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FOR IMMEDIATE RELEASE **March 10, 2020**

Oil sands spending and productivity figures indicate majority of lost jobs not likely to return – new report

As debate continues to rage over pipelines for Alberta's oil, a new Corporate Mapping Project report analyzes how the oil sands industry, in the early years of the mature phase of its business lifecycle, is producing more bitumen with less capital and fewer jobs.

"Since the 2014 oil price crash, advancements in extractive technologies and modular facility design have enabled leading oil sands producers to increase production with less capital and fewer workers," says Ian Hussey, author of the report ***The Future of Alberta's Oil Sands Industry: More Production, Less Capital, Fewer Jobs***, released today by the Parkland Institute.

The report analyzes trends in Canadian oil production, oil and gas employment, capital spending, operational spending, labour productivity, and advancements in extractive technologies and modular facility design. It found:

- There seems to have been a shift in the oil sands industry's lifecycle from its growth phase (2000-2018) to its mature phase (2019 onward).
- Bitumen production grew 376% from 2000 through 2018, for an impressive compound annual growth rate (CAGR) of 8.6%.
- The Canadian Energy Regulator predicts bitumen production will grow 1.41 million barrel per day by 2040, or 41% over 2018 levels, for a CAGR of 1.68%.
- Peak employment for the Canadian oil and gas industry in the last decade came in 2014. The industry terminated an estimate 53,119 jobs from 2014 through 2019.
- From September 2014 to January 2020, the Alberta oil and gas industry cut 34,572 jobs.
- Oil sands capital spending saw an estimated decrease of 64.6% from 2014 through 2019.
- Productivity per employee in Canada's oil sands industry grew by 72% from 2011 through 2019, while productivity in oil and gas overall grew 47%.
- Oil sands production is at an all-time high and has increased 23% since 2014, while jobs have declined by 23% since 2014.

"More than 34,000 oil and gas workers in Alberta have lost their jobs since September 2014, and oil sands capital spending is forecast to further decline in the next decade," says Hussey. "The massive capital spending of the growth phase of the oil sands industry is over. That and recent trends in extractive technologies and facility design cast further doubt on oil sands employment increasing significantly in the future."

Hussey points out that the same industry that is cutting expenditures and jobs is also the fastest-growing source of carbon emissions in Canada.

"Given the urgent need for science-based emissions reductions, Albertans have to ask if it's worth it to continue betting on the cost-cutting and job-cutting oil sands industry, or if now is the time to position our province to more fully benefit from the ongoing global energy transition."

Parkland Institute is a non-partisan public policy research institute in the Faculty of Arts at the University of Alberta. *The Future of Alberta's Oil Sands Industry: More Production, Less Capital, Fewer Jobs* is available for download on Parkland Institute's website.

This report was undertaken as part of the Corporate Mapping Project (CMP). The CMP is a six-year research and public engagement initiative jointly led by the University of Victoria, the Canadian Centre for Policy Alternatives BC and Saskatchewan Offices, and Parkland Institute. This research was supported by the Social Sciences and Humanities Research Council of Canada (SSHRC).

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