

ENERGY

Sector Profile



Sector Facts and Figures, 2016

Total Sales*	\$231 billion
<i>Change since 2007</i>	<i>-\$26 billion</i>
Total GDP (2007 \$CAD)	\$113 billion
<i>Share of Canadian GDP</i>	6.7%
Exports	\$74 billion
Imports	\$31 billion
Foreign Trade Balance	\$43 billion
<i>Inflation-adjusted change since 2007</i>	<i>-27%</i>
Total Employment	92,000
<i>Change since 2007</i>	<i>+6%</i>
Average Hourly Wage (Excluding overtime)	\$37.60
<i>Inflation-adjusted change since 2007</i>	<i>+12%</i>
Productivity Growth 2007-2016	22%
Average Work Hours/Week (Excluding overtime)	35
Average Overtime Hours/Year	234
Greenhouse Gas Emissions (Kilotons, 2014)	183,130
<i>Share of Canada's total industrial emissions</i>	30%
Union Coverage Rate	18%
Unifor Members in the Industry	11,800
Share of Total Unifor Membership	4%
Number of Unifor Bargaining Units	125
Average Bargaining Unit Size	94

Source: Cansim; Trade Data Online; Innovation, Science and Economic Development Canada; Unifor Research Department. *2015 data.



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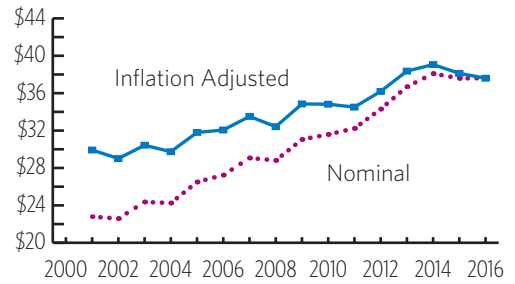
Current Conditions

Canada's energy industry is highly cyclical and is perhaps the best Canadian example of the pitfalls of a "boom and bust" sector. When prices are rising, as they did between 2002 and 2014, investment (domestic and foreign) pours into the sector, jobs are plentiful, wages rise, tax revenues surge and exports soar. Unfortunately, Canada has failed to adequately address the socio-economic consequences associated with the bust phase, which includes large-scale unemployment, budgetary deficits and social dislocation.



This sector has a whopping \$231 billion in annual sales and adds \$113 billion to Canadian GDP, making it the second largest Unifor sector (behind retail & wholesale). Canada is a net exporter of energy, almost all of which goes to the United States. In 2016, this Unifor industry racked up \$74 billion in foreign sales, which made it the largest export industry in Canada. With imports of \$31 billion in 2016, Canada's energy trade surplus

Average Hourly Wage, 2001-2016



amounted to \$43 billion (down a quarter from 2007 on account of the plunge in energy prices), which is badly needed to offset significant trade deficits in other industries.

Employment growth in Canadian energy has been strong and is up by nearly half since 2002, when energy prices began to take off. Average hourly earnings are nearly \$38 dollars, which is a 60 per cent premium over the Canadian average, and wage growth has been strong despite the commodity downturn, with inflation-adjusted wage gains of 12 per cent since 2007.

Along with the enormous economic benefit, Canadian energy development comes with a significant environmental cost. In 2014 this Unifor industry emitted 183,000 kilotonnes of greenhouse gas emissions, which was 30 per cent of total industrial emissions in Canada (up from 26 per cent in 2009). Reducing GHG pollution is a major issue for the industry, and indeed, for the public.

Unifor in the Canadian Energy Industry

Select Unifor Employers	Approx. # Members
Suncor Energy	4,100
Enbridge (Spectra Energy)	1,200
Consumers' Cooperative Refineries	850
Union Gas	800
SaskEnergy	650

Unifor is Canada's energy union, with nearly 12,000 members working primarily in oil and gas extraction, natural gas distribution and petroleum refineries. More than half of Unifor's energy membership works in Alberta and Saskatchewan, while one-quarter work in Ontario. British Columbia, Quebec and Newfoundland and Labrador together account for one-fifth of the membership.

The Canadian energy industry is highly unorganized, with less than one in five people being covered by a collective agreement (down from one in four in 2001). Unifor alone accounts for 70 per cent of Canada's unionized energy workforce, which means that other unions and professional associations together account for 30 per cent.

Two-thirds of Unifor's energy membership work for the five largest employers, with roughly one-third alone working for Suncor Energy, which is Canada's largest integrated energy company.

Moving Forward: Developing the Energy Industry

Canada's energy industry is currently in a holding pattern. The price of oil and natural gas seem to have stabilized for now. Neither is anywhere near their recent boom-time high, but nor are they near their post-crash lows. The shale revolution in the United States has flooded the North American market with cheap oil and gas, and while the OPEC cartel has tried to curb production growth (with a view to higher prices), the global market appears to be oversupplied, which means low prices could be here to stay.

Apart from low prices, which undermines development by chasing away investment, the energy industry faces significant challenges, including adaptation to climate change (and associated carbon pricing), the global shift to non-emitting fuel sources (like nuclear, hydro, solar and wind), aging infrastructure, Indigenous consultation and participation, and automation, to name a few.

In response to climate change and the Paris Agreement, provincial and federal governments have begun to attach a price to carbon pollution, and in some instances, have set a hard cap on emissions. These measures are not only needed to begin the shift to a lower-carbon economy, but they also help purchase the "social license" necessary for energy mega-developments. Unfortunately, efforts to decarbonise the

Canadian economy have not been met with the Just Transition measures that are necessary to ease the burden of change, including a host of labour market measures.

Canada's pipeline infrastructure, which is currently oriented toward the export of unprocessed bitumen, requires modernization. Unifor has called for an energy infrastructure that would lend itself to more domestic processing, refining and secondary manufacture, as opposed to raw resource export.

Unifor also believes that a precondition for socially successful energy development is the consultation with, and full economic participation of, Canada's Indigenous peoples, whose approval has often not been sought and who have largely been excluded from Canadian prosperity. First Nations peoples must be treated as full and equal partners in energy development, which would help strengthen the industry.

Major Sector Development Issues

- Modernize Canadian energy infrastructure with a view to domestic processing, upgrading, refining and secondary manufacture, including the creation of an east-west energy grid.
- Federal and provincial governments must cooperate in the creation of Just Transition measures to ease the burden that workers and their families will face in transitioning to a low-carbon economy.
- First Nations peoples must be proactively consulted when it comes to energy development on traditional lands and must be treated as full and equal partners in energy development.
- Any job-displacing automation must be discussed and negotiated to ensure that replacement jobs are created for displaced workers.