

What the Coronavirus (COVID-19) means for energy workers

Revised on April 4, 2020

ABOUT CANADA'S ENERGY SECTOR

The energy sector is one of the main drivers of economic growth, accounting for more than 10% of Canadian gross domestic product (GDP) and nearly \$18 billion in government revenues. The sector directly employs more than 275,000 workers in the oil and gas, renewable, and hydro industries, with another 624,000 workers employed in supporting industries. Unifor has approximately 12,000 members in the energy sector, primarily in oil and gas, who are represented by more than 120 bargaining units. Wages in the energy sector are high, with above-average benefits and compensation.

The energy sector has been rightfully deemed by authorities at the provincial and federal levels to be essential to the sustained functioning of the Canadian economy. Unifor expects every effort to be made in ensuring that industries in the sector continue to operate safely and reliably, while keeping our members both employed and protected from the effects of the COVID-19 crisis.

HOW THE ENERGY SECTOR IS VULNERABLE TO COVID-19

Economic Impacts

Economically, the oil and gas industry has been hit especially hard by the decline in demand for fuel caused by the grounding of flights and government advisories against all non-essential travel. As of early April, demand for oil around the world has fallen by 26 million barrels a day, and this decline is set to worsen as an increasing number of countries impose more stringent lockdown measures, which will further curb transportation and business activity.

The economic impact of COVID-19 on Canada's energy sector has been exacerbated by a recent price war between Saudi Arabia and Russia, which has seen oil prices plunge. Gas prices across Canada have fallen by a third, from an average of \$117.1/litre in January 2020 to \$78.2/litre at the end of March 2020. Meanwhile, the price of Western

WHAT THE UNION CONTINUES TO EXPECT FROM ENERGY EMPLOYERS

Mitigation measures to reduce contact with co-workers and customers

Training and protective gear

Strict personal hygiene protocol

No doctor's notes to claim sick leave benefits

Full income assistance

Work-Sharing agreements to avoid lay-offs



Canadian Select crude oil fell from \$38 per barrel in February 2020 to under \$5 in late March – a decline of 87%. The price of Canadian crude is now cheaper than the cost to ship it to refineries.

Since the majority of oil produced in Canada is heavy crude, which has a higher break-even point, the ongoing price war means even steeper losses for Canadian oil and gas companies compared with their international competitors. And despite the fall in crude oil prices, Canadian refineries have been similarly impacted by the drop in demand for gasoline, which has seen refining margins on unleaded fuel fall by nearly 50% since February 2020.

The combination of a supply glut fueled by the price war and decline in demand due to COVID-19 lockdown measures has meant that Canadian producers' storage tanks will run out of space unless production is significantly cut back in the coming weeks and months to reduce inventory levels. Oil and gas companies have also indicated that they will be drastically reducing planned capital expenditures and will be looking to reduce costs through other means, including lay-offs.

Workplace Vulnerabilities

For energy sector workers, there are significant contagion risks associated with having to work in large workspaces where a high number of employees are routinely in close contact with one another. Workers in natural gas, hydro and the HVAC business are also at heightened risk of exposure due to frequent contacts with customers.

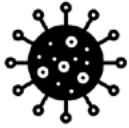
Oil industry workers who reside in remote lodges and camps are at particular risk for contracting the virus due to communal living arrangements. Some employers in the oil and gas sector have begun to institute policies that lengthen shift schedules to reduce work camp rotations and eliminate or reduce worker-to-worker contact, particularly in common living spaces such as dining halls. While these mitigation measures are important, they will add to the psychological and emotional strain that our members experience due to increased isolation and reduced social contact.

Due to the complexity of tasks and processes and the vital role of critical operators within energy facilities, energy sector workplaces are also especially vulnerable to government-mandated quarantine measures. A single exposure to COVID-19 may result in a large number of workers having to undergo self-isolation in accordance with public health orders, critically impacting operations.

HOW LOCAL UNIONS IN THE ENERGY SECTOR CAN SUPPORT MEMBERS

Local unions in the energy sector should ensure that employers continue to maintain mitigation plans to reduce worker-to-worker contact in the workplace and within lodges and camps. Where workers are in contact with customers, employers must provide both training and protective equipment to reduce the chances of infection. Employers must communicate strict protocols for personal hygiene and social distancing measures that can be safely and reliably practiced. Effective mental health supports must be made available, particularly for workers residing in work camps and those who have been asked to self-isolate.

Locals should call on provincial governments to legislate paid sick days and demand that employers waive requirements for doctor's notes when claiming sick leave benefits. Any worker who calls in sick, self-isolates or undergoes quarantine



**COVID-19
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to reduce the risk of spreading the virus should not be financially penalized for taking responsible action. Our members should expect to receive full income assistance from both the government and employers during this time.

Finally, locals should join Unifor National in urging the federal government to expand eligibility for Employment Insurance (EI) benefits (including EI sickness benefits) and to increase the benefit rate, since the newly announced Canada Emergency Response Benefit will only cover 16 weeks of pay and will pay less than already insufficient EI benefits for most of our members in the sector. Where possible, Work-Sharing agreements – which were recently extended to 76 weeks – should be developed with employers and employers that have seen significant revenue decline should apply for the Canada Emergency Wage Subsidy to avoid unnecessary lay-offs.

Unifor has launched a hub for member information about the pandemic at unifor.org/COVID19 and encourages members to check the site regularly for updates.

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