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## Offshore work wins 6-8pc wage deals

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Workplace correspondent

Workers earning up to \$200,000 a year in the offshore oil and gas industry are scoring wage increases between 6 per cent and 8 per cent as skill shortages and inflation ratchet up pay claims.

Shipping giant Maersk has this month agreed to 8 per cent pay increases for officers and engineers supplying offshore gas platforms and will deliver another 6 per cent next year in a union deal awaiting Fair Work

Commission approval. Elsewhere, maintenance contractor UGL has agreed to give workers at the Santos-led GLNG project on Curtis Island in Queensland a 7.5 per cent pay rise in a new agreement.

Industry insiders said "CPI plus" bargaining claims were increasingly common in the offshore resources industry as labour demand and skill shortages bite.

However, the surging pay rises come as the Reserve Bank of Australia increased rates last month over con-

cerns that wage demands might become indexed to past rates of inflation and that some businesses are indexing their prices to past inflation.

Australian Resources and Energy Employer Association chief executive Steve Knott said employers were being squeezed on multiple fronts.

"Employers have rarely experienced a time where they can offer 7 per cent annual wage increases and still be accused of driving real wages backwards," he said.

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"The current trend is for unions to leverage high inflation in their wage claims. With skill shortages persisting and the industry coming out of a period of fairly subdued wage increases, many employers are finding it difficult to resist such claims."

The deals follow CPI guarantees in other sectors triggering pay rises of 7 per cent and more including at Optus retail stores, Teys abattoirs and Visy glass manufacturers.

UGL declined to comment on its latest deal. Its 7.5 per cent pay rise was higher than a 6.8 per cent increase agreed just three months earlier for UGL workers at other Santos sites in Western Australia. That deal also tagged next year's pay rise to CPI.

The Maersk deal is part of broader bargaining under way among vessel operators. DOF Subsea recently agreed in-principle to a 6 per cent pay rise on top of a classification shift that could net some workers wage increases of up to 23 per cent.

Mid-tier shipping operator ASP, which conducts refuelling, has also tied crew pay rises to CPI this year after

delivering a 6.1 per cent increase last year. As a result, officers, engineers and deckhands in Fremantle got a 7.8 per cent pay bump in April, while officers and engineers in Queensland will have their pay tied to the June quarter CPI.

Australian Institute of Marine Power Engineers president Martin Byrne said

ASP had put forward the "pretty good" offer after having difficulty attracting labour as competition heated up in the offshore oil and gas sector.

"Bunker barges don't drive the industry, they're following," he said. "ASP have been behind the market because of past agreements that have been inadequate ... It's a bit of catch-up game."

Mr Knott cautioned that locking in CPI-linked wage increases was "a high-risk strategy as CPI can turn on a dime and nobody can predict the future – not even the Reserve Bank governor".

University of Melbourne labour economist Mark Wooden said the resources sector was still a small proportion of the economy and he did not think the wage boom would have significant flow-on effects.

However, he predicted the 15 per cent award wage increase for some 250,000 aged care workers coming on June 30 was "much more likely" to have an effect on inflation.

"There's a lot more of them and they're likely to interact more with those in the rest of the community,"

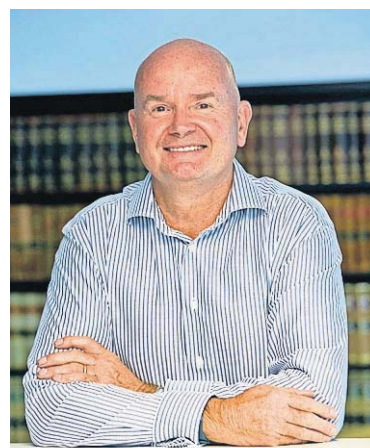
Professor Wooden said.

"Low-wage workers will also spend all of it [the pay rise]."

NAB economist Taylor Nugent last month estimated that the aged care pay rise would contribute 0.25 percentage points to wage growth.

### It's a high-risk strategy as CPI can turn on a dime.

Steve Knott, Australian Resources and Energy Employer Association chief executive





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Maintenance contractor UGL has agreed to give workers at the Santos-led GLNG project on Curtis Island in Queensland a 7.5 per cent pay rise. Below: Steve Knott says employers are being squeezed on multiple fronts.