Oil, Gas and Mining People

SEPTEMBER 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 September 2017.

Improvement continued in the Mining and Resources sector with the DFP Mining and Resources Job Index rising 5.7% from 74.13 to 78.35 in September. Both the Permanent and Temporary and Contract index grew 5.7% last month with quarterly rises also closely aligned at 14.3% and 13.2% respectively.

Queensland again led the way, with the job market rising a further 9.5% for the month. Western Australia's increases have been much more conservative in recent months, lifting 1.9% in September and is now up 4.8% for the last quarter. With 4 consecutive increases, Metal Ore Mining continued its run of strong growth, recording a further 5.6% rise in job vacancies. The index for the Metal Ore Mining category rose to 101.99, the first time any index other than Exploration, has risen above 100 since early 2014. All major occupational groups had increases, with Operational Management being the highest with a rise of 9.4%. The recovery for Engineering continues with a 5.4% increase last month, bringing engineering job opportunities 83.4% higher than a year ago.

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

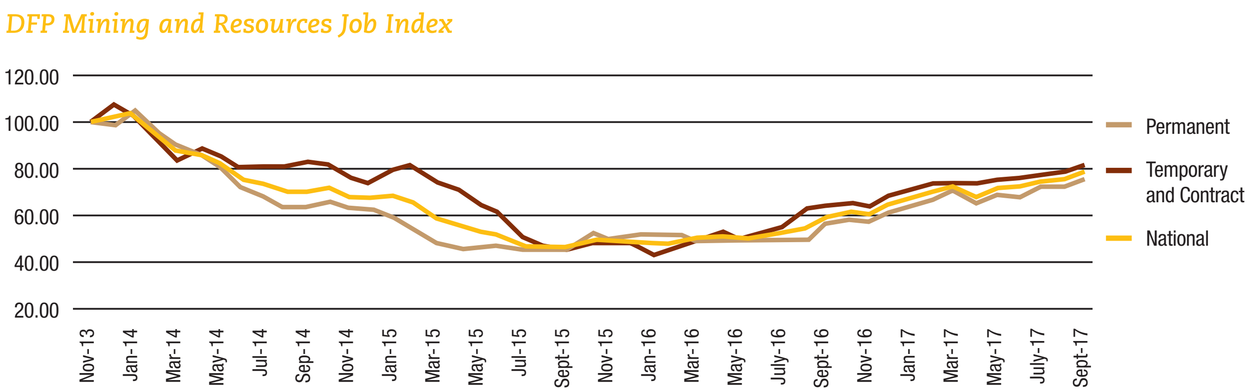


Chart 1: National Index and Job Type Analysis

September was another strong month for the industry with the DFP Mining and Resources Job Index rising 5.7% from 74.13 to 78.35. The National Index is now at its highest point since May 2014. This month's growth contributes to a 13.9% rise in job opportunities in the last quarter and 42.4% in the last year. While the broader employment market is also improving, the Mining and Resources sector is performing strongly.

THINKING PEOPLE

National Job Index *(continued)*

Both the Permanent and Temporary / Contract roles grew by the exact same amount of 5.7% in September. Quarterly increases are also closely aligned with 14.3% growth of Permanent roles narrowly outperforming the 13.2% rise in flexible work.

On an annual basis, the gap widens with Permanent jobs up 49.3% and Temporary and Contract up 34.2%. Despite this, the Permanent index is at 75.77 compared to 82.08 for Temporary and Contract, as the former declined further during the downturn. Both are extremely encouraging conditions for job seekers after such a difficult market post the Mining Investment Boom.

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

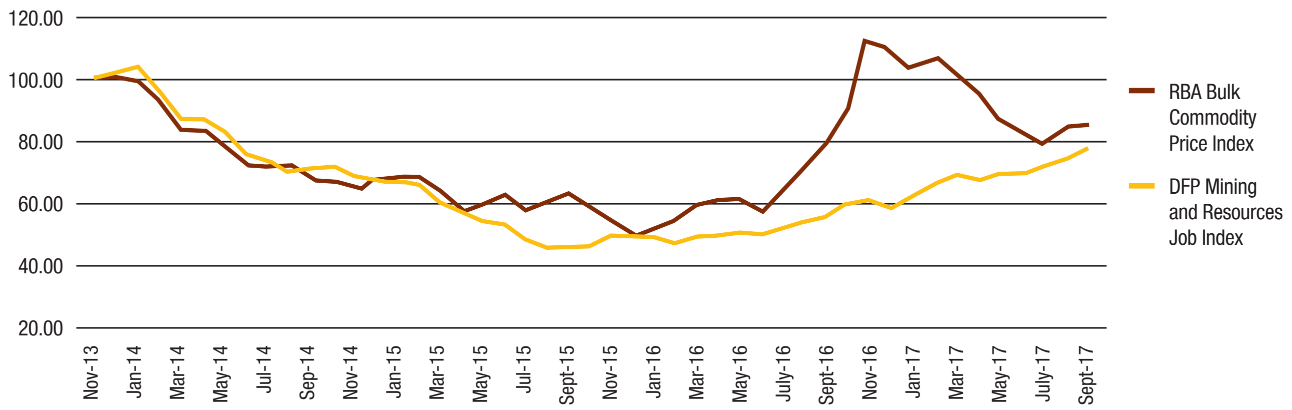


Chart 2: Comparison between the National Index and the RBA Commodity Price Index

A steadying of the RBA's composite Price Index for bulk non-farming commodities (i.e. base metals, oil, coal and gas) means that the 2 indices are starting to track one another again. The correlation was clearly evident as prices fell. When there was a massive and unsustainable spike in prices of oil and iron ore in late 2016 and early 2017, employers wisely remained cautious on hiring. This is shown in the gap between the hiring and pricing index during that period, as indicated on the above graph. However, further optimism that current levels are sustainable and sufficiently profitable, seem to be validating confidence to continue hiring and expanding capacity.

There is much interest in the hotly debated political decisions on energy, the impact on gas prices and the subsequent impact it is likely to have on hiring in the critical sector of oil and gas.

State Analysis

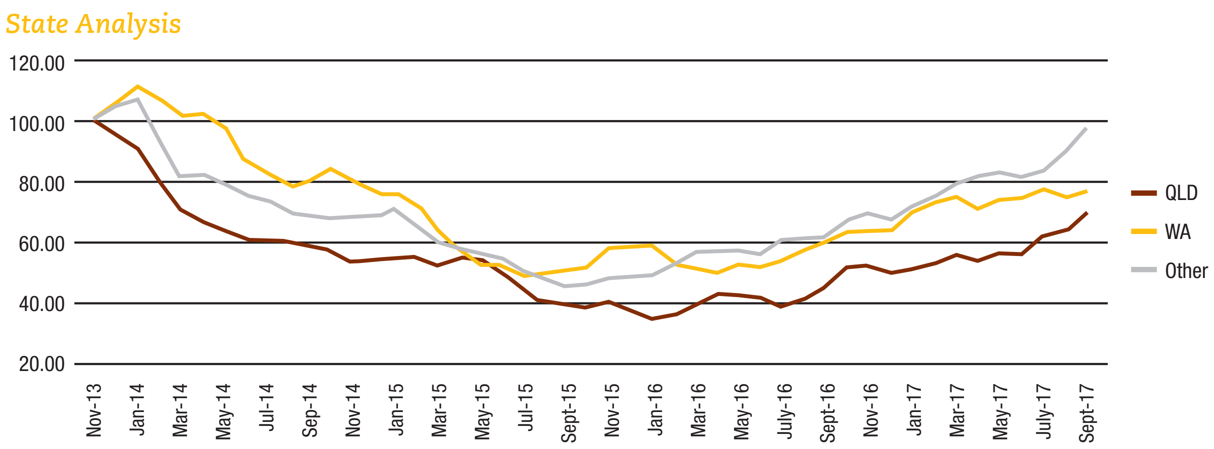


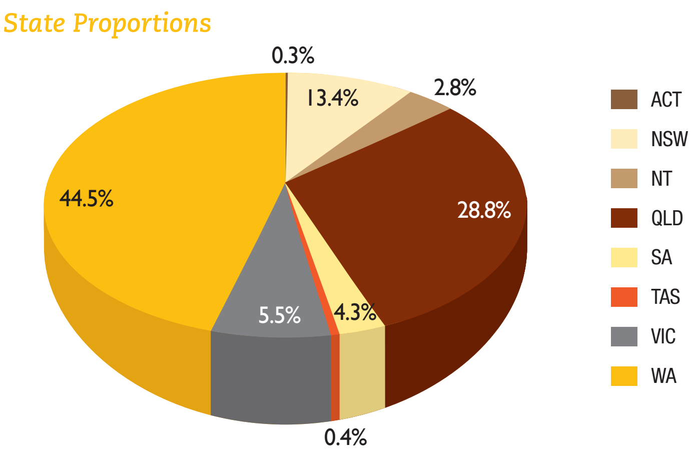
Chart 3: Comparison of State Job Indices against the National Norm

Once again Queensland has outperformed Western Australia. Queensland's job market rose a very healthy 9.5% in September. The state has enjoyed a 24.7% rise in job opportunities in the last 3 months and a 52.4% rise in 12 months. The index is on 69.10 and whilst it still lags WA, at this rate it is only a matter of time before it exceeds WA.

WA managed just a 1.9% increase in the month and is now up 4.8% rise in the last quarter. The annual rise of 29.2% is more encouraging, however most of this gain was seen in late 2016/early 2017.

The other states also enjoyed significant growth in job vacancies in September, rising 8.4% as all recorded good gains. Although not illustrated, it is interesting to note that the indices for NSW, NT and ACT are all over 100 demonstrating that demand is back to where it was before the downturn.

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



Over the last year Queensland has seen its share of the national market rise from 26.9% to 28.8% largely at the expense of Western Australia. Conversely WA has seen its proportion fall from 49.0% to 44.5%.

We eagerly await to see the impact of Adani as it moves closer to building its Carmichael mega-mine and optimism towards delivering thousands more jobs to the state of Queensland, including bases in Rockhampton and Townsville for fly-in, fly-out workers.

Chart 4: Analysis of Job Advertisements by State and Territory

Sub Sector Analysis

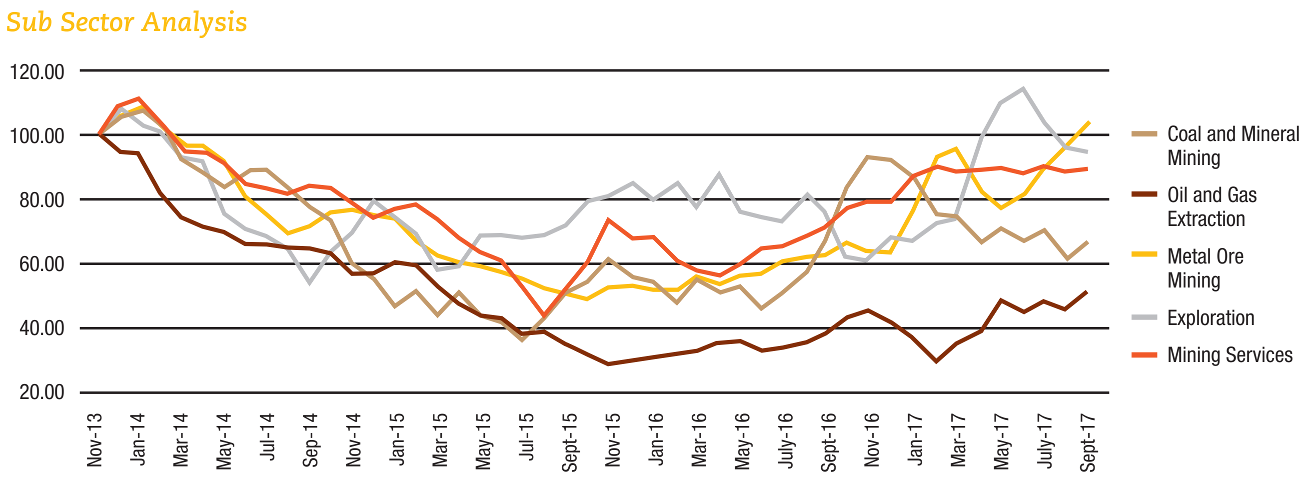
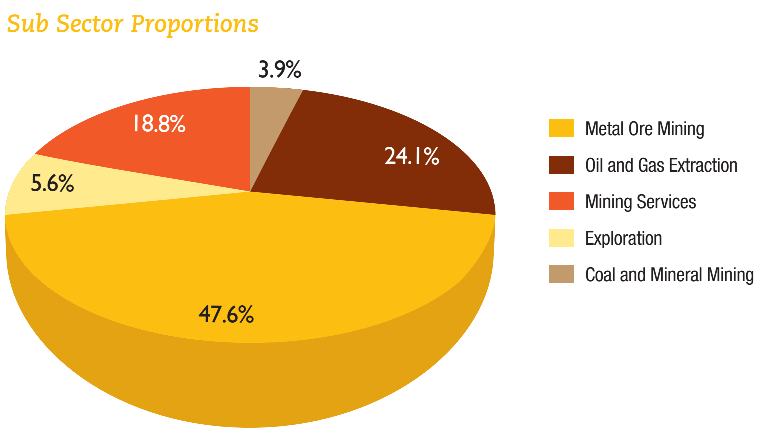


Chart 5: Analysis of Job Vacancies by Sub Sector

Metal Ore Mining continued its run of strong growth recording a further 5.6% rise in job vacancies in September. The index rose to 101.99, the first time any index other than Exploration, has risen above 100 since early 2014. This is the fourth consecutive increase, with the rises substantial and reaching 27.1% in the last quarter alone. Employers are confident and are returning to the job market.

The big mover in September was Oil and Gas Exploration. It enjoyed a 12.1% lift in job opportunities. The gas sector is under particular scrutiny at the moment. One of the more positive consequences for the Federal Government's drive to increase local supply may well be increased overall production and consequent job creation. The index rose to 51.10 in September, its highest level since March 2015. Should any relaxation in gas exploration be granted by state governments, this will inevitably help create further employment opportunity.

After a period of decline stretching back to early 2017, the Coal and Mineral Mining sector enjoyed its best month of growth for the year. Demand recovered by 7.4% in September leaving the overall level of demand for staff at a very similar position to 12 months ago and down just 0.3%.



While the Mining and Resources employment market has grown strongly in 2017, Mining Services has seen little growth. Over this period its share of national demand has slid from 22.8% to 18.8%. Likewise, Coal and Mineral Mining has slipped from a 6.2% share to just 3.9%.

Chart 6: The Proportion of Job Vacancies by Sub Sector

High Level Occupational Analysis

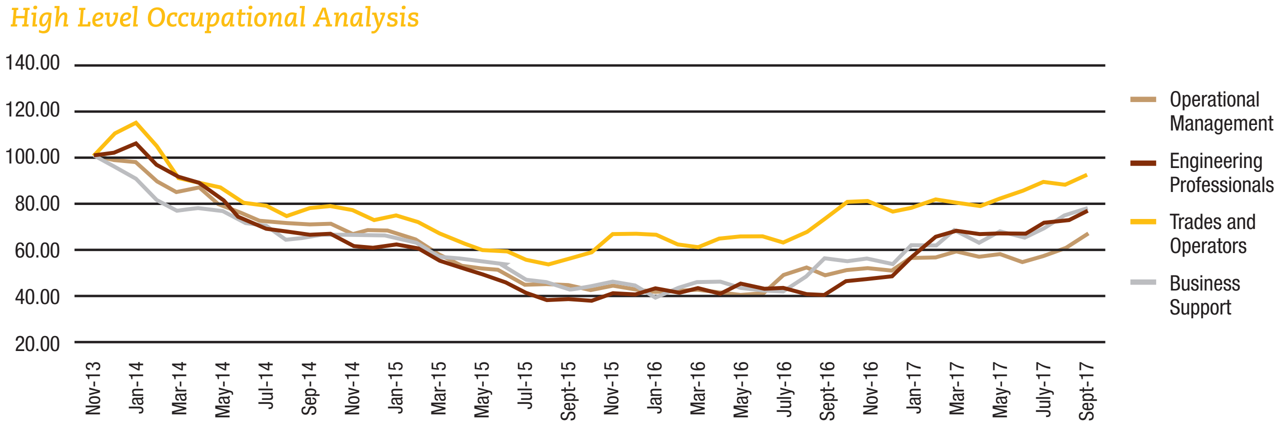


Chart 7: Analysis of Job Advertisements by Occupational Group

September saw all major occupational groups rise. The best of these was Operational Management which increased 9.4%. That is a significant rise for just one month and brings employment prospects in these occupations closer to the other high level occupations. The index is now up to 65.62. While its quarterly growth of 19.2% was the best, it still lags other indices and is behind on annual growth (of 30.2%) against the industry norm of 42.4%.

Engineering continued its remarkable recovery. While growth was 5.4% last month, it leaves engineering job opportunities 83.4% higher than a year ago. The index is on 76.43, the highest it has been since May 2014. The other 3 occupational groups remain well behind in percentage terms.

Operational Management

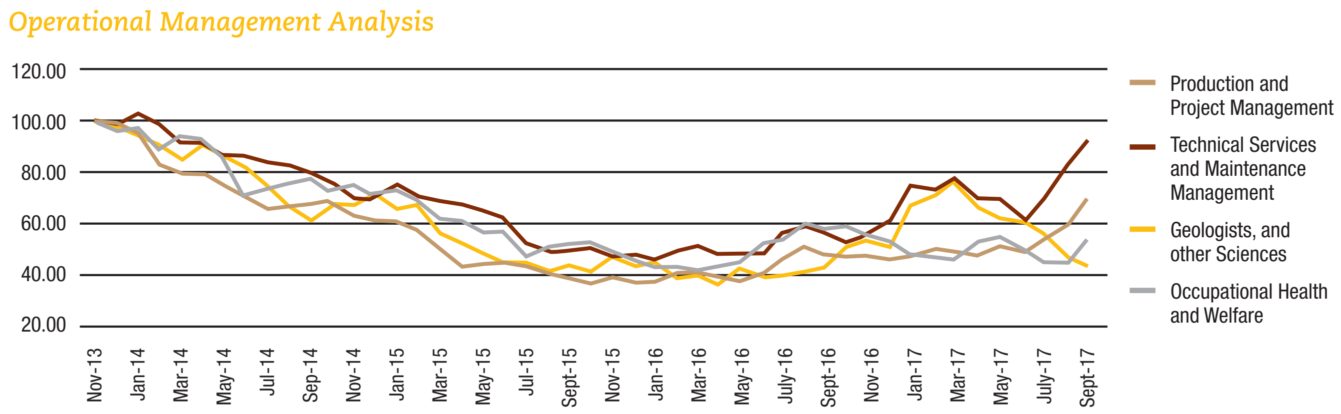


Chart 8: Analysis of Job Vacancies across Operational Management Occupations

Technical Service and Maintenance Management, once again, had a strong month. Demand rose significantly by 11.8% in September alone. It is also the third substantial successive monthly rise. The index is now at 90.29 and closing in on the 100 benchmark.

Production and Project Managers are also seeing a healthy rise in demand for their skills. Demand rose 9.4% in the month and 26.8% for the quarter. This was the fifth and largest rise in 5 months. The base level for job opportunities had been very low earlier in the year and this is a welcome resurgence.

Demand for Occupational Health and Safety professionals has bounced back after 3 consecutive monthly falls. Despite being down 2.2% year on year, demand is now up a net 7.2% for the quarter.

Unfortunately, there has not been any positive news for Geologists and Other Sciences where job opportunities are still shrinking at a concerning pace. Demand has eased by 27.5% in the last quarter unwinding the good gains made earlier in Q1 2017. This leaves demand just 2.4% higher than a year ago. They represent a group of professionals yet to see any major turnaround in employment conditions despite the improved trading conditions in the sector.

Engineering Professionals

Engineering Professionals Analysis

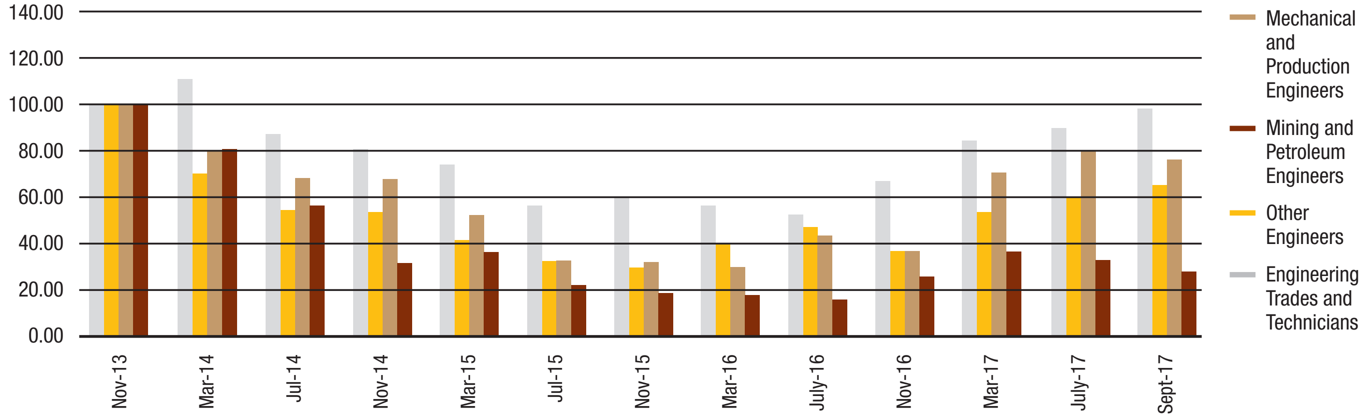


Chart 9: Analysis of Job Vacancies across Engineering Occupations

The strong market for Mechanical and Production Engineering Professionals came to a halt in September. After 8 rises over 9 months, demand eased by 8.2% in September. This still leaves demand an amazing 78.7% higher than a year ago. Given the current climate, one would expect that positive momentum to be maintained.

The bad run for Mining and Petroleum Engineers continues, with demand falling for the fourth straight month, this time by 6.6%. There have been very clear contrasting phases over the last 12 months, with a strong recovery in Q4 2016 and Q1 2017, but a steady decline since.

The standout performer this month was Engineering Trades and Technicians which rose 9.4%. It too is another field that has seen demand almost double in the last 12 months. It also started at a reasonably high level a year ago and the index has now reached 97.61. The index for Engineering Trades and Technicians has not exceeded 100 since May 2014, however the signs are good.

Trades and Operators

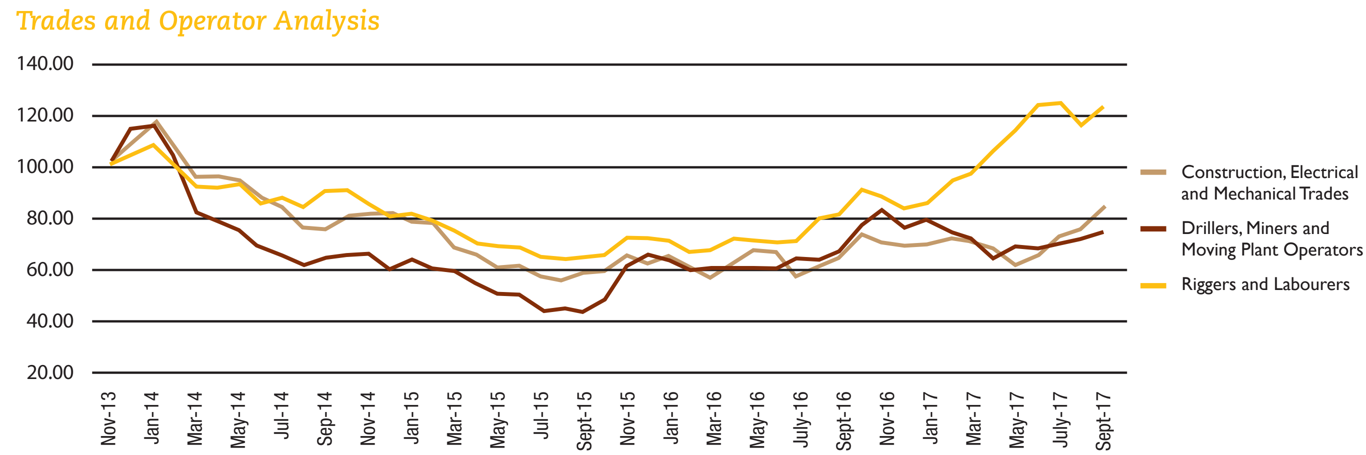


Chart 10: Analysis of Job Vacancies across Mining and Resources Trades and Operators

All 3 occupations in the Traders and Operators category rose in September. Last month's drop in job opportunities for Riggers and Labourers looks like a one-off after so much growth. However, the rises have certainly levelled out and have actually slipped marginally by 0.9% in the last quarter. The index is now on 121.69, just off the record of 123.50 set in July.

Construction, Electrical and Mechanical Trades, by contrast, have seen demand rise substantially in the last quarter after a relatively quiet period. Demand has risen 25.8% in the third quarter, helped by a 9.2% rise in September.

Job vacancies for Drillers, Miners and Moving Plant Operators have been steadily growing over the last quarter, up 8.7%. But a weak start to the year means that demand is just 10.1% higher than a year ago, and well below the national norm.