widest range of alternatives to the customer. In this company we have the potential and in some areas the experience to meet the market demands. The choice is either go in as the main contractor and subcontract where we have no experience or tender as subcontractor in the areas which we have experience. Due to the nature of the business the former seems the more lucative. One area in this field which has not as yet been explored are the "system built" schools SEF which were very much in vogue from the early "60's until the mid '70's. Most of these schools used ceiling tiles containing asbestos for accustic and firerating purposes. To encapsulate this tile in a proper fashion i.e. penetrating encapulation has two major drawbacks i.e.

...../3

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(1) With this type of encapsulation most of the acoustic properties are lost.

(2) There is no encapsulation solvent accepted or approved by the Ontario Fire Commission, which can be used for penetrating purposes.

I have been given a figure, which I cannot substantiate, suggesting that there are approximately 40 of these schools in Southern Ontario alone. The real choice which faces the people responsible for maintenance of these schools is either leave untouched or replace.

OPPORTUNITY

Because of reasons already stated it is likely that buildings under (2) i.e. government and municipal will come under very close scrutiny, and, even without legislation, the potential problems associated with asbestos will be highlighted. If for no other reason than setting an example, or letting the general public see that something is being done, the people in this area must tackle the problem. Therefore the business generated in this area must be viewed in the medium term and very rewarding. However, I would expect the market conditions to change dramatically before there are opportunities in this field. Over the last year or more there have not been sufficient contractors in the asbestos removal, enclosure or encapsulation to meet the demand. In the short term this market situation is certain to completely reverse itself.

MORE COMPETITION →

The markets mentioned so far in this report are ones which have already started and are gaining momentum, or as in buildings under (3) difficult to assess or project. However there are two obvious markets which to this point and time are virtually untapped. The most important of these are the industrial plants and industrial insulation. Because corporations are loathe to spend money on items for which there is no return, a lot of companies have been standing to one side hoping the "asbestos problem" would fade away. Since this has not happened these companies are in a dilemma i.e. they are concerned about possible legislation which would dramatically escalate the costs of dealing with the problem, and are uncertain as to what is the most appropriate course of action. Add to this the older plants where insulation containing asbestos was used more for protection and convenience rather than conservation, and there you have a market which not only creates opportunities in

INDUSTRIAL MARKET OPPORTUNITIES →

...../4

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asbestos reroval but also opens the door to our insulation division. If there is any market in the "asbestos" business where we can sell a complete package, then this is it.

DEMOLITION OPPORTUNITY

Another market which, for some unknown reason, has so far escaped public attention is that of demolition of buildings containing sprayed on asbestos. This is one area where the government could legislate, appease public opinion and still not cause disaster in the construction industry. Encapsulation before demolition is the single greatest potential for the use of encapsulating materials.

In summary it must be stated that the aforementioned options are not the only ones open to us. There are other opportunities available but rather then allow ourselves be carried away on a wave of euphoria we should appraise and select our market potential, capitalize on our strengths, improve our weak points, set objectives and proceed with the business of generating more profits.

Jim Hatch