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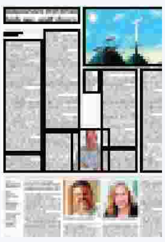

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Businesses reel from high pay, staff churn

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Businesses reel from high pay, staff churn

Energy sector

Tim Boreham

Energy operators have a workplace problem — and it has nothing to do with award rates, industrial spats or the recent minimum wage increase.

As with the broader resources sector, the challenge is finding the right people amid a chronic skills shortage, with anecdotes about $200,000-plus salaries and five-figure sign-on payments the standard fare of crib rooms around the country.

For sought-after workers, the jobs market has never gushed with such riches.

According to the recruitment firm Hays, an NT-based lead engineer in subsea design can expect an annual salary of between $184,000 and $250,000, excluding superannuation. From the comfort of their office, a Melbourne or Sydney-based project delivery director in the renewable energy sector can expect to pocket up to $357,000.

At the junior end, WA-based graduate engineers should feel hard done by on anything less than $90,000.

The Australian Resources and Energy Employer Association (AREEA) cites a long list of in-demand occupations: anything from diesel fitters, geologists and lab workers to cooks and cleaners.

A workplace-focused industry body, AREEA says its energy member companies are reporting staff attrition of 13-15 per cent.

"This is unheard of for the energy sector where staff turnover is historically in the single digits and often well under 5 per cent," says AREEA chief executive Steve Knott. "For decades the energy industry has been considered a sector where you stay with one employer for life, but this appears to be no longer the case."

According to Australian Petroleum Production and Exploration Association (APPEA) acting chief executive Damian Dwyer, upstream (production and exploration) activities alone account for 80,000 workers directly and indirectly.

Dwyer cites a recent Australian Gas Industry Trust study that found the entire gas supply chain directly employed over 165,000 workers and supported another 90,000 jobs indirectly. "This shows how we are intrinsically linked to the national economy, employing offshore riggers and technicians on major projects upstream and truck drivers, gas bottle retailers and gas fitters in the suburbs," he says.

But the sector easily could employ more: for instance, the energy-oriented engineering consultancy Worley Parsons says it has the "ability" to hire 3000 more per month.

Knott says the pandemic significantly disrupted the energy workplace — notably fly-in-fly-out (FIFO) sector — and things haven't returned to normal.

"The pandemic has seemingly shifted the way many people think about work life and family," he says. "A portion of the pre-pandemic FIFO workforce has chosen not to return to that lifestyle, and with unemployment at near 50-year record lows there's clearly no shortage of opportunities in other parts of the economy."

According to Hays salary survey, only 28 per cent of employee respondents in the energy sector expect to remain in their job beyond the current financial year.

On the employer side, 33 per cent intend to increase their permanent headcount, while a whopping 67 per cent believe the skill shortages will impact operations or growth. In response, energy companies have adopted measures to attract and retain skilled people, ranging from sign-on bonuses to skills re-training for older workers who may have left the sector.

Deriving one-third of its revenue from the energy sector, engineering consultant Monadelphous has launched workplace flexibility and leadership development initiatives, as well as attraction measures such as alumni programs and an in-house "talent acquisition" team.

Fresh from merging with BHP's petroleum business, sector giant Woodside offers "a range of incentives to attract and retain the people we need", including flexible working arrangements.

Woodside recently increased its parental leave benefits for primary carers from 16 to 18 weeks, with both spouses eligible if they work for the company.

This year's intake into the company's Karratha-based Production Training Academy consists of 12 apprentices and 20 trainees including pre-pathway, business, laboratory, logistics and operator trainees.

More than half of these recruits are Indigenous and almost 60 per cent are female.

"We continue to recruit university graduates and have achieved 50 per cent or better gender diversity in our graduate hiring in recent years, including our 2022 cohort," a Woodside spokesman says.

Knott says sign-on bonuses — often above $10,000 — have been commonly offered over the last two years. But recently employers have moved to retention bonuses and loyalty payments to prevent a "talent merry-go-round".

"The industry was simply cannibalising itself for a limited pool of skilled talent," he says. "Employees were accepting a large sign-on bonus, staying for only a few months and then moving onto another employer for another sign-on bonus.

"If left unchecked, this would only drive up wages for the entire industry and offer no stability."

Because many skills are interchangeable between the mining and energy sectors, it's common for WA iron miners to poach oil and gas people and vice versa, creating a cycle of ratcheting salaries.

Then there's the emerging demand from the burgeoning renewables sector, which is attracting younger workers who don't see a long-term future for carbon energy.

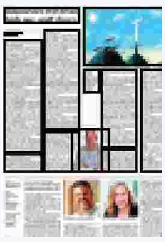
"I've been recruiting in the sector since 2008 and this is the busiest we have been," says Michael Green, director of specialist energy recruiter Bradman Recruitment.

"I don't talk to clients about how much they want to pay them. Unless you pay the market rate, you won't find anyone."

Green estimates over the last 12 months salaries for wind or solar farm designers have jumped from $200,000-225,000 to $225,000-275,000, an 18 per cent increase at the midpoint.

Unicorn workers with experience in electric vehicle charging or hydrogen are especially in demand, as are senior developers who scour for suitable sites.

Green says energy employers have needed to think laterally about the sort of worker that could fill a position, with any skills gaps rectified with extra on-the-job training. For instance, after being told it would take at least 12 months to find a solar farm developer, one client opened the role to a candidate with



environmental experience.

Dwyer says many of its traditional members are big investors in renewable energy. "Transferrable roles can include positions in safety, communications, automation, remote management of assets, labour hire, fabricating, environmental management and monitoring as well as mechanical and electrical," he says.

Woodside cites particular demand for those skilled in renewables and carbon abatement, with these people crucial to the company meeting its target of investing $US5 billion ($7.2 billion) in "new energy" products and lower-carbon services by 2030. "New energy is a term we use to describe lower-carbon products, such as hydrogen and ammonia," a company spokesman says.

"These are emerging in scale [and] are expected to grow during the energy transition. Given their relative infancy, the talent pool is small and competitive."

As the renewables revolution unfolds, a bulging slate of commissioned big-ticket oil and gas projects is likely to test the market further. AREEA's forecasting shows 12 oil and gas projects that are either committed or likely to proceed and 45 in various stages of feasibility.

The 12 projects alone are expected to require 4700 construction workers and create 2000 long-term jobs.

These include Woodside's Scarborough project, Santos's Barossa Project, Shell's Crux LNG, Chevron's Gorgon stage two and Woodside's Pluto expansion.

Knott says longer-term solutions to the skills squeeze lie in diversifying the sector's "comparatively homogenous" workforce, of which less than 20 per cent is female.

"Attracting the younger generation to the industry is a complex, multi-faceted issue," he says.

Ongoing challenges include declining interest in science and maths school subjects and careers, as well as allaying concerns about work/life balance and "misconceptions" the industry makes for a dead-end career.

"The negative environmental perception is heavily emphasised with very little coverage or attention paid to the role traditional energy sources have in the transition to a future with greater renewables in the mix," Knott says. AFR

The pandemic significantly disrupted the energy workplace and things haven't returned to normal, says AREEA chief executive Steve Knott (below).
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