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The Petroleum Human Resources Council of Canada’s Strategic Human Resources Study of the Upstream Petroleum Industry “The Decade Ahead” will be released later this fall. The Petroleum Council was established as a sector council in October 2001 through the initiative of industry and the Sectoral Partnerships Initiative of Human Resources Development Canada (HRDC). Supported by 11 national and regional upstream oil and gas industry organizations, including one union, the mandate of the Petroleum Council is to support the upstream petroleum industry in its need to ensure the availability of skilled human resources to meet present and future competency requirements. The study results will be launched this fall. Please see the Council’s website – www.petrohrsc.ca for further dates and information.

The upstream petroleum industry, worldwide and in Canada, has changed dramatically over the past decade. These changes include globalization, continentalization and the rapid growth of royalty trusts. The result is a significant restructuring in all aspects of the industry. The impact of these change on human resources have been profound. The primary driver of differences in human resource issues is the regional differentiation in the industry, in both the stage of maturity of the industry, and also the differing nature of oil and gas in the four Canadian regions, the mature Western Canada Sedimentary Basin (WCSB); the semi-mature and rapidly expanding Oil Sands; and the still early stage East Coast and Northern regions.

In this column I will touch on a few of the factors effecting human resources in our industry today and tomorrow. Please see the larger report for a more complete analysis of these factors and others that I have not included here. The factors that I will touch on are demographics, aboriginal, gender, the industry image and the drilling cycle.

Several of the human resources issues facing the oil and gas industry have an overarching national perspective. The Canadian population is aging across the country, with the lowest rate in Alberta and the highest rate in Newfoundland and Labrador. The North has more favourable demographics (i.e. from the perspective of potential employees) but the small population base offsets this. The following table provides an overview of demographics for the overall Canadian upstream oil and gas industry.

Total – All Persons	120,040
Gender	
Male	98,805
Female	24,235
Age	
15 – 29 Years	33,205
30 – 44	51,695

45 – 59	30,710
60 +	4,430

Source: Statistics Canada 2001 Census

Approximately one quarter of the workforce are 45 or older. The interesting conclusion is that a mature basin such as the WCSB is still 10 to 15 years away from facing true pressures from the retirement of the baby boomers. The Oil Sands are likely to face more immediate pressures with large numbers of new hires required over the next decade as the projects come to fruition. The frontier area of the north faces its own challenges with a comparatively different demographic curve but a lack of population to handle the initial requirements of seismic and oil and gas operations. The East Coast has the largest demographic challenge with its aging population however there is an argument that a stable industry with a reasonable growth curve will reverse some of the effects of its youth moving to other locales for work and long term careers.

Total – All Persons	120,040
Demographic Profile	
Interprovincial / Interterritorial Migrants	11,160
External Migrants (Lived Outside of Canada Five Years Ago)	2,680
Visible Minority	5,520
Aboriginal	6,160
Persons Self-Employed	10,255
Immigrants	12,440

As a whole the Aboriginal workforce is one of a few within Canada that continues to grow. Aboriginals represent approximately 5 % of the workforce in our industry however as we enter new frontier areas and effect local communities, this number will increase. The Aboriginal population in Canada is growing more rapidly than the non-Aboriginal population. The average number of children born to Canadian women overall is about 1.7; the fertility rate for registered Aboriginal women is approximately 2.9 children. By the year 2005, the registered Aboriginal population is projected to increase to 755,200, a 42% growth from 1992. This represents a projected growth rate almost 50% greater than the non-Aboriginal population during the same time period.

The Oil Industry has come a long way over the past decade with inclusion of a greater number of females into a traditionally male dominated workforce. Today females comprise some 20 % of the workforce in the industry. It is important then to consider females as one very important area for growth. As the industry strives to improve its image, special consideration should be given to ensure that it promotes itself as an equal opportunity employer.

Energy continues to grow as more and more of a political force within this country. However we are still held to the whim of the media and the consumer as commodity prices rise and end product prices deliver the pain through increased prices at the pump and through higher home utility bills. The industry has traditionally been billed as a

“dirty” or a “sunset” industry. We have done little to change this perception in the public eye despite delivering tremendous successes on local levels and in environmental mitigations. Unfortunately this image pervades our dealings with the workforce – those we must so desperately attract. We are faced with the challenge of overcoming our reputation as a corporate monolith that extracts profits on the backs of the addicted consumer. This is a challenge that must be met by companies, employees, Associations and even Governments.

Finally it is notable to mention the Drilling Cycle as an important factor to our human resource challenges. Recently the industry commissioned Ziff Energy Group to complete a study on Western Canada Drilling Cycle Optimization. The CAGC joined as part of the consortium funding this effort. The report is available on our website at www.cagc.ca. The study looked at the reasons and drivers behind completing most seismic and drilling work in the 4th and 1st quarters of the year. As it relates to the issue of human resources in our industry, it is important to recognize the negative impact such strong seasonality delivers to our existing and potential workforces. More and more we are competing with other industries that deliver more year-round stability and less requirement for work in remote locations. In some manner we are our own worst enemy.



In conclusion four common themes emerge from the Petroleum Council report. Firstly many of the issues facing the industry cannot be addressed or resolved by individual stakeholders. Instead they require partnership and collaborative effects between industry companies and Associations, governments and learning institutions. Secondly some of the issues will require new approaches to human resource management. For example these will be required to attract and retain workers for harsh, remote climes. Thirdly,

while the WCSB industry may be mature, the other regions in Canada present growth opportunities and the potential for long-term careers. As the implications of a changing competitive environment emerge and companies are faced with reducing costs while improving performance, attraction of critical skills will be a challenge. Key to attracting these high potential candidates is creating and sustaining a positive image of the industry as a desirable place to work, facilitating mobility and providing effective training and development. Finally the industry will continue to undergo restructuring in response to competitive pressures and commodity price fluctuations. While the industry must respond to the economic and business environment to remain healthy, it should consider the longer-term impact of some of these decisions on human resources, especially in light of potential challenges in attracting new employees.

From The Thursday Files:

If a man will begin with certainties, he shall end in doubts; but if he will be content to begin with doubts, he shall end in certainties.

- Francis Bacon