

Solidarity with Workers in Newfoundland and Labrador's Oil Sector

Newfoundland and Labrador is facing huge uncertainty. Many of the challenges hinge on factors and decisions that are beyond the control of the province, as is exemplified by reports that the Come by Chance oil refinery may close permanently. Our first thoughts are with the workers and their families, who face the immediate consequences of decisions they had no part in taking. But we are all caught in this upheaval, including Memorial University and its academic staff.

Securing a more stable and humane future will require the courage and imagination to think and do things differently. With mainstream economic players – from Mark Carney to large swathes of the insurance and investment industries - advising that we must move away from carbon-dependence to have any hope of financial and environmental stability, we must collectively commit to transforming our own economic base, putting the security of workers first.

In contrast, on September 25th, 2020 the Government of Newfoundland and Labrador and their federal counterparts announced over \$320 million in unconditional new support for the province's oil sector [<https://www.jwnenergy.com/article/2020/9/28/ottawa-pitches-in-320-million-to-help-newfoundland/>]. Such 'no strings attached' bailouts are most likely to be used by oil companies for share buybacks that will, in effect, use public dollars to inflate companies' share prices and enrich their executives, who are compensated with company stock options [see: <https://hbr.org/2014/09/profits-without-prosperity> and <https://hbr.org/2020/01/why-stock-buybacks-are-dangerous-for-the-economy>].

This government bailout of the province's oil sector benefits the oil companies, their executives, and their shareholders without any guarantees of job security for Newfoundland and Labrador oil workers. Come by Chance is a case in point. The money should instead go directly to the oil workers of Newfoundland and Labrador.

As the Province launches the Oil and Gas Recovery Task Force, MUNFA stands in solidarity with the province's oil workers and calls on the provincial and federal governments to:

- Insist that any public money made available to the oil sector go directly to the workers themselves through initiatives such as:
 - Paying workers to use their existing skills to build and maintain renewable energy and related infrastructure [see: https://www.ironandearth.org/our_four_pillars].
 - Supporting workers who want to start their own renewable energy or other environmentally-sustainable businesses.
 - Supporting a transition to retirement where that is appropriate and desired by workers.
 - Offering free tuition at any public post-secondary institution in the province for workers who wish to retrain or transition to other careers.
- Bar the use of public money diverted to oil companies for use in share buybacks or similar wastes of public resources.
- Bar oil companies receiving public funds from using offshore tax havens.

- Require all oil companies that accept public subsidies to reduce executive salaries to no more than 20 times that of their lowest paid workers. The CEO of Husky Energy currently earns more than 75 times the average paid to Husky Energy employees [see here: <https://ca.wallmine.com/otc/huskf/officer/1685490/robert-peabody> and here: https://www.payscale.com/research/CA/Employer=Husky_Energy_Ltd./Salary]
- Require all oil companies that accept public subsidies to change their corporate bylaws so that at least one-third of their board of directors are elected by workers.

International geopolitical conflicts and the ongoing global pandemic have combined to plunge oil prices well below the break-even price for Newfoundland and Labrador's offshore fossil fuels [Macrotrends: <https://www.macrotrends.net/1369/crude-oil-price-history-chart> and here: NASDAQ: <https://www.nasdaq.com/market-activity/commodities/cl%3anmx>]. Neither the provincial nor the federal government can control these forces. Even before the recent collapse of oil prices, the industry received substantial subsidies from both the provincial and federal governments, amounting to over \$1,500 per Canadian annually [World Bank report, p. 35: <https://www.imf.org/~media/Files/Publications/WP/2019/WPIEA2019089.ashx>].

Newfoundland and Labrador's oil sector is reeling from dramatic declines in oil prices. Even the Provincial Government's own budget estimates project oil prices to remain below the break-even point for the province's offshore fossil fuels for the foreseeable future. In this context, as the Come by Chance announcement illustrates, we must focus on strategies that prevent sudden and devastating industry transitions, over which we have no control. Workers in the industry need and deserve direct support. That support should include assistance for those workers who wish to retrain or transition their skills for employment outside the fossil fuel industry.