

2023 MEMBER SURVEY

RESULTS ANALYSIS



02 8748 0100



membership@weldaustralia.com.au



weldaustralia.com.au

OVERVIEW

As the peak body representing the welding industry, Weld Australia is committed to supporting its members and the welding and fabrication wider industry. As such, it's important that we understand both the state of the industry itself, and how we can better serve your needs. To gain a better understanding, Weld Australia distributed its annual member survey in March 2023. The survey was completed by approximately 130 people.

DEMOGRAPHICS

The majority of survey respondents were based in Victoria (29%), followed closely by Queensland (25%), and then New South Wales (20%) and Western Australia (14%).

The largest age group was 45 to 49, accounting for 17% respondents, followed by 40 to 44 (15%). This is quite different to last year's results, in which the largest cohort was over 65. However, in line with industry trends, 78% of respondents were over the age of 40—as was the case last year (see Figure 1).

The most commonly cited highest level of education was an apprenticeship or vocational training at 30%, followed by International Welding Specialist at 24%, Bachelor Degree at 15% and Masters Degree at 8%.

Over 55% of respondents indicated that they are planning on undertaking further education and training in the next 12 to 18 months. The most common qualifications included International Welding Inspector - Basic (18%), Welding Supervisor - AS 1796 Certificate 10 (17%), and International Welding Technologist (13%).

Salaries are relatively healthy compared to Australia's average wage (of \$69,969 per annum); 25% of respondents indicated that their salary is over \$150,000 (compared to 17% in 2022), while 19% of respondents indicated that their salary is between \$100,000 and \$150,000 (see Figure 2).

Overwhelmingly, respondents are employed full-time (69%). Another 16% indicated that they are business owners and 11% are either employed part-time or as a sub-contractor. At 19% the majority of respondents have worked for their current employer for over 20 years (see Figure 3). This has dropped from 23% in 2022.

Over 39% of respondents work for a business in the fabrication, manufacturing or engineering industry, 13% work for a business in the mining and resources industry, 12% in the education and training industry, 7% in testing and NDT, and 5% in building and construction. The vast majority of these businesses are quite large; 30% of respondents indicated that the company they work for has over 500 staff. However, SMEs were also well represented, with 17% of respondents confirming that the business they work for has under 10 staff members.

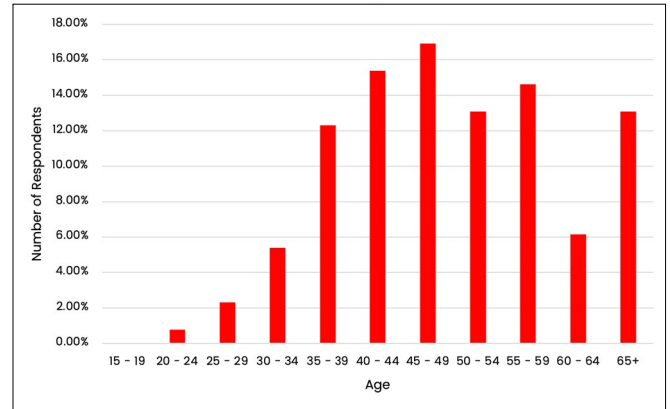


Figure 1. How old are you?

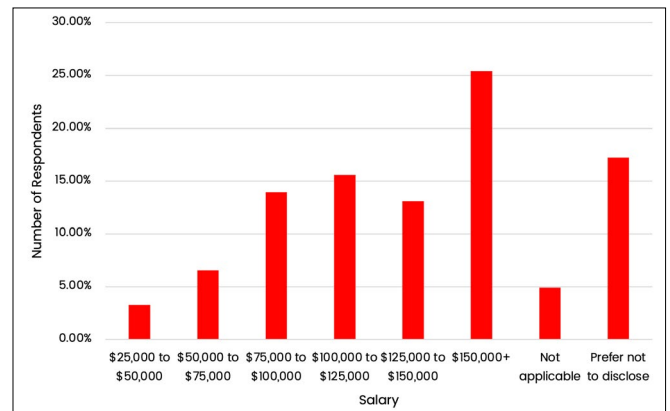


Figure 2. What is your salary?

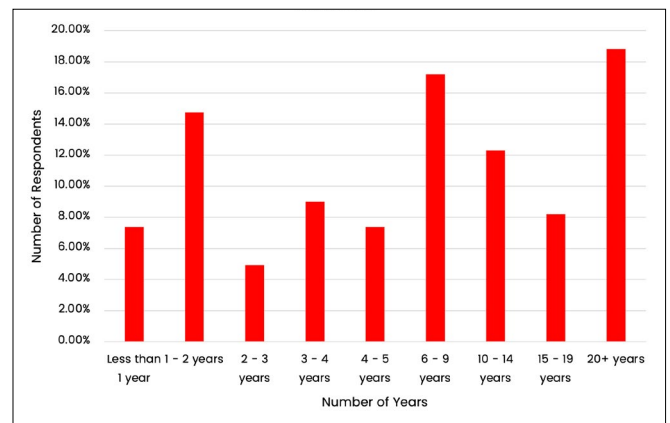


Figure 3. How long have you worked for your current employer?

LABOUR SHORTAGES INHIBIT THE GROWTH OF AUSTRALIA'S WELDING INDUSTRY

Labour shortages remain the key concern for the welding industry. When asked to select their top two factors, 60% of respondents indicated that labour shortages are most likely to inhibit the growth of their business in 2023 (see Figure 4). This was closely followed by rising labour costs (50%), and rising material costs (45%). When asked what their main concern is right now, 45% confirmed that labour shortages was on the top of their list. The next closest were rising material costs and lack of work, both at 13% (see Figure 5).

50% of welding workshops are operating at 80% of their capacity or below. When asked why this is, a lack of skilled workers was the overwhelming answer. Over 33% of respondents confirmed that a lack of welders was the main reason, as well as a lack of materials (17%).

It is little wonder that 45% of survey respondents (compared to 47% in 2022) have a pipeline of work that extends for six months or longer—this protracted pipeline is necessary in the face of ongoing skills shortages. Another 33% of respondents have a pipeline of work that extends between three and six months. By way of context, this is a marked increase on our 2020 member survey results. In the wake of the COVID-19 pandemic, the most common answers were less than one month (at 28%), one month (19%), and two months (16%).

The welding industry is already taking steps to help overcome these labour shortages. 60% of respondents indicated that they are training or upskilling their existing staff, another 55% are either increasing wages or improving employee benefits, and 32% are leveraging different talent pools, such as apprentices, females and prisoners. Another 57% are either investing in automation and technology, or changing their operational processes (see Figure 6).

Given these figures, it is little surprise that investment priorities for 2023 include staff training and development (32%), business process improvements (30%) and plant and equipment (25%) (see Figure 7).

The majority of respondents (at 37%) will not be looking to skilled migrants to help overcome labour shortages, believing that immigration limits for skilled welders should not be increased. While 28% believe that immigration limits should be increased on a temporary basis for short-term contracts.

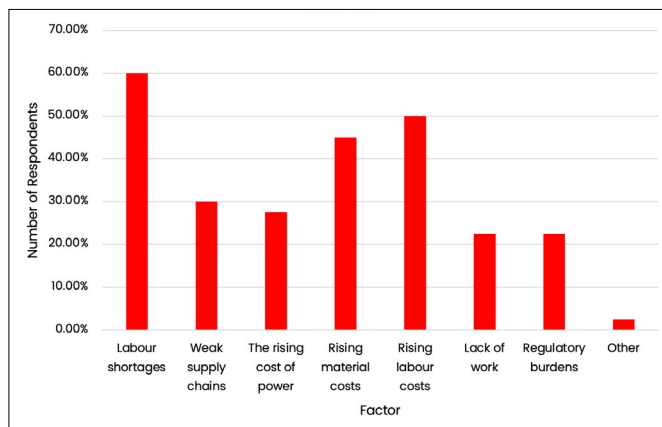


Figure 4. As a business owner or senior manager, what factors are most likely to inhibit the growth of your business in 2023? (Select your top two)

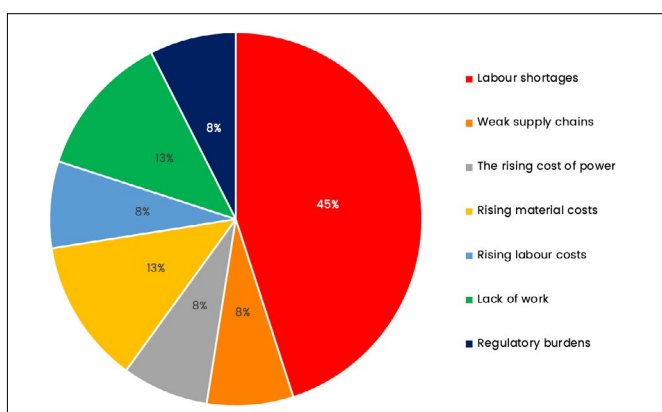


Figure 5. As a business owner or senior manager, what is your main concern right now?

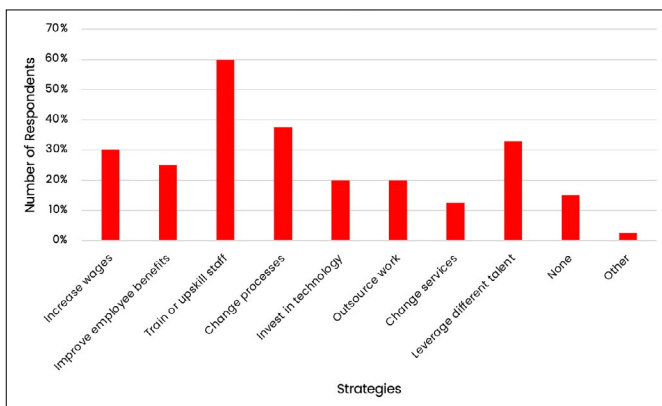


Figure 6. What strategies will your business implement in 2023 to combat staff shortages? (Select all that apply)

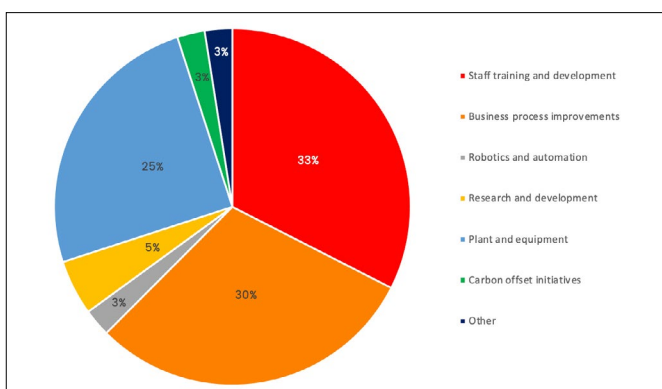


Figure 7. What is the main investment priority for your business in 2023?

Some companies are also looking to advanced welding technology to help overcome skilled labour shortages. The types of technology that the welding industry has planned, in progress or completed include (see Figure 10):

- Industry 4.0 (40%; up from 25% in 2022)
- Robots (36%; up from 28% in 2022)
- Cobots (35%; up from 28% in 2022)
- Augmented or virtual reality (30%; not reported in 2022)
- Drones (32%; not reported in 2022)

The welding industry strongly supports investment into TAFE to help combat labour shortages; 21% support free TAFE for apprentices, 14% support increased funding to upgrade TAFE facilities, and 64% support both options (see Figure 8).

When asked about business indicators for 2022, 82% of respondents indicated that the price of materials had increased, and 85% confirmed that the price of energy had increased. Only 47% indicated that their gross profit margin had increased to help cover these rising overheads. The welding industry expects these overheads to continue to rise this year, with 82% expecting higher materials prices and 85% expecting higher energy prices.

Despite these concerns, market sentiment remains very positive. 88% of respondents rated the prospects of their business as either strong or steady—a 6% increase on 2022 levels (see Figure 9). On average, respondents are 90% confident that their business will be in operation in 12 months' time. This is a 23% improvement compared to our 2020 survey results.

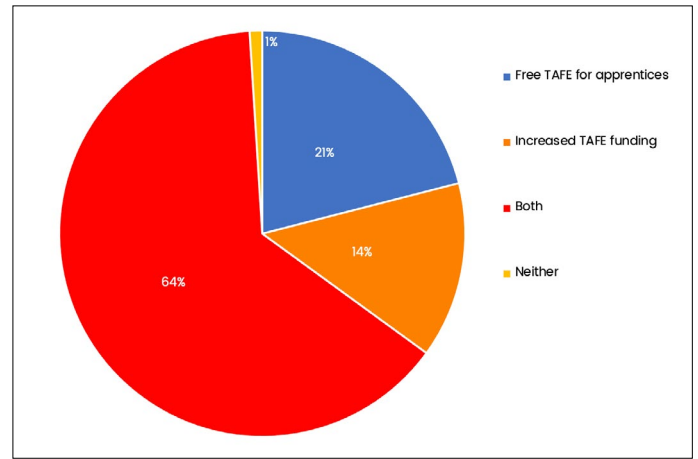


Figure 8. Which of the following TAFE funding initiatives do you support?

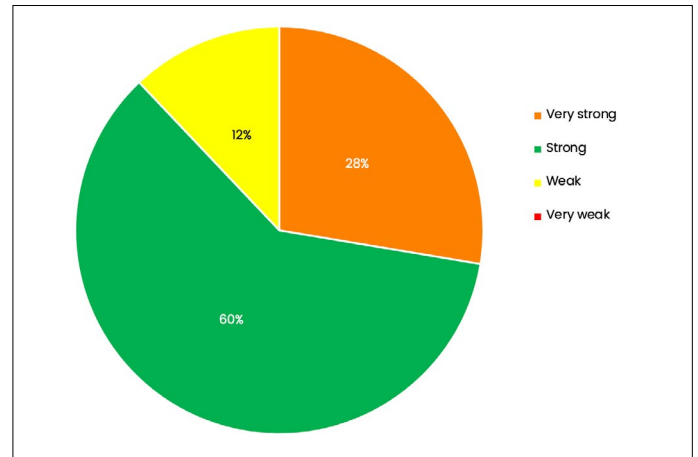


Figure 9. How do you rate the prospects of your business over the next 12 months?

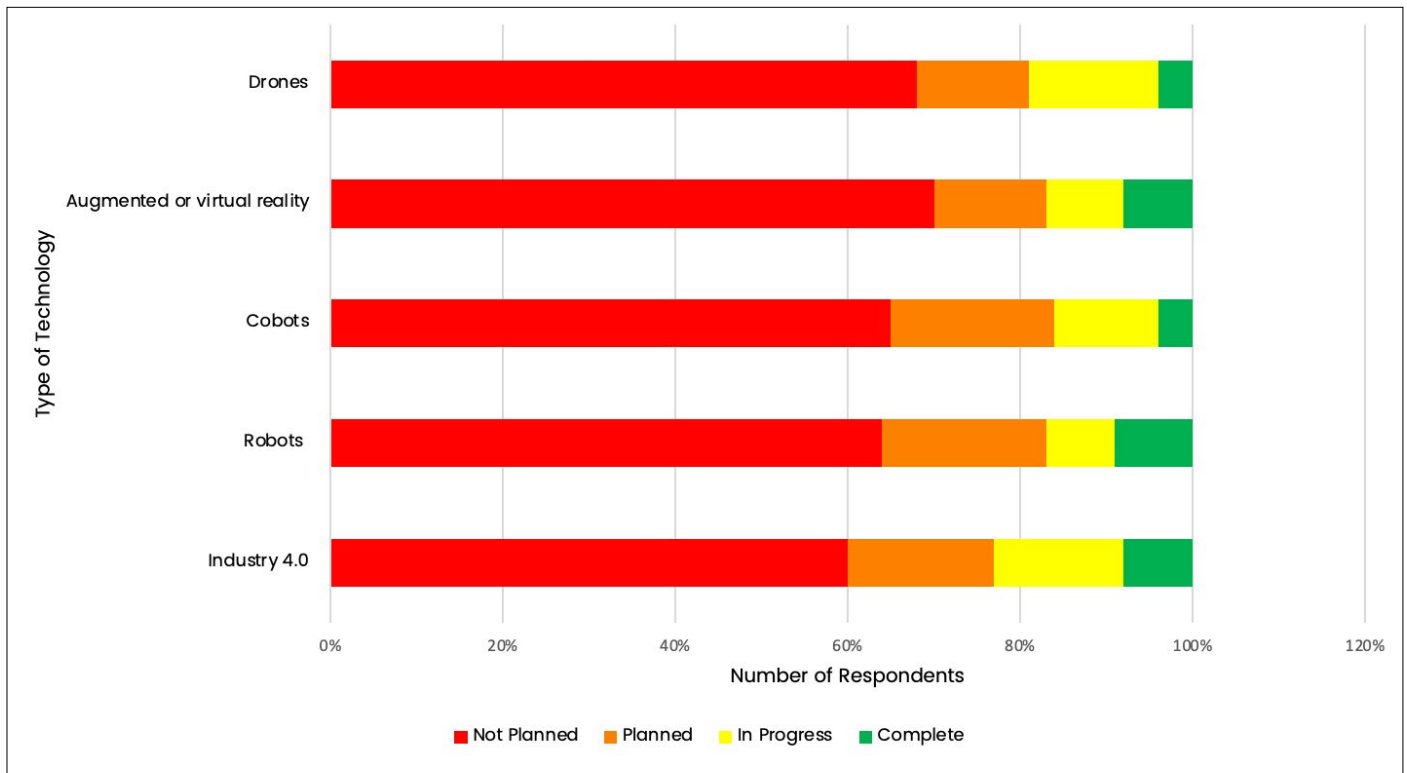


Figure 10. Has your business, or the business you work for, invested in advanced welding technology?

INDUSTRY NEEDS GOVERNMENT SUPPORT TO REDUCE CARBON EMISSIONS

The Australian Government has legislated emissions reductions targets of 43% (on 2005 levels) by 2030 and net zero by 2050. These targets are enshrined in law in the Climate Change Act 2022. These targets will play a key role in limiting global temperature increases and ensuring Australia’s transition to a low carbon future, consistent with our commitments under the Paris Agreement.

According to the survey results, the majority of the Australian welding industry (62%) supports the emissions reduction target of 43% (on 2005 levels) by 2030 and net zero by 2050. In addition, 70% of respondents would support a Federal Government package to help employees transfer from carbon intensive to carbon free industries.

However, 75% of respondents believe that Australia’s governments are not doing enough to help industry transition to net zero emissions by 2050. Clearly, Australian governments need to consider policy and funding opportunities to support industry in decarbonising and reducing their carbon emissions if they want to achieve their targets.

Industry is already undertaking a range of measures designed to improve their sustainability performance and credentials, and has made significant headway in the last 12 months.

Measures that the welding industry has planned, in progress or completed include:

- Installing LED or sensor lighting (80%; up from 53% in 2022)
- Waste reduction programs (78%; up from 46% in 2022)
- Recycling, upcycling and repurposing programs (75%; up from 46% in 2022)
- Digital transformation (73%; up from 33% in 2022)
- Water use reduction programs (60%; not recorded in 2022)
- Installing solar panels (60%; up from 41% in 2022)
- Implementing a net zero carbon plan (50%; up from 13% in 2022)
- Purchasing electric or hybrid vehicles (39%; not recorded in 2022)
- Power factor correction (39%; up from 10% in 2022)

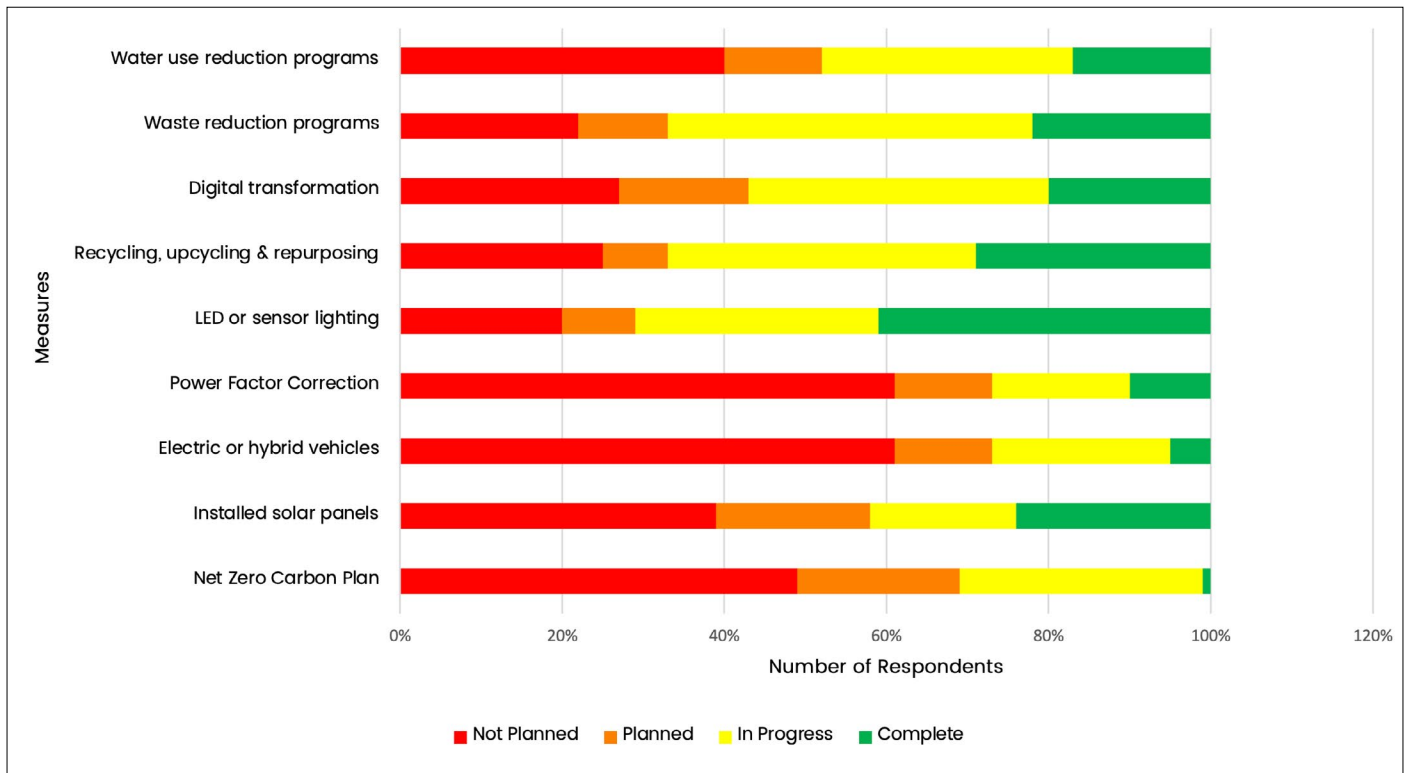


Figure 8. Has your business, or the business you work for, invested in sustainability initiatives?

SOCIAL AND CORPORATE GOVERNANCE

The welding industry is clearly taking a broad approach to sustainability that encompasses social and governance priorities in addition to sustainability.

Once again, industry is already undertaking a range of measures designed to improve their social and corporate governance, and has made significant headway in the last 12 months.

Measures that the welding industry has planned, in progress or completed include:

- Implementing a Reconciliation Action Plan (53%; up from 31% in 2022)
- Opportunities for apprentices and trainees (81%; up from 63% in 2022)
- Opportunities for women (81%; up from 63% in 2022)
- Diversity and inclusion initiatives (74%; up from 63% in 2022)
- *Modern Slavery Act* initiatives (52%; up from 33% in 2022)
- Mental health and fitness programs (79%; up from 59% in 2022)
- Employee wellbeing programs (80%; not recorded in 2022)

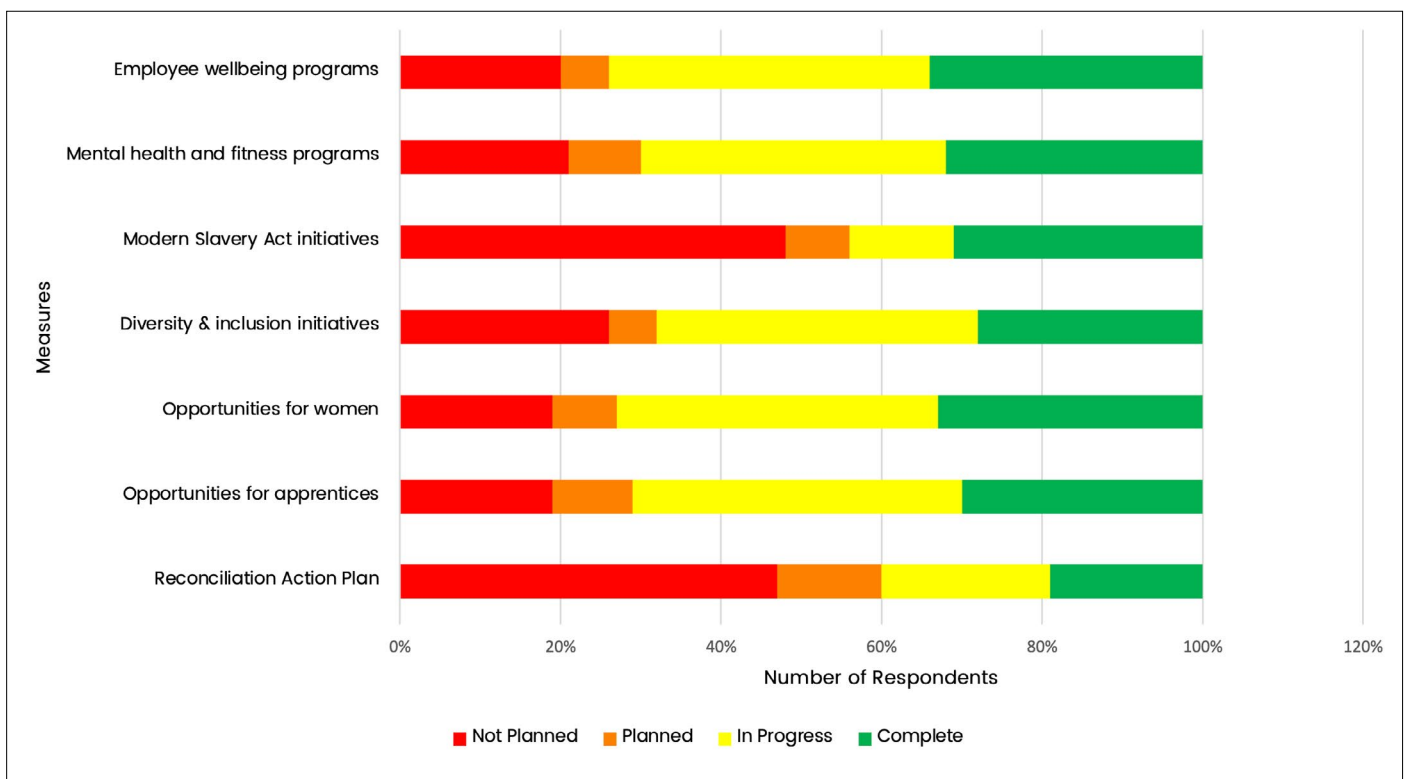


Figure 8. Has your business, or the business you work for, invested in social and corporate governance initiatives?



LABOUR SHORTAGES WILL MAKE MANUFACTURING THE RENEWABLE ENERGY REVOLUTION ALMOST IMPOSSIBLE WITHOUT GOVERNMENT SUPPORT

Weld Australia has released the results of its 2023 Member Survey. The results demonstrate that Australia's welding and fabrication industry is facing a whole raft of challenges that will make the delivery of the Federal Government's plans for a renewable energy revolution almost impossible—from severe labour shortages that are inhibiting the growth of the welding industry, through to rising material and labour costs. The Federal Government must step in and provide real support to industry to make the renewable energy revolution a reality.

According to Geoff Crittenden (CEO, Weld Australia), "Distributed in March 2023 and completed by over 130 companies, our 2023 Member Survey indicates that labour shortages, and the rising cost of materials, energy and labour remain high on the agenda for the welding industry. Without funding and support from governments at all levels, these challenges will make it nearly impossible for industry to deliver the necessary manufacturing capability required for the Federal Government's ambitious renewable energy revolution."

When asked to select their top two factors, 60% of survey respondents indicated that labour shortages are most likely to inhibit the growth of their business in 2023. When asked what their main concern is right now, 45% confirmed that labour shortages was on the top of their list. 50% of Australia's welding workshops are operating at 80% of their capacity or below. When asked why this is, a lack of skilled workers was the overwhelming answer.

"With a considerable volume of work being onshored and a greater sentiment in the market to 'buy local', Australian fabrication companies are so strapped for skilled welders that they are operating well below capacity. They are being forced to turn down jobs because they simply don't have the manpower to complete the work," said Crittenden.

"How then, will Australian fabricators cope with the influx of work required to make the Federal Government's renewable energy revolution reality?"

The Federal Government has legislated emissions reductions targets of 43% (on 2005 levels) by 2030 and net zero by 2050. These targets will necessitate the construction of new infrastructure on a massive scale. Australia's existing renewable energy generation of 64GW is forecast to grow to over 218GW by 2050. This will comprise 90GW of wind, 39GW of solar, 18.7GW of water, and 35.9GW of battery storage.

It is expected that over 11,000 wind towers will need to be produced, each requiring 500 tonnes of plate steel for onshore towers, or 750 tonnes for offshore wind towers. To connect all this new generation to consumers, AEMO estimates more than 10,000km of new transmission lines and 25,000 transmission towers (at 30 to 60 tonnes of steel per tower) will need to be constructed.





“All this the renewable energy infrastructure will require a veritable army of skilled workers, including welders,” said Crittenden. “Australia will have a shortfall of at least 70,000 welders by 2030.”

And yet, 45% of survey respondents (compared to 47% in 2022) already have a pipeline of work that extends for six months or longer—this protracted pipeline is necessary in the face of ongoing skills shortages. Another 33% of respondents have a pipeline of work that extends between three and six months. This is a marked increase on Weld Australia’s 2020 member survey results; the most common answers were less than one month (at 28%), one month (19%), and two months (16%).

“While our governments can wish, and hope, and make public pledges about Australia’s transition to renewable energy, at the moment, we simply do not have the sovereign manufacturing capability to make this a reality,” said Crittenden.

“According to the results of our survey, at 62%, the majority of the Australian welding industry supports the Government’s carbon emissions reduction targets,” said Crittenden.

“However, 75% of the welding and fabrication industry believes that Australia’s governments are not doing anywhere near enough to support industry in achieving these targets. Our governments will need to consider policy and funding opportunities, reduce red tape and regulatory barriers, and support local investment to enable the renewable energy transition.”

“Without a massive investment in fabrication and steelmaking facilities, skills and training in each state, and real, practical support for local industry, Australia’s renewable energy revolution will simply not be a reality,” said Crittenden.

In the meantime, the welding industry is taking steps to try to overcome these labour shortages—without government support. 60% of respondents indicated that they are training or upskilling their existing staff, another 55% are either increasing wages or improving employee benefits, and 32% are leveraging different talent pools, such as apprentices, females and prisoners. Another 57% are either investing in automation and technology, or changing their operational processes. The welding industry strongly supports investment into TAFE to help combat labour shortages; 21% support free TAFE for apprentices, 14% support increased funding to upgrade TAFE facilities, and 64% support both options.

The welding industry is also investing in its own sustainability performance and credentials, and has made significant headway in the last 12 months. Some of these measures include: installing LED or sensor lighting (80%; up from 53% in 2022); waste reduction programs (78%; up from 46% in 2022); recycling, upcycling and repurposing programs (75%; up from 46% in 2022); and implementing a net zero carbon plan (50%; up from 13% in 2022).

Australia’s welding industry is also concerned about rising labour costs and rising material costs, with 50% and 45% (respectively) of respondents indicating that they could inhibit their business growth this year. Only 47% of respondents indicated that their gross profit margin had increased over the last 12 months to help cover these rising overheads. Alarming, the welding industry expects these overheads to continue to rise this year, with 82% expecting even higher materials prices and 85% expecting even higher energy prices.



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