Oil, Gas and Mining People

APRIL 2016

DFP Mining and Resources Job Index

Introduction

Welcome to the latest edition of the DFP Mining and Resources Job Index which provides month end data for April 2016.

The Mining and Resources employment sector rose 0.7% in April with the DFP Mining and Resources Job Index rising from 48.98 to 49.32. The level this month is identical to that reported back in December 2015 showing the market has recovered some lost ground. The Temporary and Contract market experienced some welcome growth as job opportunities rose a further 6.8%, while the Permanent market fell by 3.2%. The Western Australian market remains weak, falling another 4%. Queensland continues its road to recovery rising a further 9%, its third month of positive figures in succession. While Mining Services has not performed well in early 2016, the Oil and Gas Extraction sector continues its slow revival with 4 successive months of growth.

We welcome all comments and observations. Our aim is to deliver research that is timely and informative to employers, job seekers and those with an interest in the Australian Mining and Resources job market.

National Job Index

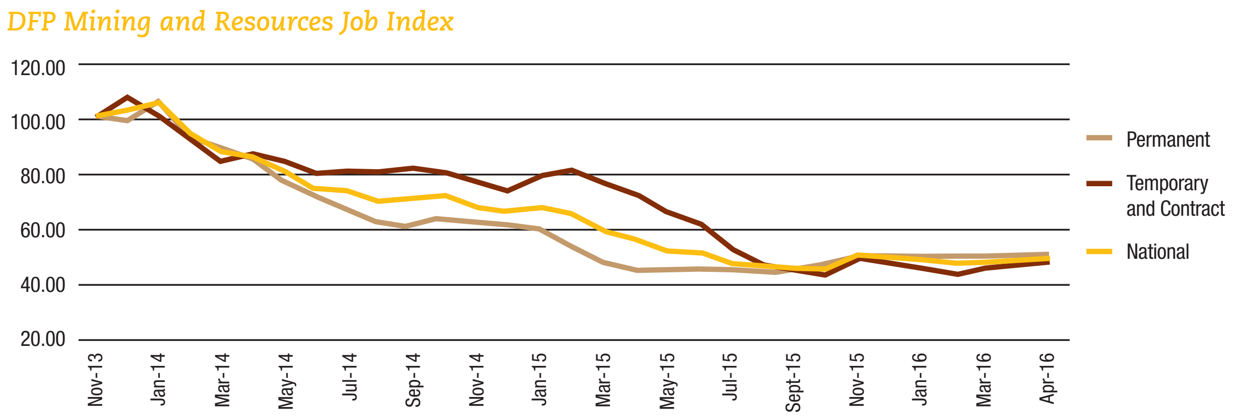

Chart 1: National Index and Job Type Analysis

The Mining and Resources employment sector experienced a small positive improvement with the DFP Mining and Resources Job Index rising 0.7% from 48.98 to 49.32. The level this month is exactly the same as that reported back in December 2015, so the market has already recovered some lost ground as job opportunities in the sector are now 7.1% higher than 6 months ago.

Substantial growth was seen in the Temporary and Contract market where job opportunities rose a further 6.8% in April. Despite consecutive rises in March and April, demand is still 31.7% below that seen 12 months ago.

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National Job Index *(continued)*

The permanent market fell by 3.2% in April, however, it has shown consistency, rising 4.7% over 6 months and 7.7% over 12 months. The Permanent index and Temporary and Contract index sit in near identical positions of 49.30 and 49.35 respectively.

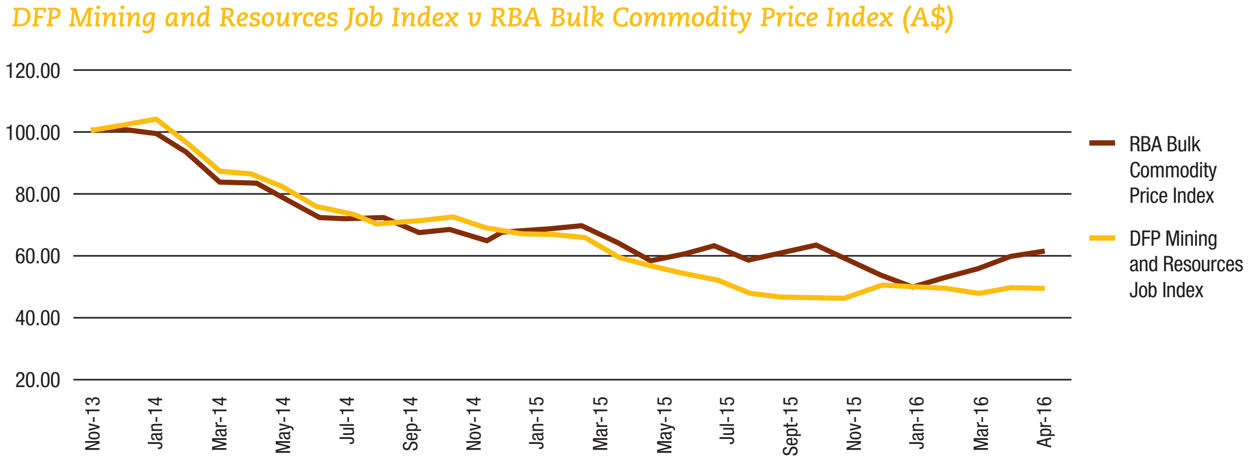


Chart 2: Comparison between the National Index and the RBA Commodity Price Index

The RBA's measure of bulk commodity prices reached a low point in December 2015. Since then their index has risen 23%. Over the corresponding period, job opportunities have hardly moved. We have commented previously that this is not surprising given the extent of price falls and the uncertainties surrounding demand from China. However, it can still be viewed as an encouraging sign, that the mining and resources jobs market will inevitably move up as prices and confidence grows.

Whilst the downturn was anticipated to a degree, as major investment eased, the dramatic fall in key commodity prices was much less forecast. Although we have seen a rise in the prices and profitability in early 2016, employment is likely to lag rather than lead. If prices continue to improve, we can anticipate increased recruitment activity and a more favourable market for job seekers.

State Analysis

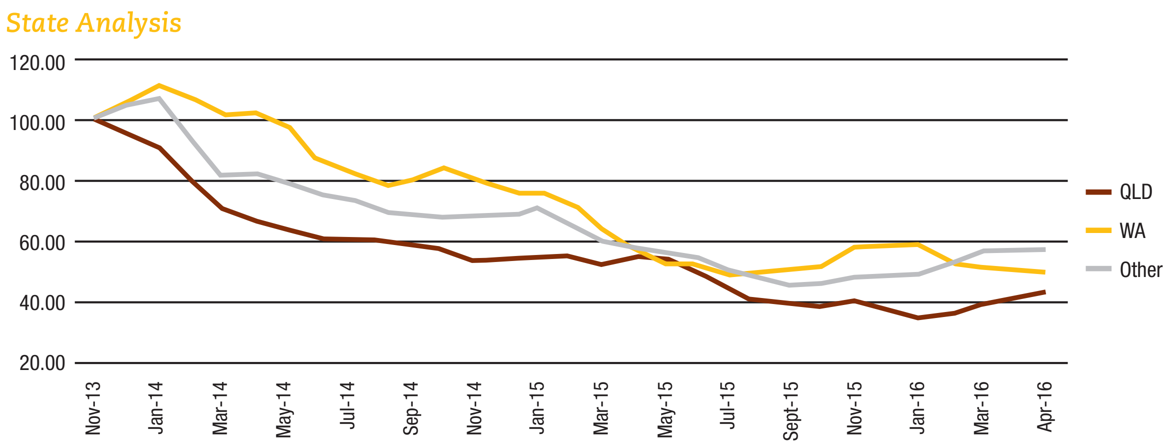
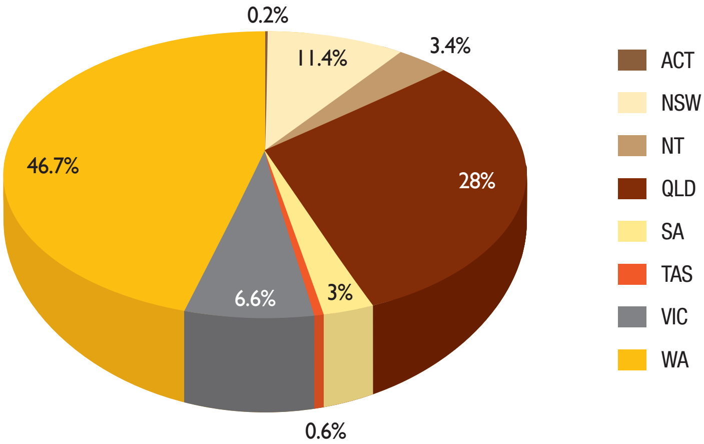


Chart 3: Comparison of State Job Indices against the National Norm

The Western Australian market remains stubbornly weak. It drifted down another 4% in April taking its quarterly loss to 14.3%. As the WA market showed signs of improvement in late 2015, this quarterly loss is now greater than the annual decline, which now sits at just 12.9%.

State Analysis *(continued)*

State Proportions



Queensland continues its slow road to recovery. It rose a further 9%, its third month in succession. But at 42.27, its index is still 22.5% lower than a year ago and considerably weaker than the WA index which is now at 50.43.

The graph shown left provides a breakdown of the proportions of each state and territory:

The disappointing month for WA weighed heavily on its percentage of the national jobs tally. At 46.7%, it sits well down on the over 50% results it recorded regularly in the past.

Chart 4: Analysis of Job Advertisements by State and Territory

Sub Sector Analysis

Sub Sector Analysis

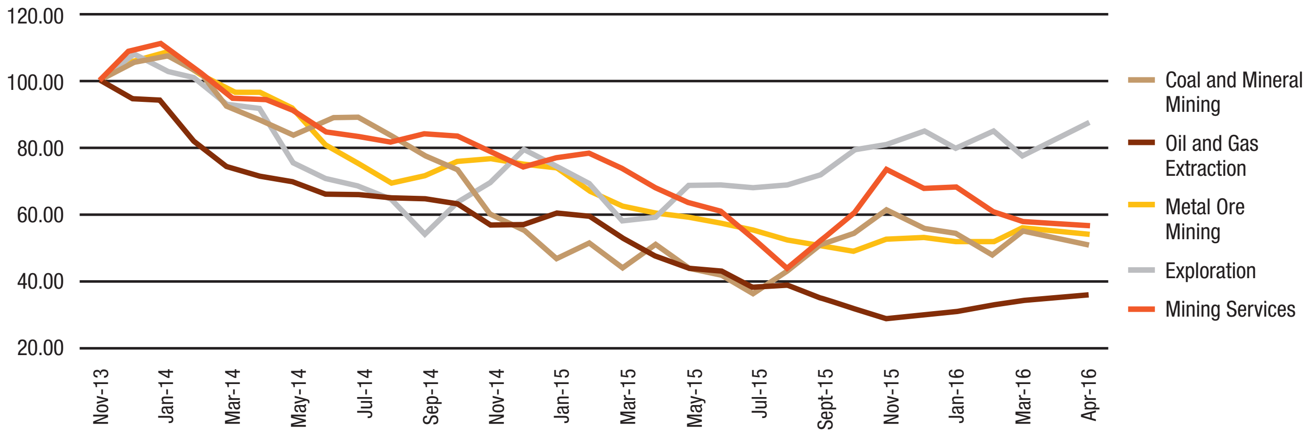


Chart 5: Analysis of Job Vacancies by Sub Sector

The improvement in commodity prices has had the most positive impact on the Exploration sector. Demand has increased by 8.5% in the last quarter. Exploration by its very nature is not a large employer, but as investment is based heavily on risk and return, it is more vulnerable to price falls and also seeing job opportunities expand as prices rise.

Demand for staff from Metal Ore miners slipped by 1.4% in April, however, this does follow a strong rise of 6.3% in March. Over the last 6 months demand has risen 10.6%, albeit from a low base. The index, at 54.5, is now 10% lower than a year ago and recent gains provide more cause for optimism.

Sub Sector Analysis *(continued)*

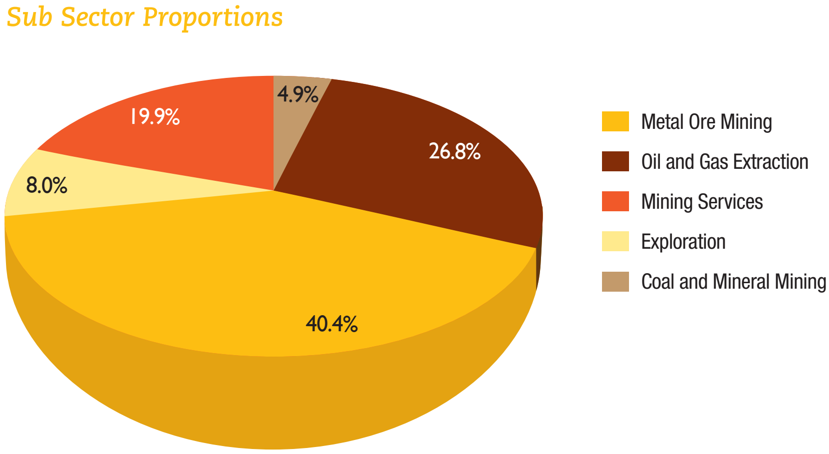


Chart 6: The Proportion of Job Vacancies by Sub Sector

The Oil and Gas Extraction sector continues its slow revival. Four successive months of growth have lifted the index from its all time low in November 2015 of 29.61 to 34.05. The annual decline remains a significant 36.2%.

Mining Services has not performed well in early 2016. It slipped 2.5% in April and has fallen 17.2% in the last quarter, reversing the gains seen in the latter part of 2015.

The recent strength in Exploration has seen its market share of vacancies rise to 8% in April. This is the largest proportion measured since we commenced recording in 2013. Its growth is as much a result of the decline in volumes in the larger sectors as it is growth in Exploration job opportunities. The recently announced A$100 – million funding towards Exploring for the Future programme is another welcome boost for the sector.

High Level Occupational Analysis

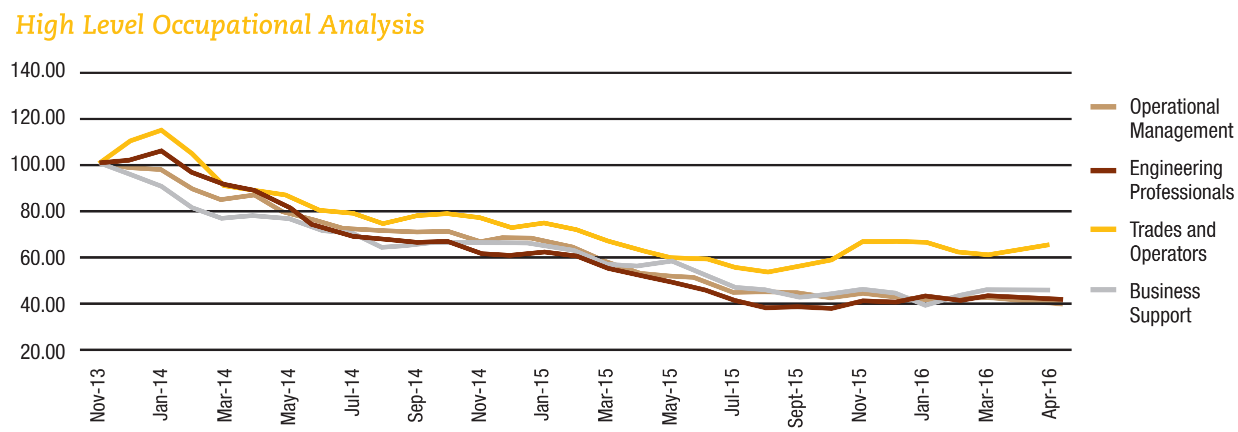


Chart 7: Analysis of Job Advertisements by Occupational Group

Trades and Operators job advertising volumes returned to positive territory in April, rising a robust 5% and with an index at 64.36, it is well ahead of all other main occupational categories in the Mining and Resources sector.

The other improver was Business Support which covers more "head office" functions such as finance, IT and sales. This grew 1.7% in April and has been increasing in recent months. This may be the result of employers starting to back fill critical roles following previous downsizing.

Operational Management and Engineering followed very similar paths in April dropping 4.1% and 2.0% respectively.

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Operational Management

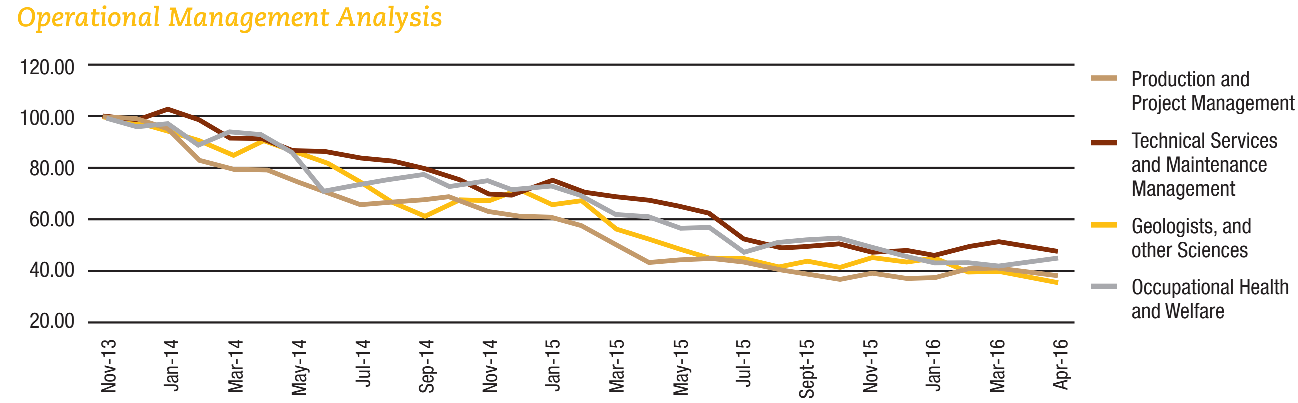

Chart 8: Analysis of Job Vacancies across Operational Management Occupations

April saw the first improvement in OH&W job opportunities, which has been a category that has steadily declined since 2014. The index rose from 41.63 to 43.85, a 5.3% increase, the first rise since October last year.

The other 3 occupational categories fell. The decline in Technical Services and Maintenance Management is particularly concerning. It fell 4.6%, less than Production and Project Management, and the 28.2% annual fall will have severely impacted career opportunities. These occupations did not fall as sharply early in the downturn as companies needed to maintain plants even when production diminished, however its decline continues.

Geologists and Geophysicists have suffered similar results with demand falling 31.8% in just 12 months. Even the improvement in demand from exploration companies has been unable to stem the flow with demand falling 7.4% in April.

Engineering Professionals

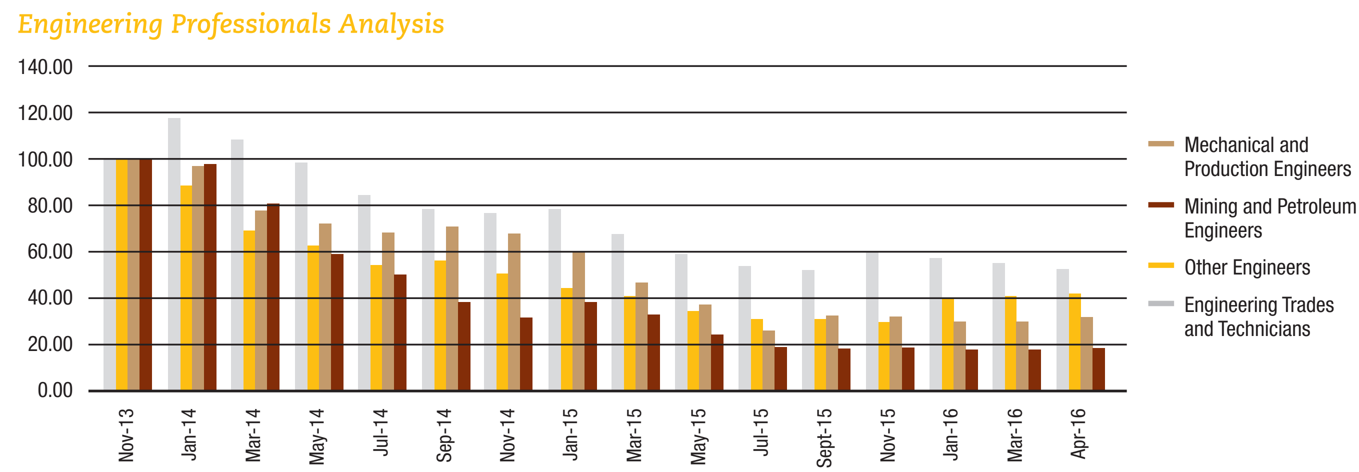

Chart 9: Analysis of Job Vacancies across Engineering Occupations

Once again the major gain in job vacancies was in Other Engineers which expanded by 4.7% to leave the index on 41.3%, its best level since February 2015. Job opportunities for Mechanical and Production Engineers also grew, by 7.7%. Demand has improved by 14.9% since its all time low last October but job opportunities are still down a staggering 36.4% over 12 months, so there is still plenty of scope for further increases as the market improves.

Demand for Mining and Petroleum Engineering professionals managed a rise of 2.1%. However at 18.06 this still sits 48.2% below April last year. Comfort can be taken from the relative stability since August last year.

Trades and Operators

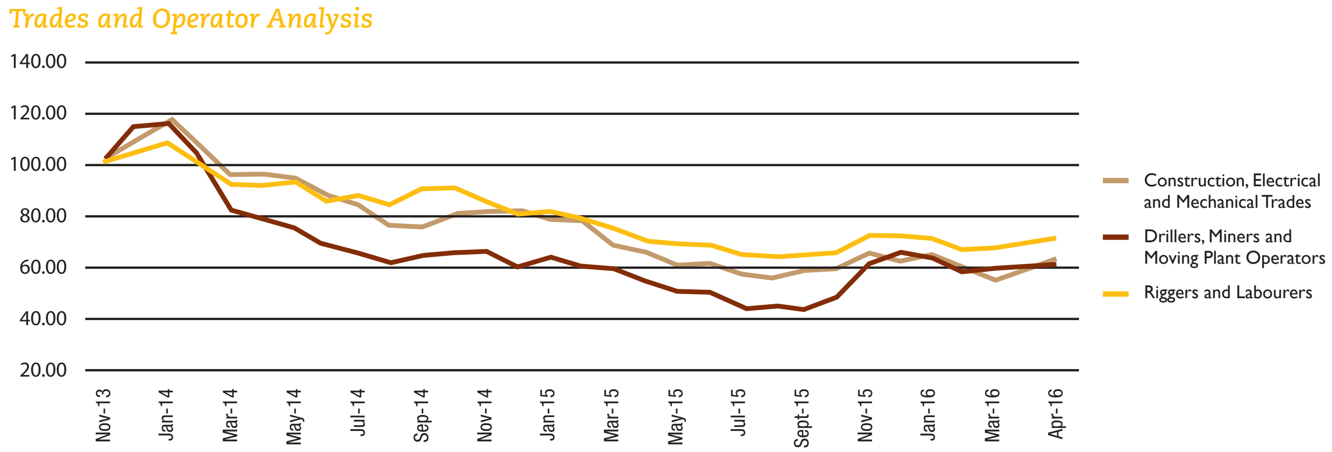

Chart 10: Analysis of Job Vacancies across Mining and Resources Trades and Operators

Last month we commented on the surprisingly weak start for the year for Construction, Electrical and Mechanical Trades. This month the market bounced back strongly, growing a very healthy 11%. That still leaves it 2.3% down for the quarter but a marked improvement on the past few months. Demand is also down 6.7% year on year, the weakest category within the broader Trades and Operators category. This is seen as a result of the contraction in the investment phase of the mining boom.

Demand for Drillers, Miners and Moving Plant Operators has basically flat lined in 2016. Demand is up 10.2% year on year because of the lift in demand in Q4 of 2015.

The market for Riggers and Labourers has also been very flat, with no change over 3 months and up just 0.6% over 12 months. However, the index remains very high relative to all other professions and occupations and at 71.06, it's the strongest of all Mining and Resource occupational categories.