Canadian oil workers laid off without warning

Roger Jordan
19 March 2015

A thousand oil construction workers were laid off at a site in Alberta last week without warning. The workers, based at Husky Energy's Sunrise project around 60 kilometres north of Fort McMurray, were informed by dismissal notices slipped under their doors at 3 AM.

They were in the final stages of constructing the oil sands facility and had been due to continue at the site until the summer. But in the layoff notice they were informed that they all had to pack up and leave that same day. After being bussed to a private airstrip, they were offered flights to Edmonton, Calgary or Toronto, with any further travel arrangements left up to the workers to organize for themselves.

Many workers were compelled to leave their tools and other personal belongings behind due to luggage restrictions on the flight. At least one third of the employees were in the middle of their seven-day break in their rotation so were not even present to hear the news. Scandalously, the laid-off workers will receive just four hours' pay by way of notice.

In a similar development, a smaller group of about 25 oil workers at a remote Canadian Natural Resources Ltd (CNRL) site in northern Alberta were left stranded for days after their contractor, Pacer Promec, went into receivership and refused to provide them with transport home. Following the announcement on Tuesday last week, they waited two days for chartered buses that never showed up.

After telling workers to make their own way offsite, which as one worker told the press could have cost anything up to $1,200 for those living in eastern Canada, the company finally agreed to fly them the 160 kilometres to Fort McMurray. CNRL, which had contracted Pacer Promec to do the work, initially refused to take any responsibility for the workers' travel and demanded that Pacer Promec pay. The contracts of the workers explicitly provided for their travel to and from the work site to be covered by their employer, according to a worker who spoke to CTV. "To treat people like that is just not fair," he commented.

These incidents illustrate the ruthless exploitation of oil workers by the major oil corporations in Canada and internationally. This has found sharpest expression in the six-week oil workers' strike in the United States, where the oil giants have refused to concede even the most basic safety and wage demands of the 30,000 oil workers.

Just a week prior to CNRL's refusal to provide travel home for the oil workers, the company announced annual profits of $3.9 billion. Canada's second largest oil producer expanded production by 183,600 barrels of oil per day in 2014. For its part, Husky unveiled a quarterly profit increase of 11.5 percent last October.

While the energy corporations make billions in profits, the impact of the oil price drop and deepening economic crisis is being felt by the thousands of Canadian oil industry workers who have been laid off since the decline began last September. In Alberta alone, provincial statistics suggest that 20,000 energy sector jobs have been eliminated, and this does not include announcements at companies where less than 50 job cuts were made.

CNRL announced plans in January to lay off a thousand oil workers, and Shell is dismissing three hundred from its oil sands operations. On Tuesday, 300 job cuts were announced at Chinese-owned energy company Nexen in Calgary, with a further 40 to go in Fort McMurray and the United States. And yesterday, Talisman Energy said it will eliminate 150 to 200 jobs at its Calgary head office, after slashing its 2015 capital spending by almost $1 billion.

Alberta’s jobless rate rose above 5 percent for the first time in three-and-a-half years last month and is widely predicted to surpass 6 percent by the summer.

At the end of February, CNRL President Steve Laut declared in a speech to the Fort McMurray Chamber of Commerce that the oil industry had to embrace “disruptive change” and dramatically slash costs to avoid entering a “death spiral.” Claiming that oil companies had to be more “innovative” and less concerned about scheduling, he stressed the need for companies to slash production costs. “The energy sector,” said Laut, “has long been criticized for being satisfied with incremental change, not disruptive change when it comes to production and extraction methods. And if there is a true desire to do things differently—on all levels—it will require something revolutionary, rather than evolutionary.”

The collapse in oil revenues is being utilized by the provincial Progressive Conservative government of Jim Prentice to launch a massive austerity program. Later this month, his government is due to present the provincial budget, with anticipated spending cuts for education, health and other public and social services of 5 percent. When population growth and inflation are taken into account, this will translate into a real cut of 9 percent. The estimated budget shortfall due to the energy price collapse is $7 billion.

Although Alberta has profited in recent years from the oil boom, the province’s growth has been characterized by extreme levels of social inequality as well as rampant environmental destruction. The province has one of the lowest minimum wages in Canada and repressive labour laws that have gone unchallenged by the trade unions.

Canada’s national economy is also suffering under the impact of the oil price decline. In January, the federal Conservative government of Stephen Harper announced that it was delaying the presentation of this year’s budget from February until April or later, so as to get a better idea of revenues. The Conservatives, who have implemented sweeping austerity measures for the past five years, announced an income-splitting tax “reform” last fall skewed to further enrich the wealthy, touting it as the reward for their “balanced budget” drive. However, the oil price drop has roiled Harper’s plans to focus the Conservatives’ campaign for the 2015 federal election on their supposed adroit stewardship of Canada’s economy.