

THE DECADE AHEAD: LABOUR ISSUES FOR CANADA'S OIL AND GAS INDUSTRY

Canada's oil and gas industry will struggle to find the workers it needs over the next 10 years. Labour shortages in the industry are projected to be more severe than in 2007.

THE INDUSTRY TODAY

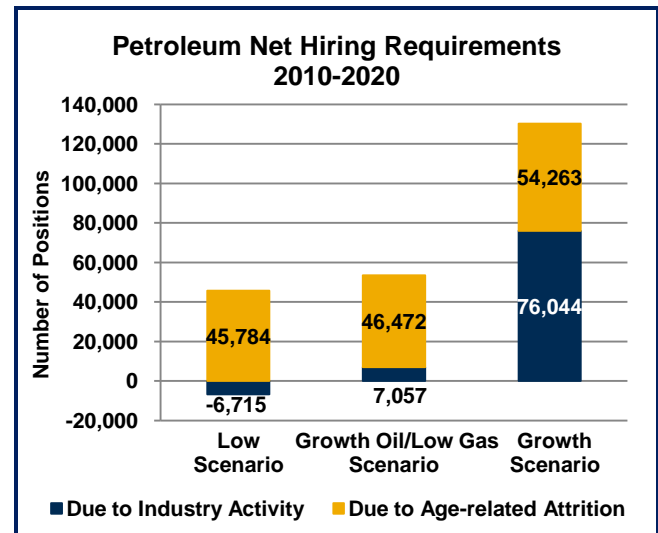
- The industry is already facing chronic shortages for certain occupations.
- New technologies in unconventional oil and gas as well as in-situ oil sands extraction have increased demand for certain occupations.
- The Services sector, the largest industry employer, was hardest hit by the recent economic downturn and currently struggles to support ongoing industry recovery.
- Other workforces challenges include:
 - High turnover rates in some occupations;
 - Attraction and retention of workers in hard-to-recruit locations;
 - Competition for top talent; and
 - Development of the workforce to keep pace with technological innovation.

THE INDUSTRY TOMORROW

The petroleum industry will be challenged to meet its hiring requirements regardless of industry activity levels. This is because the future labour demands of Canada's oil and gas industry will also be driven by an aging workforce. In fact, over 30% of the industry's core workforce is expected to retire within the next decade, as traditional labour supply pools decline.

- Even in a scenario where energy prices and industry activity levels remain **low**, the industry will need to hire **over 39,000 workers** between 2010 and 2020, just to replace the number of people retiring.
- If prices and activity levels are **high**, the industry will need to find **over 130,000 workers** as new jobs are created and experienced workers retire. The need for new workers is staggering as industry's net hiring requirements to 2020 represents 76% of the industry's 2009 workforce.

INDUSTRY NET HIRING REQUIREMENTS TO 2020



The industry does not have a full decade to address the upcoming labour shortages.

Widespread shortages are set to occur in all core occupations as early as 2013, as a result of increased hiring requirements and shrinking labour supply.

KEY WORKFORCE STRATEGIES

As the industry faces an increasing demand for workers, Canada's labour force will be shrinking. Managing the pending labour crunch will require a combination of strategies including:

- **Communicating the petroleum industry's labour requirements** to key labour supply stakeholders, including governments and post-secondary and training institutes.
- **Drawing talent from diverse labour supply pools while continuing to reach traditional labour pools** such as new graduates.
- **Increasing collaboration within the industry sectors and with other stakeholders.**
- **Increasing productivity** through employee retention, workforce training and development, innovation and technological advancement.
- **Managing labour costs while addressing labour shortages.**

PETROLEUM SECTOR OUTLOOKS

Exploration and Production

- Labour supply sources for the Exploration and Production sector are limited as many of its occupations are specific to the industry.
- Even if energy prices and activity levels are low, the sector will still need to hire **8,600 workers** between 2010 and 2020 to replace retiring workers. If prices and activity levels increase, the sector may need to fill **36,700 positions**.

Oil Sands

- Mass hiring for a number of concurrent projects, age-related attrition, and hiring for hard-to-recruit locations will contribute to the Oil sands sector's recruitment challenges.
- Between 2010 and 2020, the sector will need to hire for **at least 9,000 and up to 15,000 positions** due to industry activity and age-related attrition.

Services

- New drilling methods and the increasing reliance of E&P and oil sands companies on contracted service workers put significant pressure on the Services sector's ability to attract and retain workers.
- Even if energy prices and activity levels are low, the sector will still need to hire **at least 18,000 workers** by 2020 to address age-related attrition. If energy prices are high, the sector's hiring requirements will increase to **72,000 workers**.

Pipeline

- The combination of new projects on the horizon and a workforce with the oldest demographic profile in the industry means hiring and retention will be an issue for pipeline companies over the next decade.
- Over the next 10 years, the sector will need to hire **between 2,900 and 6,600 workers**.

NET HIRING REQUIREMENTS BY SECTOR TO 2020

PETROLEUM SECTOR	2009 EMPLOYMENT (ESTIMATED)	NET HIRING REQUIREMENTS TO 2020 (% OF 2009)	
		LOW SCENARIO	GROWTH SCENARIO
Services	82,931	18,108 (22%)	72,041 (87%)
Exploration & Production	66,744	8,626 (13%)	36,727 (55%)
Oil sands	12,269	9,073 (74%)	14,948 (122%)
Pipeline	8,900	3,262 (37%)	6,593 (74%)
Total Industry	170,844	39,069 (23%)	130,309 (76%)

OCCUPATIONAL OUTLOOKS

Occupations that pose the **greatest labour supply/demand risks** for the industry include:

- Oil and gas drilling and services field workers;
- Supervisors, oil and gas drilling and services;
- Trades: heavy-duty equipment mechanics; industrial electricians; instrumentation technicians; and millwrights and machinists;
- Engineers from all disciplines;
- Operators particularly 2nd and 3rd class steam-ticketed operators;
- Geologists and geophysicists;
- Production accountants;
- Drilling coordinators/production managers; and
- Landmen/purchasing agents.

These and other findings are included in the Petroleum Human Resources Council of Canada's ***The Decade Ahead: Labour Market Projections and Analysis for Canada's Oil and Gas Industry to 2020*** report.

For more information, visit www.petrohrsc.ca
or contact the Petroleum Human Resources Council of Canada
at 403-516-8100 or at info@petrohrsc.ca.