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Published By: NEWS COMMUNICATIONS since 1977

Saturday March 14th, 2015

SUNRISE ENERGY OIL SANDS TELLS 1,000 WORKERS TO LEAVE JOB SITE

Husky Energy says contractor's work was complete

About 1,000 trades people working on the Husky Sunrise Energy oil sands project woke up to find themselves out of work Wednesday morning.

"I got notice from some of my contacts on site they received notice under their door that Saipem and Husky's contract had come to an end or had been terminated by Husky and that they were going to be demobilized as of today," said Izzy Huygen, with the Christian Labour Association of Canada.

CLAC supplies trades people to Saipem Canada which was contracted to work on the Husky Sunrise Energy project 60 kilometres northeast of Fort McMurray. The project uses steam injection to recover below-surface bitumen.

The work began about 2½ years ago and was not expected to

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end until this summer, he said. Huygen has no idea why the job ended so suddenly. "I may find out or I might never know."

In a news release, Husky Energy said construction at the site is

largely complete, with the plant starting production Wednesday. It said Saipem's work was done.

Recently, Calgary-based Husky said it was seeking \$400 million to \$600 million in cost savings from its suppliers and contractors

in the face of low oil prices. Scaffolder Darcy Longman, who had been working on the site since June, found a letter slipped under his door early Wednesday. "We were given notices under our

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door at 3:30 a.m. that Saipem has been kicked off the Husky Sunrise site effective immediately as far as I know," he said. "Everybody knew everything was going good. We were good until April."

He's not only angry about losing his job, but said he wasn't allowed back on the job site to retrieve his personal tools and boots before having to board a bus.

Workers were shuttled off the work site to an airstrip before being flown to either Calgary or Edmonton, he said.

Once home, the workers will be looking for work in a much quieter industry, Huygen said.

"We can hopefully hook them up with other jobs that are out there," he said. "Of course with the oil price where it's at, that's a challenge anyway."

**PIPELINES VS. TRAINS:
WHICH IS BETTER FOR
MOVING OIL?**

With 4 oil-train derailments in North America in past 3 weeks, pipeline-vs.-rail debate resurfaces

There have been four oil-train accidents in the past month in North America, including two in Northern Ontario, one of which only recently stopped burning, near the town of Gogama.

These trains were travelling at moderate speeds, in some cases

well under the 80 km/h speed limit, and the CPC-1232 tanker cars were sturdier, made of tougher stuff than the rail cars that exploded so tragically in Lac-Mégantic in 2013. The 1232s were supposed to be safer.

Still, in each derailment, the tanker cars caught fire.

For some, this raises questions about rail safety, train speeds and length, tanker-car standards and stabilizing the oil within the tankers. For others, it means we should be talking about pipelines again.

"Slowing down is one option," said Ian Naish, a former director of rail and pipeline investigations at the Transportation Safety Board of Canada.

"Shorter trains might be another option, but that will cost money. And then — dare I say it — another option is pipelines or some other mode of transportation."

When it comes to pipelines versus rail, it's not comparing apples to apples. When a pipeline leaks, more product is spilled, but it's not likely to explode. When a oil car derails, there is a higher chance of loss of life or destruction of property, but the spill is relatively contained. It really depends on what you're worried about — cost, CO2 emissions, safety, or the environment?

"This is a discussion we absolutely need to have," said Michal Moore,

director of energy and environmental policy at the University of Calgary.

"It needs to start with safety, but also needs to consider what transfers and stores the highest volume of [oil] material at the lowest possible cost."

Pipelines are certainly the cheaper option for shippers, but pipeline capacity has not kept up with North American oil production. The pipeline issue continues to be charged both in Canada and the United States because of concerns around environmental damage, climate change and oilsands development.

Moore doesn't believe that reducing pipeline capacity will reduce the use of crude oil.

"It's like saying we'll prevent congestion in an urban area by limiting the amount of lanes that cars can go down and discourage people from driving. It doesn't work, people just get in line and absorb the wait."

Moore feels that more robust standards need to be brought into place for both pipelines and rail, so that we as a society can feel more confident about the transportation of oil.

"Inspect every weld and every joint at regular intervals. And if it raises the cost of moving that material, so be it."

**RBC CUTS CANADIAN
GROWTH OUTLOOK TO
2.4% ON LOWER OIL**

But bank foresees a rebalancing of the economy with manufactured exports on the rise

RBC Economics has downgraded its outlook for Canadian GDP growth in 2015 to 2.4 per cent because of continued low oil prices.

That estimate is 0.3 percentage points lower than its previous outlook for Canada's economy, but still a strong pace of growth, RBC says in a report released today.

That's because a boom in exports is expected to

provide a lifeline for Canadian jobs and economic expansion.

"The depressing effect of the downturn in the oil and gas sector is projected to be largely offset by a ramping up of manufacturing activity," RBC economists wrote in the report.

"After more than a decade of the manufacturing sector shrinking relative to the size of the economy, activity levels started to climb with manufacturing output increasing in four of the past five years."

While a decline in capital spending in the oil and gas sector will mean a decline in business investment, the outlook for investment from other industries is much improved, the report said.

In 2014, Canada exported 5.4 per cent more goods by volume, with the mix of exports shifting away from commodities to industrial goods, consumer goods, building materials and equipment.

That export improvement will pick up this year with increased demand from the stronger U.S. economy and the impact of a lower Canadian dollar, RBC said.

It estimated output in the manufacturing sector was seven per cent below its 2009 peak at the end of 2014, but would pick up throughout the year.

The other bright spot for the economy is the Canadian consumer, who could have \$11 billion more in purchasing power this year because of lower energy prices.

"Unlike US consumers who are largely expected to spend these "extra" funds, we are assuming Canadian consumers will spend one half of the energy-related savings with some portion going to paying down debt and the rest toward saving," RBC said.

That could simultaneously boost consumer confidence and reduce our high consumer debt loads.

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