Oil, Gas and Mining People

MAY 2017

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 May 2017.

Vacancies in mining and resources employment increased 3% with the DFP Mining and Resources Job Index rising from 66.90 to 68.85 in May. This reversed the fall in April which could primarily be attributed to a seasonal slowdown over the Easter break. Job opportunities are now 36.3% higher than a year ago. Once again the permanent market expanded strongly rising 3.7%, while temporary and contract roles also rebounded, rising 1.9%. Both Western Australia and Queensland performed well in May. While WA performed slightly better rising 3.8%, it also fell substantially more in April. Metal Ore Mining declined further with vacancies contracting 6.1%. Job opportunities in all high level occupations increased with Engineering Professionals remaining the fasting growing sector.

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

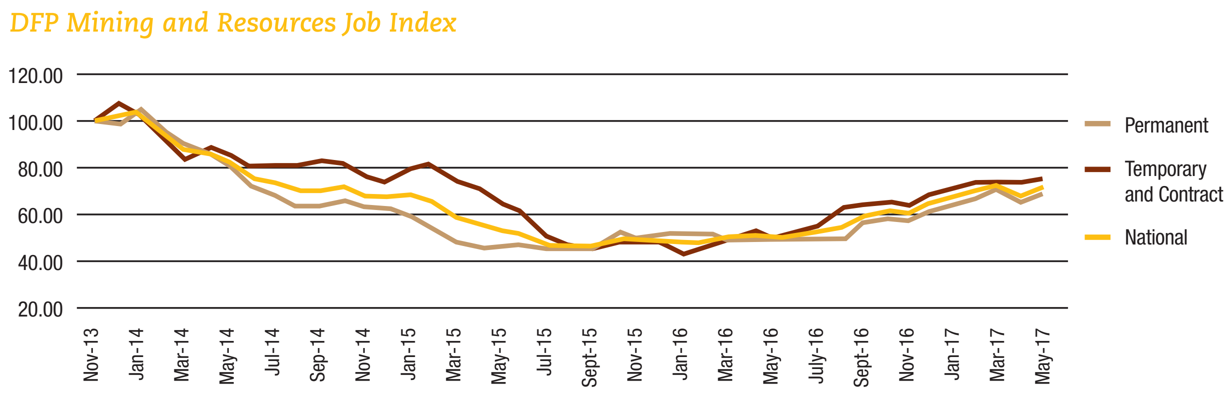


Chart 1: National Index and Job Type Analysis

The Mining and Resources employment sector returned to a more positive outlook with demand rising 3% in May. The DFP Mining and Resources Job Index rose from 66.90 to 68.85. This reversed the fall in April which could primarily be attributed to a seasonal slowdown over the Easter break. This rise not only sees the Index above the level in March but sets a new benchmark as the strongest level since November 2014. Job opportunities are now 36.3% higher than a year ago.

THINKING PEOPLE

National Job Index *(continued)*

Once more, it was the permanent market that expanded strongly, rising 3.7%. It has also risen an impressive 17.3% in 6 months. The index is now at 67.45 and close to that of the Temporary and Contract index on 70.95. Permanent job vacancies are the highest recorded since July 2014.

Temporary and Contract job advertisements also rebounded in May, up 1.9%. Other than a period in late 2016, this index has exceeded the Permanent index, however the gap is closing. The stronger permanent market reflects an increased confidence from employers.

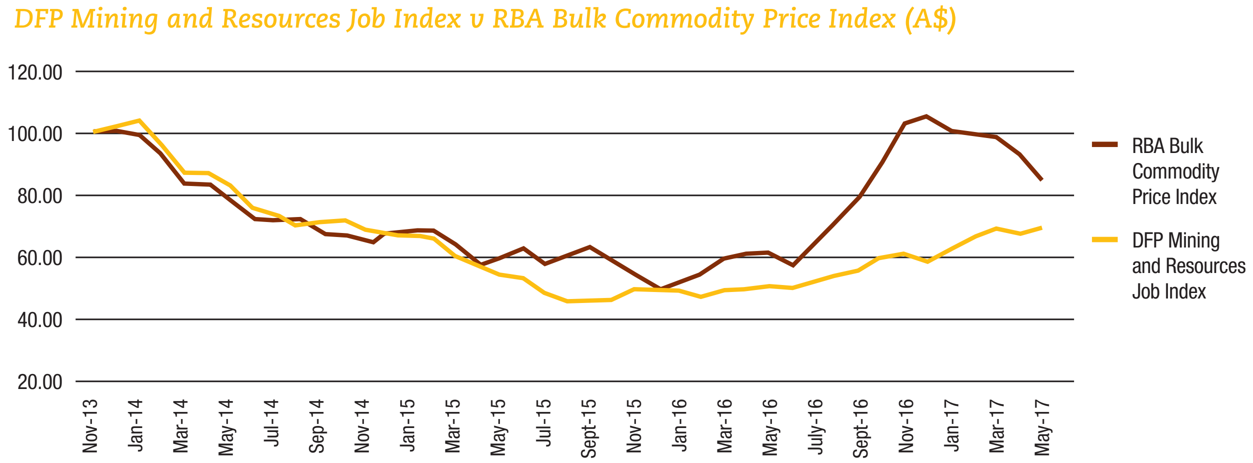


Chart 2: Comparison between the National Index and the RBA Commodity Price Index

The RBA Commodity Price Index fell a significant 8.4% in May. This now equates to a fall of 13.3% over 3 months. Iron Ore and Coal prices were particularly hard hit. While aggregate bulk commodity prices may still be 41.3% higher than a year ago, the recent trend is clearly down.

With the benefit of hindsight, the cautious approach of employers during this period of artificially high prices looks sound.

State Analysis

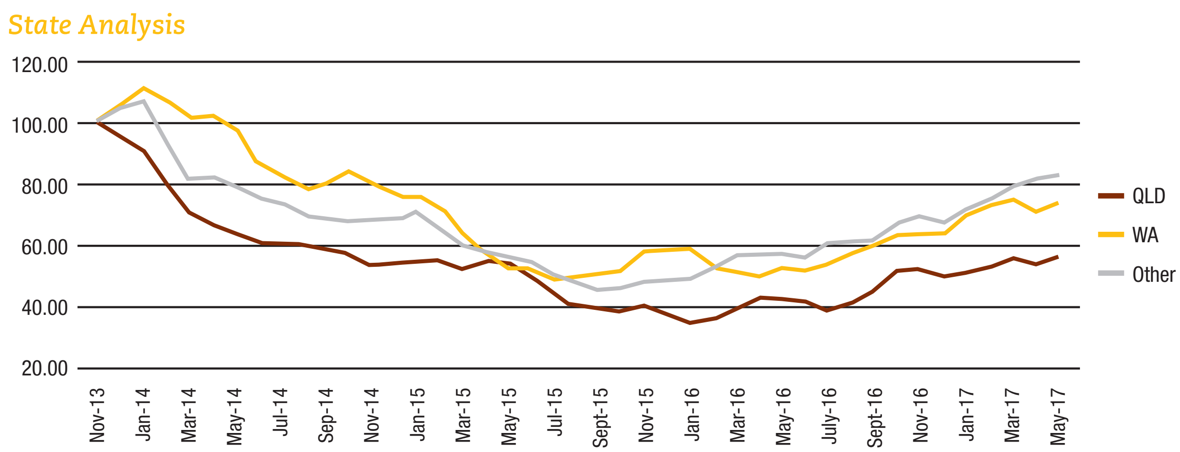
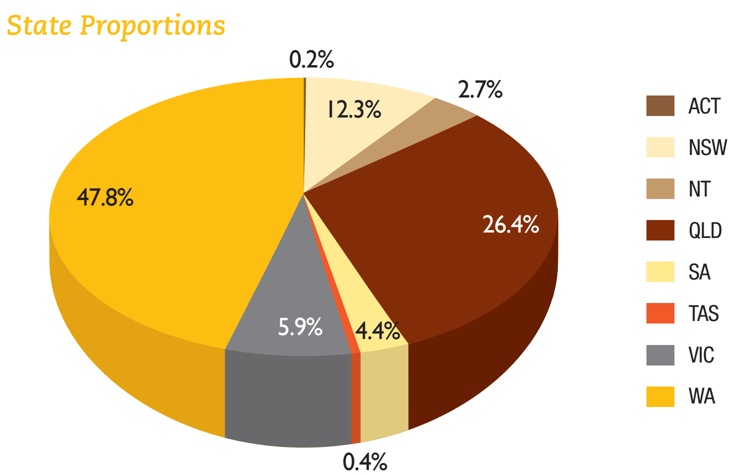


Chart 3: Comparison of State Job Indices against the National Norm

Both Western Australia and Queensland performed well in May. WA performed slightly better rising 3.8% but it also fell substantially in April. The index is back up at 72.04 but still below the recent high set in March.

Queensland lifted 3.6% after a slight fall in April. This takes the index to 55.52, the highest point since October 2014. The level of job vacancies in both key mining states are significantly higher than a year ago, however, the rate of improvement is slowing as commodity prices fall.

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



Queensland has regularly maintained a share of the market in the 20% to 30% range. The approval of the Adani coal mine should add considerable momentum to the Queensland job market, particularly during the construction phase.

Chart 4: Analysis of Job Advertisements by State and Territory

Sub Sector Analysis

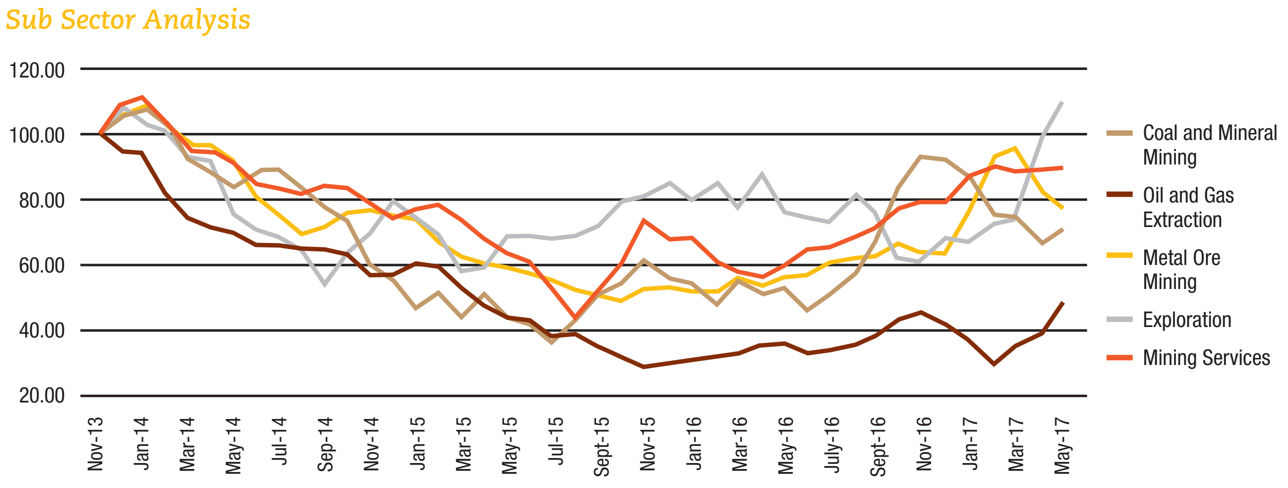


Chart 5: Analysis of Job Vacancies by Sub Sector

Metal Ore Mining took another hit in May with job vacancies contracting 6.1%. Following a substantial fall in April, the quarterly slide is now 13.3%. This can largely be attributed to the fall in price of iron ore, and has wiped out much of the gains made in employment in the last 6 months. The expectations of job seekers will still be considerably higher than a year ago.

Mining Services is not a large employer but it has been making steady progress during 2017. Demand is now up a massive 43.6% year on year. The Adani development can only help job prospects in the sector and the revision of the 457 working visa scheme will also impact a number of occupations. This could see a tightening in the market, put pressure on wages and potentially create skills shortages in key areas.

Exploration is also a relatively small employer by industry standards. It has defied recent trends and with a lift in hiring has seen its index hit 108.56, the first of any sub sector index to exceed 100 since February 2014. This exemplifies just how tough the last 3 years have been for job seekers.

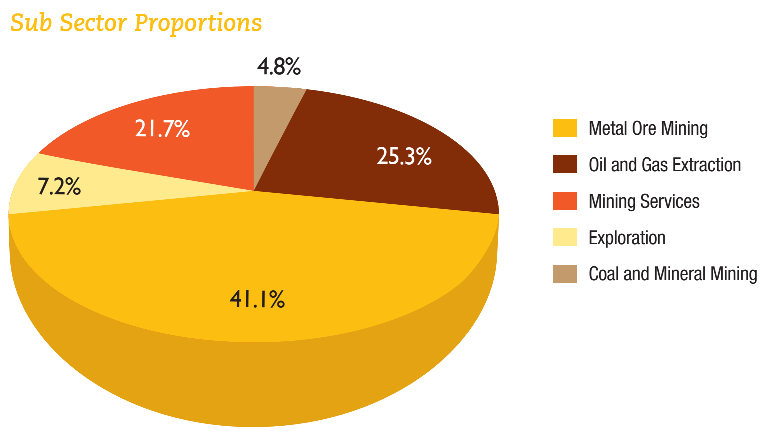


Chart 6: The Proportion of Job Vacancies by Sub Sector

Mining Services now represents 21.7% of the national job market. Its share has been expanding gradually, being as low as 17.3% in November 2013 when we first commenced reporting.

High Level Occupational Analysis

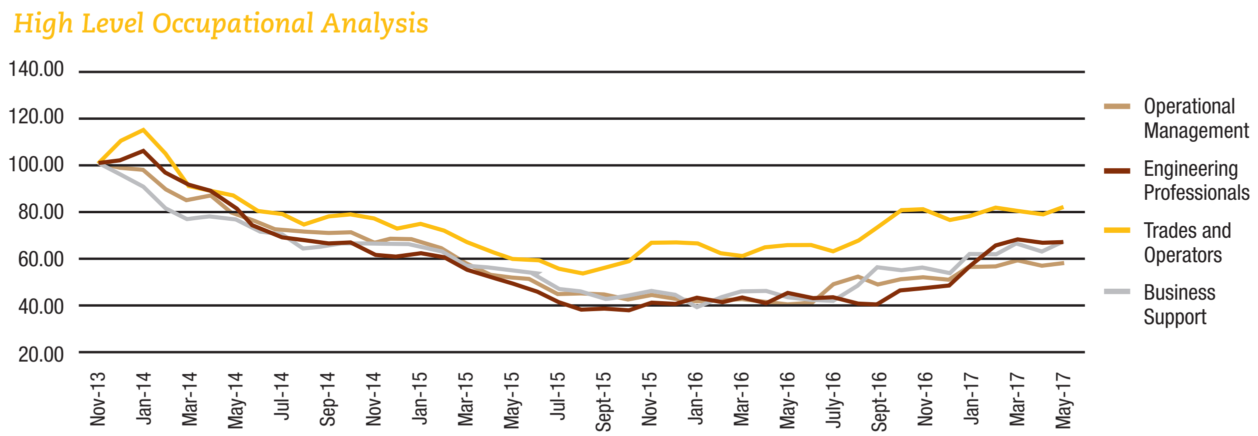


Chart 7: Analysis of Job Advertisements by Occupational Group

All high level occupations rose in May, having declined in April. The occupations that fell the most in April enjoyed the bigger recovery in May. Engineering Professionals remains the fasting growing major occupational sector over the medium term, expanding 45.8% over the last 12 months.

Trades and Operators remains the strongest and steadiest occupational group. Demand has risen just 1.4% over 6 months but the index has also just inched up to 81.48, its highest level since May 2014.

Oil, Gas and Mining People

Operational Management

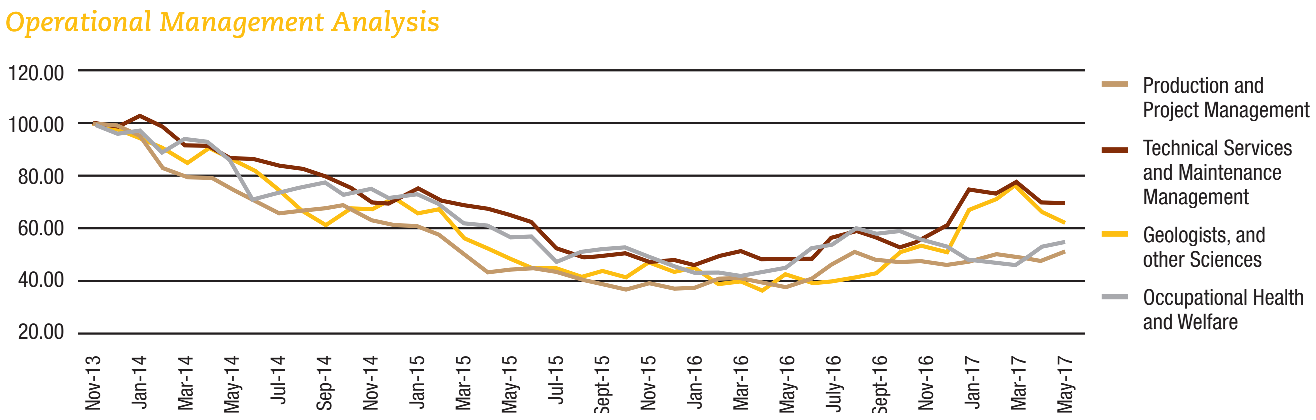


Chart 8: Analysis of Job Vacancies across Operational Management Occupations

Once again, Geologists (and related sciences) were the weakest performing Operational Management group. It slipped 3.4% which contributed to an 11.1% fall in 3 months. While much of the momentum seen in late 2016 and early 2017 seems to have weakened, demand remains strong compared to the lows seen through much of 2016.

It was the opposite for Production and Project Management where demand shot up by 10.8%. This is particularly surprising given how steady the market has been for over 6 months. It will be interesting to see if this is just a one off or whether the market has risen to a new high point.

Technical Services and Maintenance Managers were the big losers in April and the market did not bounce back in May, falling 0.1%. Falling commodity prices suggest an improvement in job opportunities may not be seen for some time.

Engineering Professionals

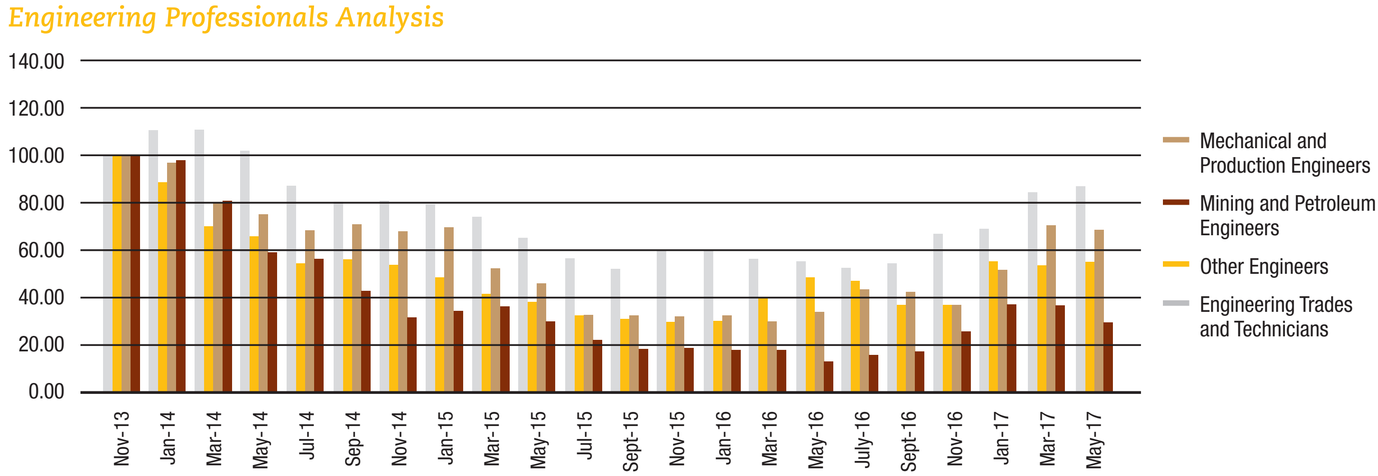


Chart 9: Analysis of Job Vacancies across Engineering Occupations

Mining and Petroleum Engineering was hit hard again in May as demand eased a further 14.2% in May. The recovery seen in the second half of 2016 and early 2017 seems a distant memory. Annualised growth is still exceptional, however, it is off a low base which can be deceiving. Demand trails all other sectors by a wide margin.

Engineering Trades and Technicians is back on track. Demand eased 2% in April after 6 months of growth. In May, that loss was eradicated by a rise of 4.4% which lifts the index to 83.79. This is above the recent high seen in March, making May the strongest level seen since June 2014.

Trades and Operators

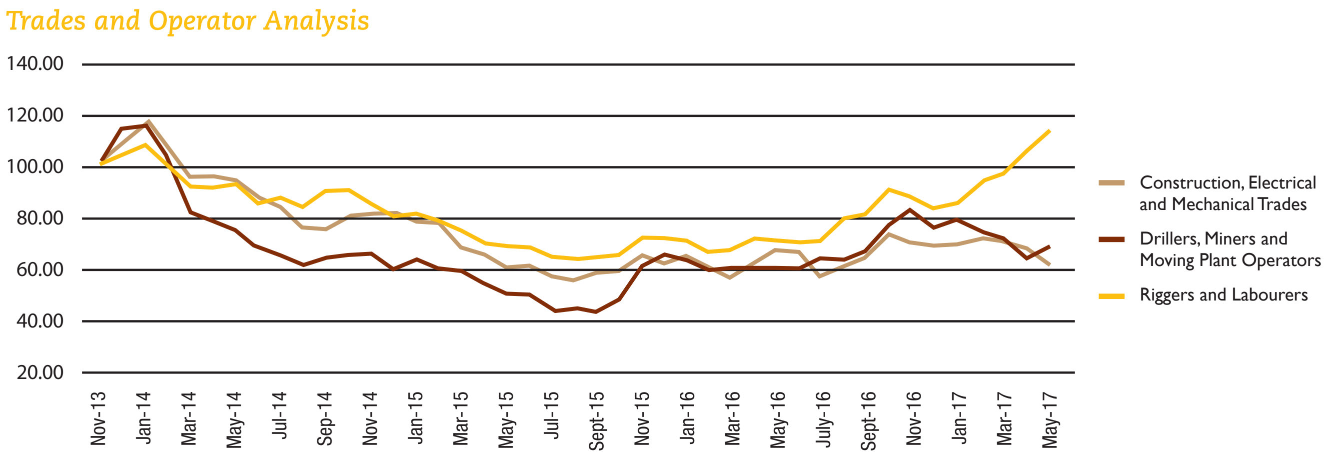


Chart 10: Analysis of Job Vacancies across Mining and Resources Trades and Operators

The marked divergence in job prospects within the Trades and Operators occupational group continues. Demand for Riggers and Labourers rose by 7.7% to establish a remarkable new record high index of 112.69.

The contrast in job prospects within this group is stark. The Construction Electrical and Mechanical Trade index lost a further 7.7% in May. This takes demand down towards the record lows seen through much of 2015 and 2016.

The job prospects for Drillers, Miners and Moving Plant Operators is not much better. While demand actually rose 5.5% in May, it is down 15.8% over the last 6 months.