

The most precious resource of all

- October 25, 2008

The global financial crisis may have slowed the thirst for oil and gas but the hunger for workers continues unabated, writes Rebecca Martin.

The unthinkable seems to have happened. The golden era of the mining, resources and oil and gas boom is teetering, dragged to the edge as the global economy skids into a downturn and the funding pipeline dries up.

This should mean that the days of bountiful jobs in the well-paid mining and oil and gas sectors are over.

But someone needs to tell the recruiters, who say they are as busy as ever, particularly in West Australian oil and gas.

Kate Tucker, team manager for oil and gas at recruitment firm Hays, says: "The demand is really right across the board.

"Anyone with a good tertiary qualification in engineering, geoscience or petroleum and some offshore experience would not find it difficult to get a job here at the moment.

"There's a lot of smaller exploration companies that are getting close to production and a massive drilling project targeted at the Canning Basin, south of Perth.

"There are so many new oil and gas projects coming online that we are struggling to cope with the staffing levels."

Recruiters in the mining sector are more circumspect. Steve Heather, of Mining People International, says change is inevitable because Woodside announced a hiring freeze for the next two quarters and BHP Billiton and Rio are both reviewing their projects.

"The landscape is changing literally daily. There are all the anecdotes and talk of a massive amount of jobs and vacancies but at the moment they are missing that in the past three months the world is changing.

"The companies that are not already in production are either explorers or mine developers. They rely totally on debt or shares to raise funds and that source of funding has completely dried up at the moment; so they have to be very careful about what they spend.

"[Even big companies] like Rio and BHP have said there will be a softening and a review of all capital investment programs. The big companies with the big balance sheets will pick the projects they are interested in working on and defer the rest."

IBISWorld analyst, Ed Butler, says: "The mining boom isn't dead, it's just resting.

"Over the next five years we expect growth to be slower, around 2.2 per cent annually.

"The likelihood is that mining companies will put off the bigger investments. If you are building roads, railways and structures, you can defer those things until things get better."

The outlook for the oil and gas industry is a little brighter. "People still need energy, despite what the economy is doing," Butler says.

No one is certain what this means for the still-busy job market.

Butler suggests mining companies might defer new hiring but "would be unlikely to sack many people as they have mines that need operating".

Adam Czajko of Crest Personnel says his recruitment company remains very busy for now, placing technical staff in mining and oil and gas.

"There might be the possibility of more candidates in the market. But I don't think the big players will postpone their multibillion dollar projects," he says. "Caution seems to be the order of the day but for now it's business as usual."

The oil and gas sector is yet to feel the effects. The mainly WA-based industry is run by big players that have huge investments, including Woodside's Pluto project and Exxon's Gorgon project.

Command Recruitment Group director Jethro Baker says: "We're not seeing any slowdown in recruitment. We are still getting piles of requests every day and companies are still planning ahead.

"We need everything, from mechanical to structural, petroleum and environmental engineers, planners, estimates and project managers. It's completely across the board and we are looking all the time."

Even with a slowdown and a good chance the big annual pay rises for mining and oil and gas workers might not be so generous, the industry is still among the best-paid.

The average oil and gas worker's wage is \$147,000 a year, while their mining counterparts average \$102,400, according to figures from IBISWorld.

"Oil and gas does pay more because it's a more technical industry and requires more training and experience, whereas in mining, you can just come and dig holes, a low-skilled job," Butler says. "But you would still earn \$80,000 in wages - minimum."

While the short-term fallout for the mining and oil and gas sectors is yet to be played out, the long-term view still appears to be quite rosy.

"Asia will still be demanding our resources, just not as fast as before," Butler says, adding that the Australian dollar is also declining, which is likely to be a significant driver of exports.

"Beyond 2013 we expect growth to be back in the double digits. Oil and gas is always needed, as are steel and copper."