



Pit Crew News

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Newsletter of Pit Crew Management Consulting Services Pty Ltd

Issue 12 AU, December 2021

Pit Crew Services

Labour Market Analysis

Business Strategy

Market Analysis

Business Process Analysis and Improvement

Marketing and Business Development

Communication and Facilitation

External Stakeholder Management

Board and Executive Advisory

Another year goes by!

It's almost a wrap for 2021, what a year! Where we'd all hoped that 2020 had been left behind and this year was going to be better, the challenges and curve balls just kept coming.

From a skills perspective the WA major project market is experiencing significant shortages across virtually all occupations. A lack of availability of labour and skills is impacting the broader state labour market. With the eastern states now driving the national labour market, the labour shortage which had been forecast in pre-COVID times has now been compounded by the effect of restrictions, border controls and an uncertainty about what might happen next.

Thankfully the buoyancy of commodity prices has made it all worthwhile. With iron ore and gold, as well as LNG picking up in recent times and easing the pain for project proponents and shareholders.

As we head into 2022 it would be wonderful to forecast increases in workforce availability and a high level of certainty around state government response to future pandemic challenges. However this would be unrealistic. Project stakeholders should anticipate significant workforce shortages in 2022 and be prepared to consider some out-of-the-box thinking to address the challenges of a lack of labour availability.

Pit Crew has experienced a very up and down year. On the positive side we've continued to service our existing clients, as well as attract a number of new ones. We've continued with our Construction Labour and Engineering Resources (CLER) reports. A couple of our long-standing and loyal clients subscribed to our very first CLER report in December 2007, and we're very proud they remain subscribers today.

Early in the year we developed a new report. We combined our construction, operations & maintenance and shutdown modelling data into one large demand and availability report. This report is the most comprehensive

ever produced by Pit Crew. The Resources Sector Workforce Report provides an end-to-end holistic analysis of workforce demand and availability in the sector.

We've produced these reports for Western Australia and South Australia.

While the new reports were a huge positive, on the negative side we've experienced some poor behaviour from a client. Sadly, for the first time ever, Pit Crew chose to terminate a contract. Plenty more has happened since then. Dear colleagues, I'll take you on that journey at the appropriate time and I'm certain you'll be shocked.

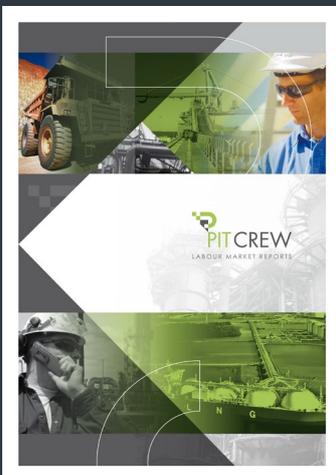
Undeterred, we're going to build on the positives and forge ahead in 2022. The Pit Crew team look forward to working with our great clients, providing them excellent service, valuable data and insightful analysis.

A big thank you to our valued clients and colleagues in 2021, wishing you all the best from the Pit Crew team for 2022.

Peter Dyball
Founder and Managing Director

Our valued clients in 2021:

- Tronox
- Monadelphous
- GHD
- BHP
- Perth Airport
- INPEX
- Woodside
- SACOME
- Rio Tinto
- Gascoyne Gateway



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Resources Sector Workforce Reports – Western Australia & South Australia

WA summary: Based on a combination of range of projects currently under construction requiring operations workforces, new projects reaching final investment decision and commencing construction and a consistent demand for shutdown resources it is likely the WA labour market will require up to an additional 26,000 between mid-2021 and mid-2023. In this situation a peak shortage of resources sector workers, totalling around 31,000, is anticipated in Q3/2023.

The WA market has entered an environment of self-constraint. With current projects being delayed, operations running at less than optimal output or new projects not commencing construction. The harsh reality is that unless strategies can be developed and implemented which will result in in-bound labour mobility, this means qualified and experienced out-of-state resources making themselves available and mobilising to WA, demand will continue to exceed availability.

SA Summary: Pit Crew data indicates that between mid-2021 and 2023 the SA resources and projects sector can anticipate an increase in workforce demand of up to 8,000 people and a peak shortage of 5,100.

In terms of new projects the SA resources sector is expected to remain relatively static over the remainder of 2021 and into 2022. From early 2023 a rapid increase in demand is anticipated as the ramp up in the construction phase of a number of projects commences. This will result in the resources sector peaking Q2/2025.

The infrastructure sector is currently experiencing a high level of activity with a strong pipeline of projects up to 2023. A growth in demand is anticipated from now until a peak in early 2023, just as the resources sector is looking to ramp up.

Perspective:

After a recent discussion a prospective client made the observation; 'Why do we need this? You're just telling us what our problem is.'

Pit Crew replied: 'This isn't the end of the problem, this is the start of the solution.'

You have to start with good data and then use it to guide your strategies'

The prospective client became a client!

The subscriber-based business model, why it's good for clients.

The reason a subscriber model is good for clients is that clients get industry benchmark data and information at a significantly lower cost than if that report was a one-off bespoke document. Subscribers get valuable data and analysis which aligns across the industry at a fraction of the real cost.

Pit Crew delivers standard subscriber reports and bespoke custom reports to our clients. The subscription business model works by Pit Crew producing a single standard report which is then delivered to multiple clients. A subscription-based report costs Pit Crew substantially more to produce than the cost of one subscription.

Pit Crew has worked with some of the most significant organisations - private, industry and government - in the Australian and Canadian resources and energy sectors, providing labour market forecasting and analysis for major projects. Pit Crew's labour market forecasting is very unique, our systems and models are also constantly in a state of upgrading, increasing capability and responding to client needs. While a number of other parties have attempted to produce similar products, Pit Crew remain the only provider to have undertaken this type of analysis and forecasting continuously over the past 15 years. Subscribers benefit from a very solid data history, as well as unmatched knowledge of the labour market.

WA labour market key trends and challenges:

- Competition from eastern states projects
- Competition from other sectors within WA
- Interstate migration into WA is low
- Interstate movement restrictions, pandemic impact on worker mobility
- International Migration and Overseas Worker Movement
- The project market starting to self-constrain
- The impact of new COVID variants
- Mandatory vaccination requirements for resources sector workers
- Skills dilution creating increased demand for workers
- Workforce turnover

Get all the insights and data in Pit Crew's Construction Labour and Engineering Resources Report - WA – December 2021

OR

Resources Sector Workforce Report

- **WA – August 2021**
- **SA – October 2021**

ALL AVAILABLE NOW!

WA labour shortages mid – 2023

High shortage:

- 7121 Crane, Hoist and Lift Operators
- 7212 Earthmoving Plant Operators
- 8217 Structural Steel Construction Workers
- 8219 Other Construction and Mining Labourers
- 1331 Construction Managers
- 1332 Engineering Managers
- 2332 Civil Engineering Professionals
- 2333 Electrical Engineers
- 2335 Industrial, Mechanical and Production Engineers
- 2336 Mining Engineers
- 5111 Contract, Program and Project Administrators

Acute Shortage:

- 3212 Motor Mechanics
- 3223 Structural Steel and Welding Trades Workers
- 3232 Metal Fitters and Machinists
- 3312 Carpenters and Joiners



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Why is it important for subscribers to act within the agreement?

It's how Pit Crew make our money and continue to provide valuable data to industry.

Pit Crew is a small business and we've ridden the cyclic waves of industry since 2004. An in-house joke is that we pray every night for 2012 to return. What a bonanza of a time that was for Pit Crew. However we've also experienced some very tough periods. A couple of times it's been so quiet we didn't send a single invoice in 9 months.

This business supports the families of myself as owner and Pit Crew's staff. The majority of our income is from labour market reports, we don't have membership fees, government grants or any other form of subsidy. Our reports aren't loss-leaders for other advisory or audit work. We're just an honest business doing our best to make a difference in a very challenging industry.

When companies or organisations decide they don't need to pay for a Pit Crew Report or a subscriber feels they have the right to provide a report to a third party, it raises the prospect of two things;

The first is that by providing a report to a third party or receiving a report from a subscriber, Pit Crew are being denied the right to income. This is stealing. The main point is that if Pit Crew can't make a reasonable return on our investment, we'll stop producing the reports and focus on other areas of our consulting business. Clients will either not have access to the data they want, or the costs will be much higher as other providers scramble to try and provide something similar (and fail).

The second is that good, decent individuals and organisations will be impacted if Pit Crew cease to produce their reports. These are individuals and organisations who consider Pit Crew reports valuable within their organisation and have paid good money for reports. As one client recently said: *"Pit Crew are a trusted partner, providing reliable and accurate information, trends and insights which support our investment analysis and decisions."*

To give an example what it takes to produce a report, the recent WA Resources Sector Workforce Report took over 2 months to prepare and more than 400 hours of work. This is over and above some modelling systems having been previously developed and only needing updating. Over many years these models have taken Pit Crew teams thousands of hours and hundreds of thousands of dollars to develop, validate and refine.

Each time a report is given away by a subscriber or received by a non-subscriber means tens of thousands of dollars of lost opportunity and revenue for Pit Crew, in addition, for those who value the reports, they are potentially one step closer to not having them.

How the subscription business model works for each party?

Pit Crew has been able to deliver reports for the past 15 years by having a number of processes in place which ensure subscribers have the data and information they want and need while ensuring our copyright and other intellectual property rights are retained so Pit Crew can maintain the subscriber-based business model.

At a subscriber level, each subscriber is party to a Subscriber Agreement which contains particular clauses relating to Pit Crew's ownership of copyright and IP. If a client insists on using their own standard contract Pit Crew ensures Special Conditions are included in the contract. These are usually the same as the relevant clauses in the Pit Crew agreement. Typically a subscriber may use a Pit Crew report within their own organisation, but not provide the report to third parties. It's pretty simple and straightforward, many of you reading now will be familiar with this process. In 15 years we've only had one prospective subscriber dig their heels in over these terms, we declined to enter a contract with that party. Three months later they accepted the terms and became a subscriber for over 5 years.

So that clients can get the best value from their subscriptions, if they want to quote data, share graphs or small excerpts from Pit Crew reports, a very simple process makes this possible. Ask! Yep, it's that simple, ask.

Over the years when clients and subscribers have wanted to share information with third parties or for media releases and such, they've always found Pit Crew very collaborative and helpful with permission to use excerpts, data or graphs. On occasion we've assisted by providing high resolution versions of graphs or data. Pit Crew has always been very supportive of our clients quoting and acknowledging our data and have many examples of how this has been achieved using the appropriate means.

