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 August 2016.

The Mining and Resources employment sector experienced another rise of 3.5% with the DFP Mining and Resources Job Index increasing to 53.05 in August. With further encouraging signs of growth, national vacancies are now 11% higher over the past 6 months and 14.8% higher than a year ago. The Temporary and Contract market is leading the way, rising another 7.6% and the Permanent market continues to show tentative signs of recovery. Western Australia's job vacancies have increased by 8.9% over the quarter, to continue its dominance of the national market share. The nations second biggest employer of mining and resources staff, Queensland, also welcomed some positive news with a 4% rise in August. Metal Ore Mining employment continues to strengthen whilst the Oil and Gas sector remains flat. Of the operational categories, Operational Management and Trades and Operators are showing healthy signs of sustained 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

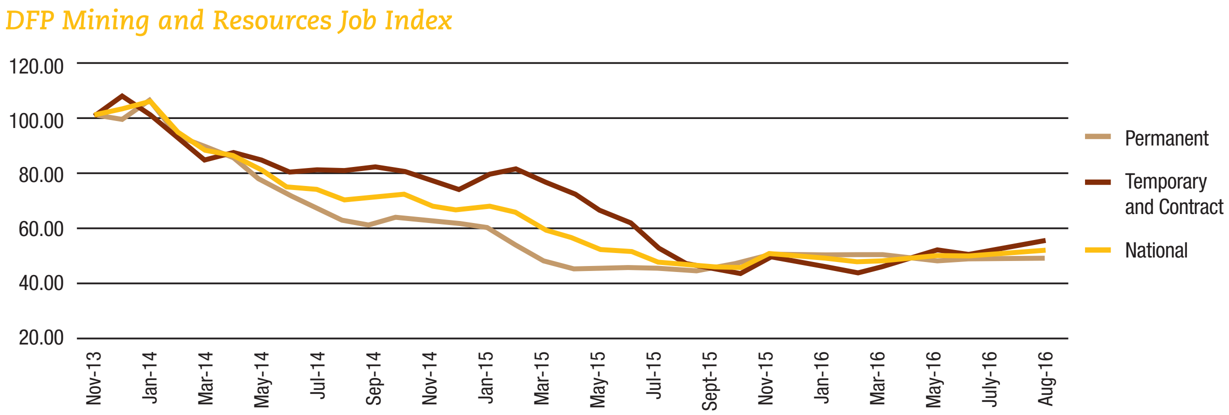

Chart 1: National Index and Job Type Analysis

August saw further improvements in employment prospects in the mining and resources sector with the DFP Mining and Resources Job Index rising 3.5% from 51.26 to 53.05. This is the second consecutive monthly rise, after job vacancies rose 2.5% in July. The index is now 11% higher than 6 months ago and it's also the highest level since May 2015. While the market stabilised in the second half of 2015 and early 2016, we are definitely starting to see a more positive hiring trend emerge.

National Job Index *(continued)*

The majority of this improvement was in the Temporary and Contract market where job opportunities rose by a very encouraging 7.6%. Demand for temporary and contract staff is up 9.5% in the last quarter and 19.5% year on year. It is not uncommon for employers to return to the employment market after a period of absence using contingent labour until they feel sufficiently confident to recommence additional permanent headcount.

The permanent market is also showing tentative signs of recovery, increasing by 0.5% in August on top of last months 0.3% rise. Demand has remained very flat during 2016, however, with the pick up in demand seen late last year the current level is still 11.4% higher than a year ago.

DFP Mining and Resources Job Index v RBA Bulk Commodity Price Index (A$)

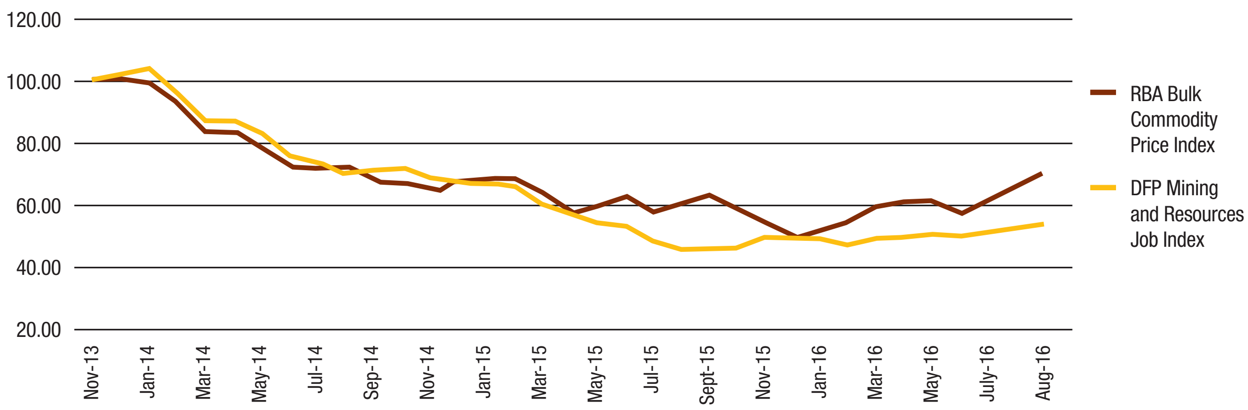

Chart 2: Comparison between the National Index and the RBA Commodity Price Index

August saw another substantial rise in the RBA's measure of bulk (non rural) commodity prices. It rose a further 8.6% in August on top of the 9.2% rise in July. This year has seen a fairly clear trend appear in the strengthening of key resource prices. The RBA's index is now at its highest point since August 2014.

Employers are taking a cautious approach towards hiring which is understandable. What is particularly encouraging for job seekers is that there is clearly potential for further increases in recruitment activity once employers are convinced that recent price rises are more likely to be sustained.

State Analysis

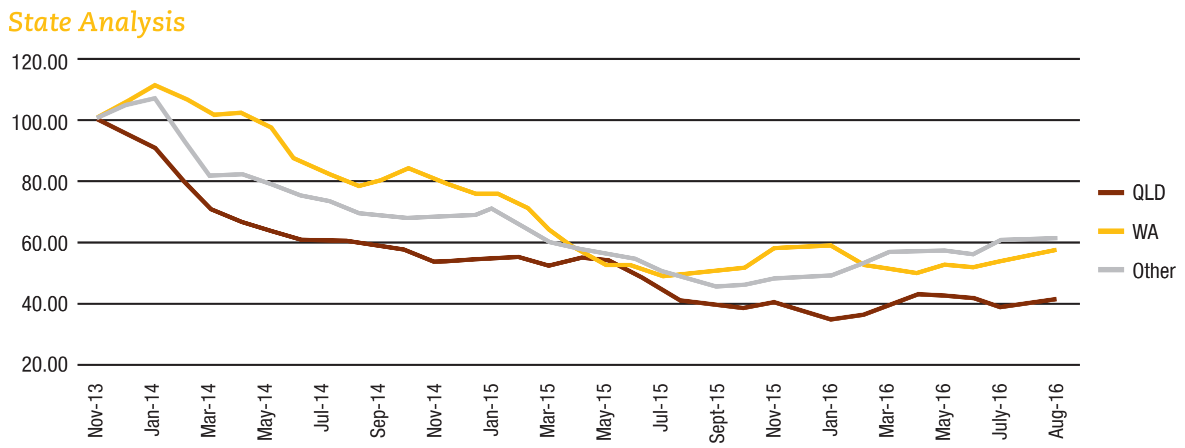

Chart 3: Comparison of State Job Indices against the National Norm

August proved another good month for Western Australia with job opportunities in the state rising a further 5%. This was the third rise in 4 months and contributed to an 8.9% rise in the quarter, taking demand back to a level last seen in late 2015. Demand in WA has expanded by 16.3% over 12 months, albeit off a low base.

Good news also for Queenslanders where demand rose by 4% in August. However, demand is just 4.4% above this time last year. The positive signs of improvement in WA are not replicated in Queensland, but if base commodity prices can maintain their current level or rise further, we should finally see some signs of improvement in Queensland.

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

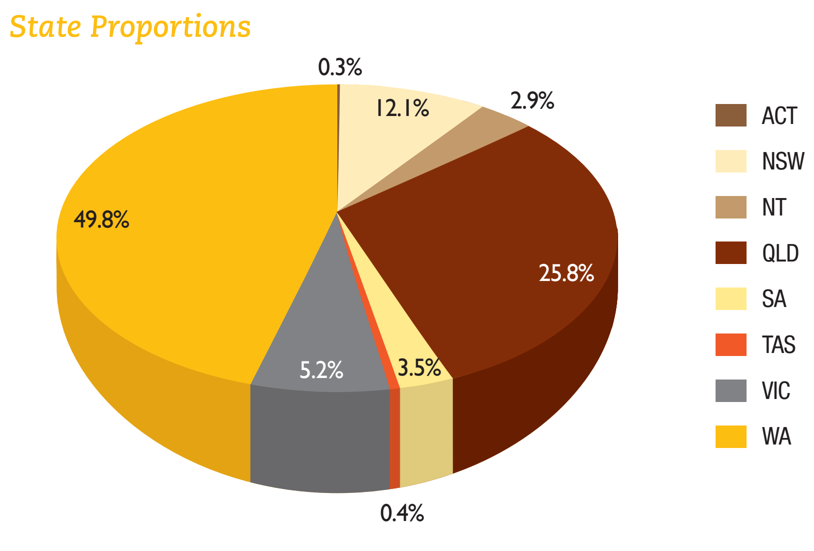

Chart 4: Analysis of Job Advertisements by State and Territory

Western Australia's share of the national market continues to grow. In August it achieved almost half of the entire national market of vacancies with an impressive 49.8% share.

Sub Sector Analysis

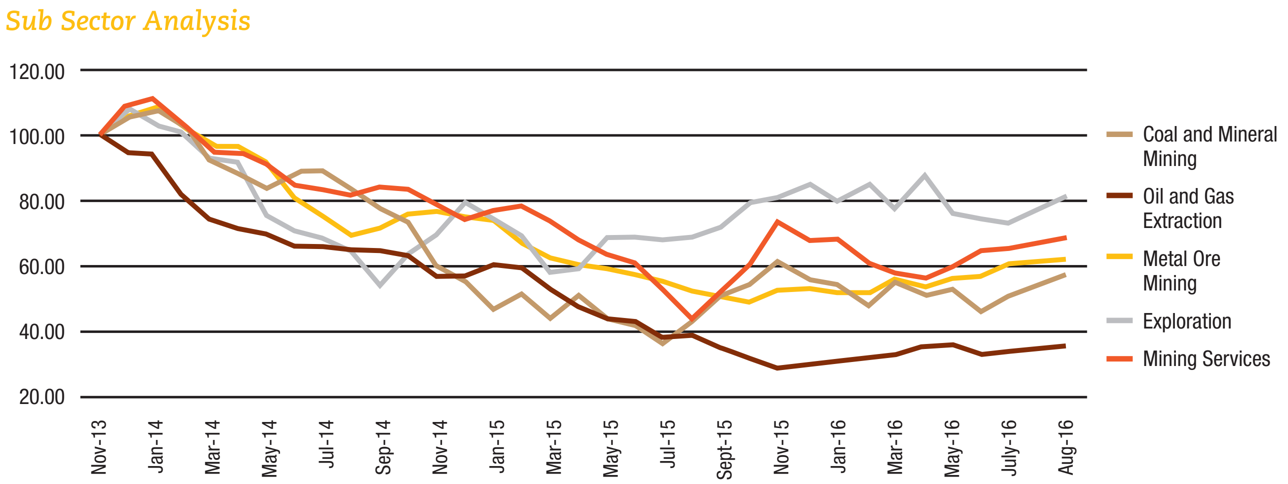

Chart 5: Analysis of Job Vacancies by Sub Sector

Metal Ore Mining continues to show good signs of improvement. Job opportunities rose 3.5% in August, contributing to 8.7% growth in 3 months and 17.2% in a year. The index is at 61.46, its highest level since March 2015. Coal Mining is also starting to show signs of improvement. Demand for staff in the coal sector has now picked up 5.6% in the last quarter and 16.5% over 6 months. The index, at 56.42, is also the highest it has been since March 2015.

Mining Services is another area where demand has accelerated of late. It has seen rises of 3.8% in the last month and 11.6% in the quarter. It is possible that mining companies may decide to outsource some functions to third party suppliers to pass risk down the supply chain should the market fall again.

Conversely, the Oil and Gas sector remains depressed. Demand is still down 6.3% over the last 3 months and 11.5% over the last 12 months. While crude oil prices did rise in August, prices remain very volatile. Not surprisingly, employers seem reluctant to recommence hiring and the index remains very low at 34.36.

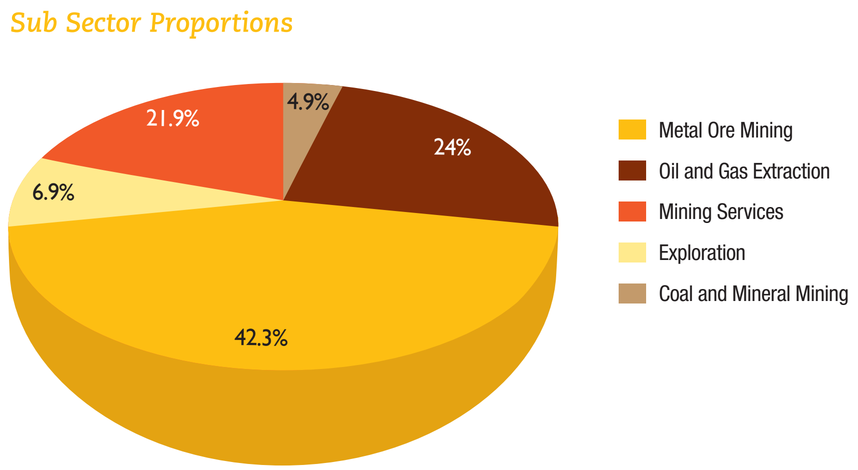

Chart 6: The Proportion of Job Vacancies by Sub Sector

The above chart shows how important it is to the whole mining and resources sector for conditions to improve in the Oil and Gas sector. It still represents nearly a quarter of all vacancies and as it continues to struggle, it holds back the overall market.

High Level Occupational Analysis

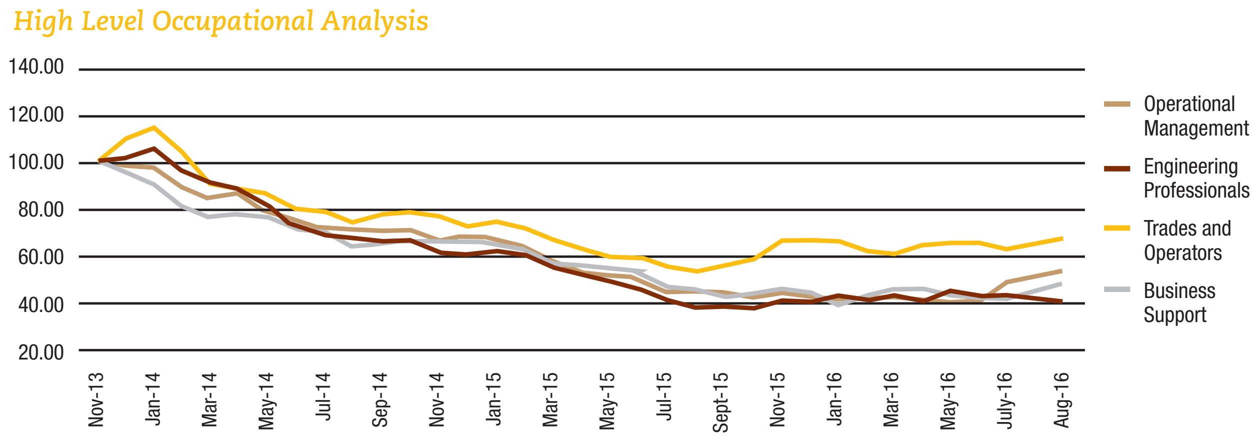

Chart 7: Analysis of Job Advertisements by Occupational Group

Operational Management is again at the forefront of jobs growth, recording its fourth rise in succession. Job opportunities now sit 15.6% higher than a year ago. Demand hit an all time low in April, but the market has improved considerably since then.

Likewise, Trades and Operators are enjoying improved market conditions. Demand rose 6.2% in August after a small fall in July. The index sits at 68.18 and it has consistently been the strongest performing occupational category.

Only engineers saw demand retreat once more. A 4.4% fall allowed the index to slip to 40.63, its lowest level since October 2015. It's this weakness that has led the Association of Professional Engineers Australia to ask for further engineering occupations to be removed from the Department of Immigration's Skilled Occupations List, in addition to Mining and Petroleum Engineers being removed on 1 July 2016.

Operational Management

Operational Management Analysis

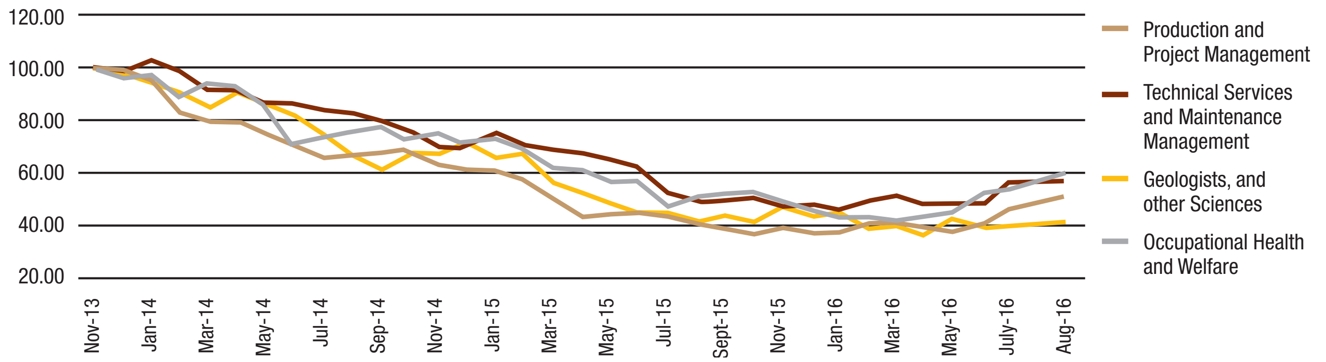

Chart 8: Analysis of Job Vacancies across Operational Management Occupations

Production and Project Management was the stand out performer in the Operational Management category. Job opportunities rose 6.6% in August following an equally strong rise in July. Demand has risen 23.2% in the last 12 months and the index, at exactly 51.00, is at its best since February 2015.

Demand for Technical Services and Maintenance Management is also on upward trajectory. While the rise in August was a relatively low 2.8%, we have seen demand rise 20.2% in the last 6 months.

Ironically, Occupational Health and Welfare had an unusually strong month, rising 6.1%, just when the Department of Immigration removed it from the Skilled Occupations List. Increased demand with reduced overseas competition can only improve job prospects for OHS professionals.

Engineering Professionals

Engineering Professionals Analysis

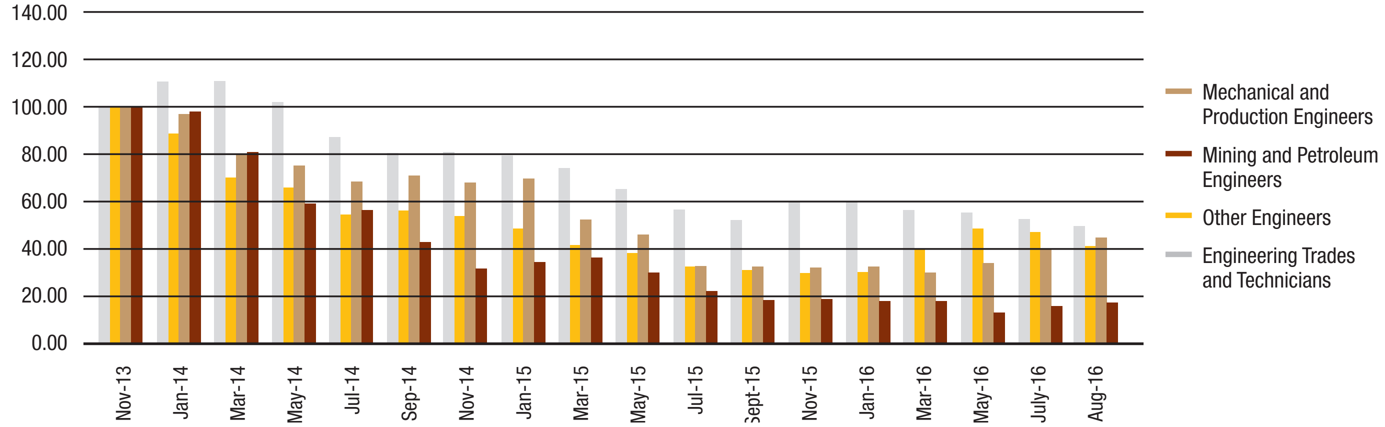

Chart 9: Analysis of Job Vacancies across Engineering Occupations

Mining and Petroleum Engineers enjoyed a rare increase, but only from its record low base of 13.38 set in July. Like their fellow OHS colleagues, the removal of Mining Engineers and Petroleum Engineers from the Skilled Occupations List provides hope for local professionals where job opportunities have been extremely limited.

Engineering Trades and Technicians is on an opposite trajectory as August saw its fourth decline in 5 months, taking it to a new record low of 48.05. However, it remains the strongest engineering occupational sub category, although others, most notably Mechanical and Production Engineers are closing the gap rapidly.

Mechanical and Production Engineers have seen their employment prospects improve considerably of late. They welcomed a fifth consecutive rise, this time by a very healthy 14.1%. The numbers look very impressive with a 32.7% rise over the quarter and up by 70.4% over 12 months. It is worth noting that these increases are coming off a very low base.

Trades and Operators

Trades and Operator Analysis

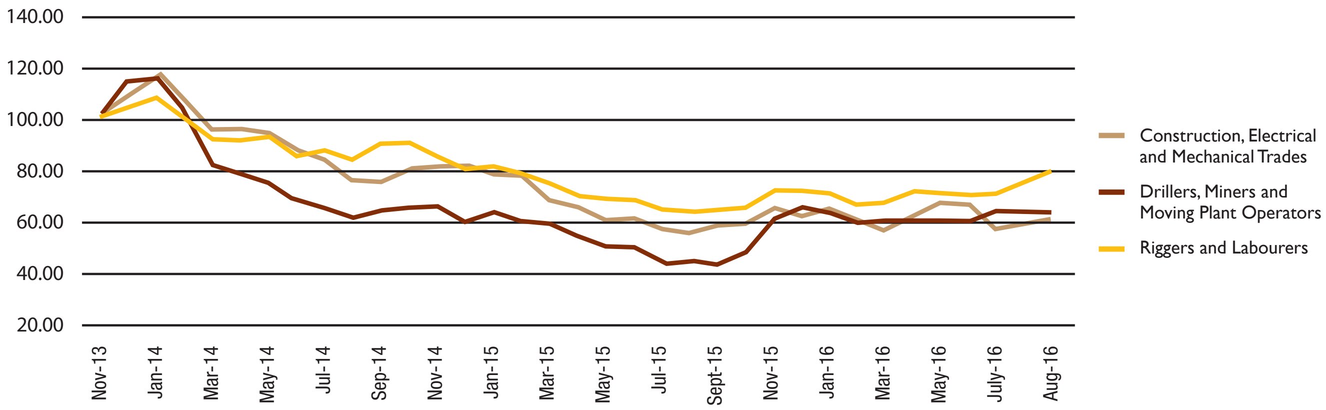

Chart 10: Analysis of Job Vacancies across Mining and Resources Trades and Operators

After a stable period, demand for Riggers and Labourers finally had a significant lift as vacancies in August was up 12.5%. Remarkably it had only grown 0.2% in 6 months prior. The index has now jumped to 80.02, its highest level in just over 18 months, since January 2015.

Surprisingly the market for Drillers, Miners and Moving Plant Operators has not reacted nearly as positively as so many other occupations. It rose only 0.7% and is up just 6.2% in 6 months. But it did enjoy particularly healthy growth late last year. Possibly employers hired this occupational group strongly in anticipation of earlier growth and have since taken a more conservative approach.