THE OIL & GAS GLOBAL SALARY GUIDE 2012

Global salaries and recruiting trends.
## Survey Summary

<table>
<thead>
<tr>
<th>Discipline Areas Covered</th>
<th>24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries Worldwide Represented</td>
<td>53</td>
</tr>
<tr>
<td>Respondents Work With A Global Super Major</td>
<td>1,200+</td>
</tr>
<tr>
<td>Respondents Are Employers In The Industry</td>
<td>5,400</td>
</tr>
<tr>
<td>People Responded To The Survey</td>
<td>14,400+</td>
</tr>
</tbody>
</table>

**Thank You**

We would like to express our gratitude to all those organisations and individuals who participated in the collection of data for this year’s survey. More than 14,000 responded, which is almost 30 per cent up on last year and this has once again ensured that we can produce an informative document to help support your business decisions.

Disclaimer: The Oil & Gas Global Salary Guide 2012 is representative of a value added service to our clients and candidates. Whilst every care is taken in the collection and compilation of data, the survey is interpretive and indicative, not conclusive. Therefore information should be used as a guideline only and should not be reproduced in total or by section without written permission from Hays.
From boom times in Australia and Brazil to unrest in North Africa, our report on salaries once again displays the many trends, events and forces that shape the complex world of how people are paid in the oil and gas industry. We are often very aware of remuneration within our own regional industry (it is one of those topics that impacts us all in some way), however very few of us have a good handle on how remuneration changes as we move around the world. This is the endearing quality and attraction of this document and we are pleased to say the main reason why it receives so much interest throughout the industry.

In general the trend in remuneration for 2011 was up; driven on by a buoyant oil price and most countries around the world seeking to explore for, or extract the energy resources they need to advance their own economies. Indeed it was a year that stood out from others in the breadth of geographic coverage. Whilst South America and Asia Pacific continued to lead the way in new investment, two of the traditional power houses of the industry, the North Sea and the Gulf of Mexico, also came back on line in terms of hiring. This added to an already busy market, where very few areas of the globe were left untouched.

This wider participation was also reflected in those completing our survey, both in their geographic coverage and their number. To have over 14,000 respondents this year was a tremendous number which exceeded all expectations. This large response has allowed us to drill down into more specific roles, disciplines and regions. In this regard individuals can more clearly identify their own situation whilst at the same time we can ensure that the figures we produce are an accurate portrayal of the market.

Whilst assessing our own individual package against the figures is an emotive and often interesting activity, it is the movement of remuneration and employment trends over the last three years that provide the most fascinating insights. In general the market in 2010 reflected the tail end of the global recession of the previous year and was further weighed down by the oil disaster in the Gulf of Mexico. In 2011 we have seen these issues left behind and the market regain most of those losses, particularly so when it comes to permanent salary packages and benefits. Contractor rates are still below the highs of 2008, and with the general drift towards permanent staffing it remains to be seen whether they will return in the near future. Whilst the markets have softened towards the end of the year in the face of intense negative sentiment around Europe, the data shows an entrenched confidence that should prevail through 2012 and beyond.

Last year’s Salary Guide was downloaded by over 150,000 people. With a further 10,000 hard copies distributed at various industry exhibitions and conferences, it is fast becoming the reference of choice for those wishing to compare remuneration globally. This continues to be our driving ambition, and we will continue to work hard in improving the content to ensure that it remains as such.

There are numerous people to thank in the compilation of this document, not least of which are the many industry professionals that took valuable time to complete the survey. We would also like to thank those in our respective teams at ‘Hays Oil & Gas’ and ‘Oil and Gas Job Search’ that spent many an hour analysing the data and designing the format. Once again their hard work and the time taken by those responding have combined to produce a great reference document for our industry.

Matt Underhill
Managing Director, Hays Oil & Gas

Duncan Freer
Managing Director, Oil and Gas Job Search
A GLOBAL PERSPECTIVE

WESTERN CANADA
Buoyant oil prices bring oil sands projects back on line and drives up salaries.

GULF OF MEXICO
The region sees a strong recovery in employment following the Horizon disaster of the year before.

PRE-SALT FIELDS, BRAZIL
The Brazilian government pursues its ambitious plans to develop the deep water pre-salt fields with multi-billion dollar investments.

NORTH SEA
Hiring returns to the region following a difficult recession.

WEST AFRICA
Further discoveries and a lack of social disruption continue to serve the region well. Salaries rise for both imported talent and a growing body of local skills.
AUSTRALIA
Limited human capital, multiple mega-projects underway and a new emerging Coal Seam Gas industry drive salaries to the top of the global league table.

POLAND
Emerging shale market attracts foreign multinationals to the many opportunities on offer.

CHINA
Chinese operators extend their activities overseas, whilst at home they aggressively expand operations to keep up with supplying the countries mounting energy requirements.

MIDDLE EAST
Iraq proves to be the major draw card in the region for new projects as the country starts to develop its extensive oil reserves.
Permanent salaries rose 6.1% over the last 12 months.
Almost 50 per cent of respondents experienced an increase of more than 5 per cent to their salary compared to just under 30 per cent of respondents in 2011. A higher number of respondents also expect salaries to increase more than 10 per cent in the new year.

**CHANGES TO SALARIES IN THE LAST 12 MONTHS**

**2012**

- Increase more than 5%: 49.5%
- Increase up to 5%: 16.6%
- Remain static: 29.7%
- Decrease: 4.2%

**2011**

- Increase more than 5%: 29.4%
- Increase up to 5%: 20.4%
- Remain static: 39.7%
- Decrease: 10.5%

**EXPECTED SALARY CHANGE IN THE NEXT 12 MONTHS**

**2012**

- Increase more than 10%: 32.4%
- Increase between 5-10%: 30%
- Increase up to 5%: 20.9%
- Remain static: 15.7%
- Decrease: 1%

**2011**

- Increase more than 10%: 21.6%
- Increase between 5-10%: 25.3%
- Increase up to 5%: 28%
- Remain static: 21.9%
- Decrease: 3.2%
The headline figure in this data is the average permanent salary across the whole sample, which has risen this year to $US80,458 from last year’s figure of $US75,813. This is a significant increase for salaries across such a large sample and reflects the general buoyancy of the market following the downturn of 2008/9.

The year saw a flurry of activity from most corners of the globe as countries sought to take advantage of a high oil price and pushed through new developments, and rejuvenated the old. The general well being was unique in comparison to previous upturns both in its scale and global coverage, leaving very few countries not playing some role in the rush for energy. This in turn drove up vacancies, hiring and salaries.

The world was not without its share of economic worries, however (and without wishing to tempt fate) even the recent concerns in Europe have failed to impact the oil price significantly. This more than any other factor ultimately influences hiring intentions in the industry and its resilience led to a project rich environment for vacancies across deep water development, LNG and a range of non conventional plays. Adding to this buoyant outlook was a number of significant new field discoveries, and carbon capture also started to make its way from government funded research to live commercial projects.

The hotspots around the world which saw significant salary rises included Brazil, Australia, China and Iraq. All were driven by huge projects underway, which added further pressure to the already stretched skill pool. Regionally, West Africa had a good year, as did South East Asia, Northern Europe (including Poland) and North America.

When we break the figures down by local and imported we also noted an increase in those countries that actively encourage hiring local nationals. This took the form of significant increases in local pay whilst the imported figure remained relatively steady. Such examples included Saudi Arabia, Oman, Brazil and Venezuela.

The list of those countries importing skills at a lower cost to the local market rates have grown markedly since last year and now includes the UK, Norway, Netherlands, Saudi Arabia, Brunei, New Zealand, Canada, the United States and Brazil. All sought to reduce their cost base by importing lower cost options from overseas.

Perhaps more interestingly, are the countries that have seen falling salaries. Many of these are in two regions, Northern Africa and mainland Europe. Both are a reminder that whilst the demand for energy remains high the industry is not immune to what is going on in the world around us on a regional basis, be it social conflict or economic pain.

For those looking from the outside in, the situation in Europe is of most concern. At the time of writing, the situation continues to weigh heavily on equity markets and trading conditions within the wider global economy. The impact of this sentiment has been felt already with some recruitment markets softening in the last few months of 2011, and day rates struggling to maintain previous levels.
### ANNUAL SALARIES BY DISCIPLINE AREA

<table>
<thead>
<tr>
<th>Business Disciplines</th>
<th>Operator/ Technician</th>
<th>Graduate</th>
<th>Intermediate</th>
<th>Senior</th>
<th>Manager Lead/ Principal</th>
<th>VP/ Director</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Development/ Commercial</strong></td>
<td>55,700</td>
<td>38,400</td>
<td>51,800</td>
<td>60,700</td>
<td>94,700</td>
<td>188,400</td>
</tr>
<tr>
<td><strong>Commissioning</strong></td>
<td>61,300</td>
<td>N/A</td>
<td>68,500</td>
<td>76,800</td>
<td>116,200</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Construction/ Installation</strong></td>
<td>52,900</td>
<td>47,300</td>
<td>57,400</td>
<td>78,000</td>
<td>118,500</td>
<td>173,200</td>
</tr>
<tr>
<td><strong>Downstream Operations Management</strong></td>
<td>38,700</td>
<td>33,800</td>
<td>37,700</td>
<td>62,700</td>
<td>103,600</td>
<td>166,300</td>
</tr>
<tr>
<td><strong>Drilling</strong></td>
<td>60,900</td>
<td>30,900</td>
<td>75,100</td>
<td>98,000</td>
<td>142,500</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Electrical</strong></td>
<td>55,900</td>
<td>28,600</td>
<td>47,400</td>
<td>67,800</td>
<td>98,400</td>
<td>136,000</td>
</tr>
<tr>
<td><strong>Estimator/ Cost Engineer</strong></td>
<td>28,000</td>
<td>29,600</td>
<td>39,000</td>
<td>67,100</td>
<td>107,900</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Geoscience</strong></td>
<td>56,700</td>
<td>35,100</td>
<td>58,700</td>
<td>109,000</td>
<td>140,100</td>
<td>159,100</td>
</tr>
<tr>
<td><strong>HSE</strong></td>
<td>56,900</td>
<td>35,200</td>
<td>58,700</td>
<td>79,600</td>
<td>95,900</td>
<td>128,100</td>
</tr>
<tr>
<td><strong>Instrumentation, Controls &amp; Automation</strong></td>
<td>51,300</td>
<td>33,900</td>
<td>48,000</td>
<td>75,300</td>
<td>107,800</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Logistics</strong></td>
<td>53,900</td>
<td>31,000</td>
<td>42,500</td>
<td>72,500</td>
<td>82,400</td>
<td>99,000</td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td>47,100</td>
<td>N/A</td>
<td>N/A</td>
<td>54,600</td>
<td>84,600</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Marine/Naval</strong></td>
<td>62,900</td>
<td>38,300</td>
<td>55,000</td>
<td>85,100</td>
<td>115,200</td>
<td>168,700</td>
</tr>
<tr>
<td><strong>Mechanical</strong></td>
<td>55,400</td>
<td>30,400</td>
<td>45,100</td>
<td>66,700</td>
<td>102,700</td>
<td>122,300</td>
</tr>
<tr>
<td><strong>Piping</strong></td>
<td>47,400</td>
<td>28,400</td>
<td>43,500</td>
<td>59,000</td>
<td>96,900</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Process (chemical)</strong></td>
<td>48,200</td>
<td>30,100</td>
<td>47,100</td>
<td>68,100</td>
<td>104,800</td>
<td>139,900</td>
</tr>
<tr>
<td><strong>Production Management</strong></td>
<td>51,300</td>
<td>31,800</td>
<td>59,300</td>
<td>67,500</td>
<td>107,700</td>
<td>260,700</td>
</tr>
<tr>
<td><strong>Project Controls</strong></td>
<td>41,200</td>
<td>42,400</td>
<td>49,000</td>
<td>78,600</td>
<td>112,000</td>
<td>134,100</td>
</tr>
<tr>
<td><strong>QA/QC</strong></td>
<td>51,000</td>
<td>37,000</td>
<td>48,700</td>
<td>68,300</td>
<td>94,400</td>
<td>128,900</td>
</tr>
<tr>
<td><strong>Reservoir/ Petroleum Engineering</strong></td>
<td>42,100</td>
<td>37,900</td>
<td>61,400</td>
<td>97,800</td>
<td>123,400</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Structural</strong></td>
<td>43,700</td>
<td>35,600</td>
<td>44,900</td>
<td>59,200</td>
<td>105,800</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Subsea/ Pipelines</strong></td>
<td>56,000</td>
<td>38,600</td>
<td>59,500</td>
<td>105,200</td>
<td>146,900</td>
<td>225,000</td>
</tr>
<tr>
<td><strong>Supply Chain/ Procurement</strong></td>
<td>40,500</td>
<td>29,500</td>
<td>48,600</td>
<td>58,200</td>
<td>98,300</td>
<td>180,000</td>
</tr>
<tr>
<td><strong>Technical Safety</strong></td>
<td>41,400</td>
<td>32,500</td>
<td>44,300</td>
<td>58,500</td>
<td>110,000</td>
<td>151,900</td>
</tr>
</tbody>
</table>

Undoubtedly we are delicately poised when it comes to salaries within the industry for next year. Without a European induced collapse in the global economy we will inevitably be faced with skill shortages in more than just a few select locations. This will drive salaries up further, and in this scenario we would expect a larger increase than the rise we have seen in 2011. With this said, and when considering the alternative, it would be a ‘nice problem to have’.

How much difference a year makes in the oil and gas industry is demonstrated by the rise in salaries within drilling. Last year’s figures showed those in this sector of the industry were sitting in the middle of the pack. This year they are level pegging with subsea engineering as one of the hotspots for salaries. With demand for onshore drilling on non conventional sources at an all time high, and rig utilisation offshore rising, labour demand in this sector is obviously buoyant.

With drilling activity up, it is not unexpected that salaries for others in the exploration and production field are also strong this year. Geosciences and reservoir/petroleum engineers showed good increases and production management and logistics were also strong. Subsea engineering repeated its increases of last year and project controls and construction and installation proved that there was plenty of new projects under construction.

Core engineering disciplines didn’t fare so well with electrical, mechanical, structural and process engineers all flat in comparison to last year. These core disciplines are where most engineering professionals will start their careers, and may suggest why headline salaries have not increased beyond the levels seen.
### ANNUAL SALARIES BY COMPANY TYPE

<table>
<thead>
<tr>
<th>Company Type</th>
<th>Operator/Technician</th>
<th>Graduate</th>
<th>Intermediate</th>
<th>Senior</th>
<th>Manager Lead/Principal</th>
<th>VP/Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy</td>
<td>44,600</td>
<td>32,700</td>
<td>46,800</td>
<td>76,000</td>
<td>120,300</td>
<td>146,800</td>
</tr>
<tr>
<td>Contractor</td>
<td>46,300</td>
<td>31,300</td>
<td>51,300</td>
<td>65,800</td>
<td>101,900</td>
<td>142,500</td>
</tr>
<tr>
<td>EPCM</td>
<td>49,500</td>
<td>36,400</td>
<td>51,700</td>
<td>79,400</td>
<td>120,600</td>
<td>172,300</td>
</tr>
<tr>
<td>Equipment Manufacture and Supply</td>
<td>42,900</td>
<td>28,300</td>
<td>38,900</td>
<td>59,700</td>
<td>73,800</td>
<td>129,100</td>
</tr>
<tr>
<td>Global Super Major</td>
<td>60,200</td>
<td>48,300</td>
<td>70,300</td>
<td>93,100</td>
<td>129,400</td>
<td>222,800</td>
</tr>
<tr>
<td>Oil Field Services</td>
<td>49,300</td>
<td>31,500</td>
<td>51,300</td>
<td>69,200</td>
<td>89,400</td>
<td>155,200</td>
</tr>
<tr>
<td>Operator</td>
<td>51,000</td>
<td>48,700</td>
<td>72,300</td>
<td>97,400</td>
<td>149,200</td>
<td>221,400</td>
</tr>
</tbody>
</table>

In line with the increase in project work those working in an EPCM company saw a rise in salary as did anyone working for an operator. The most significant rises however came for those with the least experience within any of the company types, and reflected the increasing competition for entry level talent compared to the year before. We also saw a rise for the most experienced end of the market as companies sought to put their increasing profits to good use, both in rewarding that talent, and also in attracting new strategic hires.

### YEARLY SALARY CHANGES BY COMPANY TYPE

<table>
<thead>
<tr>
<th>Company Type</th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy</td>
<td>$90,200</td>
<td>$85,700</td>
<td>+5%</td>
</tr>
<tr>
<td>Contractor</td>
<td>$74,800</td>
<td>$75,600</td>
<td>-1.1%</td>
</tr>
<tr>
<td>EPCM</td>
<td>$91,200</td>
<td>$87,000</td>
<td>+4.6%</td>
</tr>
<tr>
<td>Equipment Manufacture and Supply</td>
<td>$61,600</td>
<td>$62,900</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Global Super Major</td>
<td>$102,000</td>
<td>$100,800</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Oil Field Services</td>
<td>$67,300</td>
<td>$64,100</td>
<td>+4.8%</td>
</tr>
<tr>
<td>Operator</td>
<td>$103,300</td>
<td>$97,500</td>
<td>+5.6%</td>
</tr>
</tbody>
</table>

With the market on the increase, in general it was a year in which most company types saw increases in salary of around the 5 per cent mark. The exceptions to this trend included both general contractors and equipment manufacturers, both of which have a high level of local employees (as opposed to imported talent). In this respect both groups will be more aligned to local economies than any global forces and may explain the lack of growth. The third group to experience little movement in comparison to last year is the global super majors. This may be the effects of localisation/nationalisation drives within the workforce, reducing average salaries. Indeed we have noted an increase in local employees within this group from 47 per cent last year to approaching 55 per cent this year.
Most contractor day rates have progressed through the year; however there were conflicting pressures on this market making it a complex back drop in which to extract any trends. In many ways employers were shifting their employment mix away from contractors to a more permanent staff base. This reduced the overall requirement for temporary employment and followed the increasing confidence employers felt throughout the year. Evidence of this can be clearly found within our results on pages 22 and 23.

Countering this trend is a general increase in the practice of using contractors in new regions and countries. The flexibility to be found for both employers and employees is a compelling driver for those seeking to match the cost base with fluctuating revenues.

Those regions experiencing skill shortages are most prone to hikes in contractor rates and it is no coincidence that both Australia and Brazil have seen the highest increases since last year. North Africa and Western Europe were relatively subdued reflecting weaknesses in their local economies.

Whilst the exchange rate movements through the year can account for some of the rise in the Australasian figures it is the local project led environment that is really driving the numbers. The same can be said for South East Asia, which continues to import a high level of expatriate skills. We also noted the rise of rates in West Africa as the region continued to expand.

### CONTRACTOR DAY RATES BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Operator/Technician</th>
<th>Intermediate</th>
<th>Senior</th>
<th>Manager Lead/Principal</th>
<th>VP/Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Europe</td>
<td>410</td>
<td>440</td>
<td>670</td>
<td>840</td>
<td>1380</td>
</tr>
<tr>
<td>Western Europe</td>
<td>350</td>
<td>370</td>
<td>690</td>
<td>850</td>
<td>1100</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>260</td>
<td>290</td>
<td>380</td>
<td>500</td>
<td>900</td>
</tr>
<tr>
<td>CIS</td>
<td>300</td>
<td>350</td>
<td>630</td>
<td>730</td>
<td>830</td>
</tr>
<tr>
<td>Middle East</td>
<td>220</td>
<td>320</td>
<td>360</td>
<td>540</td>
<td>820</td>
</tr>
<tr>
<td>North Africa</td>
<td>280</td>
<td>380</td>
<td>380</td>
<td>500</td>
<td>750</td>
</tr>
<tr>
<td>West Africa</td>
<td>310</td>
<td>330</td>
<td>480</td>
<td>660</td>
<td>910</td>
</tr>
<tr>
<td>East/South Africa</td>
<td>280</td>
<td>310</td>
<td>380</td>
<td>670</td>
<td>N/A</td>
</tr>
<tr>
<td>Southern Asia</td>
<td>190</td>
<td>220</td>
<td>270</td>
<td>380</td>
<td>560</td>
</tr>
<tr>
<td>South East Asia</td>
<td>210</td>
<td>260</td>
<td>440</td>
<td>720</td>
<td>1300</td>
</tr>
<tr>
<td>North East Asia</td>
<td>310</td>
<td>300</td>
<td>440</td>
<td>780</td>
<td>1130</td>
</tr>
<tr>
<td>Australasia</td>
<td>630</td>
<td>680</td>
<td>970</td>
<td>1250</td>
<td>1830</td>
</tr>
<tr>
<td>North America</td>
<td>410</td>
<td>430</td>
<td>690</td>
<td>810</td>
<td>1110</td>
</tr>
<tr>
<td>South America</td>
<td>300</td>
<td>320</td>
<td>550</td>
<td>610</td>
<td>830</td>
</tr>
</tbody>
</table>

Background for this section

Only where the sample size is large enough have we listed figures in these tables. Where not enough responses were received, entries are returned as N/A.

Permanent staff salaries are the figures returned by respondents as their base salary in US dollar equivalent figures (respondents were asked to convert their salary into US dollars using xe.com at the time of responding) excluding one-off bonuses, pension, share options and other non-cash benefits, for those working on a yearly payroll. Those on a daily payroll are extracted and listed separately.

The average salaries listed under local labour are representative of respondents based in their country of origin. Salaries listed under imported labour are representative of those who are working in that country but originate from another.

Contractor rates are listed as US dollar equivalent day rates as listed by respondents.

Notes: EPCM - Engineering, procurement and construction management; HSE - Health, safety and environment; QA/QC - Quality assurance/quality control.
SECTION TWO
INDUSTRY BENEFITS

Benefits rise in the form of incentives.
Those benefits on the rise reflected the increasing confidence in the market and the desire of companies to provide an environment that incentivised growth. Consequently bonuses, commissions and share schemes all made the top five increases.

<table>
<thead>
<tr>
<th>5 LARGEST INCREASES IN BENEFITS</th>
<th>Value of the benefit as a percentage of the overall package</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Bonuses</td>
<td>4.78%</td>
</tr>
<tr>
<td>Pension</td>
<td>1.94%</td>
</tr>
<tr>
<td>Commission</td>
<td>0.78%</td>
</tr>
<tr>
<td>Hardship allowance</td>
<td>1.26%</td>
</tr>
<tr>
<td>Share scheme</td>
<td>0.87%</td>
</tr>
</tbody>
</table>
Last year, we forecast an increase in benefits for this year’s survey and our data has confirmed this prediction as correct. Somewhat surprisingly it was not the number of respondents receiving benefits that increased but how much they were getting. It appears that as companies have grown out of the recession then the increasing wealth has been shared - but not with all.

In terms of numbers receiving benefits there were a few notable exceptions from the downward trend. These were share schemes, commissions and pensions, all of which rose compared to last year’s figures. These rises followed a global trend of wider company ownership within a company’s employees, and more immediate returns for those tasked with selling their products and services. In line with these trends we saw once again bonuses were prevalent in terms of the make-up of allowances and benefits overall.

Those allowances that dropped included health care, home leave and housing allowance, which suggests fewer experienced expatriates. We also noted a reduction in overtime, a trend following the wider working population.

Whilst the number of people receiving benefits returned a mixed bag of results in comparison to last year, the amount each of those benefits was worth was in positive territory across the board. Bonuses and commission payments led the way as we would expect given the market conditions, however a raft of other allowances also increased as more cash was available to meet specific requirements. These included allowances for meals, hardship, share schemes, schooling and training.
In terms of company type, operators and the majors continued to distribute more benefits to their workforce than any other group at just over 29.5 per cent of overall package.

Background: Graphs here show the top benefits by company type and the percentage of people who receive them.
Across most geographic regions we saw an increase in the value of the benefits paid, although most significantly in Africa and Asia. Australasia, Russia & the CIS, and Europe were also in positive territory. As has been the case in recent years we have seen most of the increases coming from developing nations, which is reflective of the desire of companies in these regions to retain trained staff in the face of increasing competition from overseas.

While both North and South American figures fell slightly, it was the Middle East that saw the largest drop in the value of the benefits in comparison to overall package. This was from previous highs of 38 per cent the year before to just over 32 per cent. However there is some evidence to suggest that this is more reflective of employers in that region shifting the emphasis in remuneration towards higher base salaries and away from allowances.

This relationship between benefits and base salary should not be ignored when considering the relative make up of employees’ remuneration. Whilst some regions continue to place more emphasis on either base salary or benefits, we have found that all regions are trending towards 72 per cent base salary and 28 per cent benefits.

Background: Graphs here and overleaf show the top benefits by region and the percentage of people who receive them. CIS includes Russia and the former Soviet Republics.
On average, benefits received by those working in Europe are valued at 16% of their total package.

**EUROPE**

- Bonuses: 29%
- Pension: 21%
- Health plan: 19%
- Car/transport/petrol: 14%
- Meal allowance: 8%
- Overtime: 8%
- No benefits: 43%

On average, benefits received by those working in the Middle East are valued at 32% of their total package.

**MIDDLE EAST**

- Bonuses: 38%
- Health plan: 22%
- Car/transport/petrol: 21%
- Housing: 26%
- Home leave allowance/flights: 23%
- Overtime: 19%
- No benefits: 25%

On average, benefits received by those working in North America are valued at 21% of their total package.

**NORTH AMERICA**

- Bonuses: 36%
- Pension: 21%
- Health plan: 32%
- Car/transport/petrol: 12%
- Housing: 8%
- Overtime: 12%
- No benefits: 30%

On average, benefits received by those working in South America are valued at 33% of their total package.

**SOUTH AMERICA**

- Bonuses: 37%
- Pension: 15%
- Health plan: 34%
- Car/transport/petrol: 22%
- Housing: 31%
- Overtime: 12%
- No benefits: 28%
SECTION THREE
INDUSTRY EMPLOYMENT

Over a fifth of all employers expect salaries to increase by more than 10 per cent in the next year.
The confidence in the staffing markets at the point the survey data was taken was particularly high, although it is worth noting that data was taken in September and October 2011, before the world economy started to falter around European concerns. Over a quarter of those surveyed expected an increase in staffing levels by 10 per cent or more, which is an unprecedented level of confidence since this survey first started. As 2011 came to a close, it is this confidence that is most at risk from depressed sentiment engulfing the media.

**STAFFING LEVELS**

*CONFIDENCE THAT STAFFING LEVELS WILL CHANGE IN THE NEXT 12 MONTHS*

*PERCENTAGE OF STAFF EMPLOYED ON A TEMPORARY OR CONTRACT ASSIGNMENT*

*AREAS IN WHICH CONTRACTORS ARE EMPLOYED IN OIL AND GAS*

*EXPECTATION THAT CONTRACTOR LEVELS WILL CHANGE IN THE NEXT 12 MONTHS*

*PERCENTAGE OF WORKFORCE EMPLOYED AS AN EXPAT*

*EXPECTATION THAT EXPAT LEVELS WILL CHANGE IN THE NEXT 12 MONTHS*

As mentioned earlier, the use of contractors has become more widespread in comparison to the year before. The use of expats continued to expand on the back of forecasted growth last year, and once again the market appears to believe it will grow again in 2012.
This year we have seen an increase in the number of women working in the industry, however the pace of growth is not as quick as most would like. The percentage this year has risen to 7.8 per cent up from last year’s figure of 7.1 per cent. Sadly, to achieve parity with the wider general workforce in terms of gender diversity will take over 30 years at the current rate of growth.

We have noted a small decrease in the average age of those working in the industry from 36.5 down to 35.5 years old. This is consistent with the rest of our data, which shows that while there was a good level of new entries into the industry, many of these people were experienced staff from other industries. This has reduced the average level of experience in the industry; however it has had only a marginal effect on age.
Since the bottom of the recession in 2009 the number of people working overseas in oil and gas has been steadily increasing. This is consistent with employers having to search further afield to find the skills they require. However, there is still some way to go before the levels rise to those achieved in mid 2009 of over 45 per cent.

Last year we reported a quick exit from the downturn in Australia, and a corresponding sharp increase in the number of overseas candidates that came into the market to work on the country’s burgeoning LNG projects. This trend has continued with overseas workers now making up over 53 per cent of the market. Europe was the only other region to follow this trend as many of those imported skills previously retrenched through the downturn returned to take up roles in a rejuvenated labour market.

Elsewhere, trends showed a downwards movement regarding imports as localisation and home grown skills development programs started to come through. The regions showing the most changes were Africa, CIS and South America. In general this was accompanied by a reduction in age and experience as much of this recruitment was taking place with those at the entry level.

The graphs below represent the movement of candidates and how specific region’s nationals are working locally or overseas. So where we have seen the number of imports rise within the busy Australian market, we have also seen a great number of nationals returning home to take advantage of the high salaries. This was going against the trend elsewhere that saw a general drift overseas in search of better remuneration.
Within last year’s survey we reported a sharp decrease in those with less than four years experience in the industry. This was consistent with a drop in recruitment for those with little or no experience and was reflective of the fact the industry was recovering from the recession of previous years. In 2012, the pool of available talent has diminished significantly and this has led many companies to employ new talent and seek to retrain.

As a result, the percentage of those with less than four years experience has grown from 20 per cent of the total workforce to just over 36 per cent. It is worth noting that in 2010 the figure was over 40 per cent when the market was arguably at its peak so we still have a small way to go before we hit that mark.

The picture becomes more pronounced when broken down by job function, with Geo-science and Subsea/Pipelines showing little change from last year, and in some cases edging up slightly in terms of average experience. However we have seen a reduction in construction/installation and project controls. Both disciplines are clearly project led and indicate that the project development space has attracted the most newcomers. In our experience this is where most skills can be transferred into oil and gas from other industries.
Tracking last year’s figures, tenure has remained static with just over 25 per cent of respondents possessing less than one year’s experience in their current role. Again this indicates a busy market with a great deal of hiring activity taking place.
Aside from the equipment manufacturers, the year saw a sharp rise in permanent staff as a percentage of the overall workforce. This trend continued year-on-year as companies sought to build up their core skills in a buoyant market. The increase in permanent staff was in some cases at the expense of temporary staff. However it should be noted that this does not signify a drop in contractor numbers, only a reduction in their share of the total employed.

Contracting companies and consultancies appear to have been most bullish, making a strong rebound on the back of a buoyant project market. Correspondingly there was less of a fall in the use of temporary contractors within these employers as they coped with extra workload.

Equipment manufacturers have reduced overall staffing levels and may be feeling the effects of the recent economic turmoil somewhat earlier in the project cycle than other companies.

Should this trend flow through to other parts of the industry, we would expect the use of contractors to rise in response to uncertainty around the general economy.

**EMPLOYMENT MIX**

**EMPLOYMENT MIX BY COMPANY TYPE**

<table>
<thead>
<tr>
<th>Company Type</th>
<th>Permanent</th>
<th>Permanent / part-time</th>
<th>Contracted direct</th>
<th>Contracted through agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Super Major Operators</td>
<td>7.5%</td>
<td>0.7%</td>
<td>-3.3%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>EPCM Equipment manufacturers &amp; Suppliers</td>
<td>5.2%</td>
<td>0.2%</td>
<td>-0.2%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Oil Field Services Consultancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractors</td>
<td>0.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“the year saw a sharp rise in permanent staff as a percentage of the overall workforce”
It was a good year for the Oil & Gas industry with confidence being led by a robust oil price.
As the market continued to heat up so did the concern for skill shortages. This has grown as a percentage of the overall sample from 28 per cent to over 30 per cent and now represents the largest concern of those in the industry.

**EMPLOYER’S CONCERNS IN THE CURRENT EMPLOYMENT MARKET**

- Skills shortages: 30.6%
- Economic instability: 29%
- Environmental concerns: 13.3%
- Safety regulations: 10.1%
- Immigration/overseas visa program: 8.3%
- Security/safety caused by social unrest: 7.1%
- Other: 1.6%
- Other: 0.1%
ECONOMIC OUTLOOK

INDUSTRY OUTLOOK

Employer’s confidence in the current employment market has seen a large increase in comparison to last year’s results, with the ‘very positive’ share up to 26.7 per cent from last year’s 9.7 per cent.

Whilst the majority of regions were experiencing solid growth this time last year, the Gulf of Mexico and the North Sea markets were still shaking off the effects of the recession, which consequently weighed down the overall average. Since the start of 2011, those markets came on line from a hiring perspective and this removed any negative sentiment in the market. A huge 73.5 per cent of the market is either positive or very positive. (Again it is worth noting that data was taken in the 3rd quarter of 2011, before the market experienced any negative sentiment.)

With regards to where individuals believe their operational focus will be in 2012, the Middle East again leads the way, although the percentage is down slightly in comparison to last year’s figures. A number of other regions followed this trend with only the North American and European markets showing an increase. This appears to be in line with the comments in previous sections regarding the pick up in activity in the Gulf of Mexico and the North Sea.

**EMPLOYER’S CONFIDENCE IN THE CURRENT EMPLOYMENT MARKET**

<table>
<thead>
<tr>
<th>Year</th>
<th>Extremely Positive</th>
<th>Positive</th>
<th>Neutral</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>26.7%</td>
<td>46.8%</td>
<td>20.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>2011</td>
<td>9.7%</td>
<td>45.1%</td>
<td>33.4%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

**EMPLOYER’S GEOGRAPHICAL FOCUS OVER NEXT 12 MONTHS OUTSIDE OF THEIR OWN REGIONAL AREA**

- **Central Asia**: 10.7%
- **East Asia**: 11.7%
- **Australasia**: 10%
- **Eastern and Continental Europe**: 7.1%
- **UK and Northern Europe**: 10.2%
- **Middle East**: 20.8%
- **North America**: 8%
- **South America**: 8%
- **Africa**: 13.5%
As the market continued to heat up so did the concern for skill shortages. This has grown as a percentage of the overall sample from 28 per cent to over 30 per cent and now represents the largest concern of those in the industry. This is being felt most acutely in Australia and South America, the two hotspots in the world where local resources are most stretched. North America and Europe are following close behind.

Not surprisingly economic stability is also a concern at 29 per cent. It is only in Australasia with its booming market where this appears to be of lesser concern.

Moving the other way and slowly diminishing from people’s focus is environmental and safety concerns. We can only assume, as time passes by so does the memory of the oil spill in the Gulf, and the issues surrounding the cause of that event attract less attention.

This year we have included a new response which we have sought to gain an insight into, namely social unrest. As expected, we saw spikes in concern in both Africa and the Middle East. A comparison of data on this issue will make for interesting reading in subsequent years.
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