

# 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 October 2017.

Improvement continued in the Mining and Resources sector with the DFP Mining and Resources Job Index rising a further 2% in October. Temporary and Contract roles grew by 3.4% in the month, whilst Permanent vacancies were up by 1%. The national Index is now up 34.2% year on year.

Whilst the market continues to improve in both key mining states of Western Australia and Queensland, we are seeing some good gains in other states, with NSW leading the way.

Metal Ore Mining continues to dominate the demand in the sector with its fifth consecutive monthly rise, and October was also a positive month for growth in Oil & Gas Extraction and Coal and Mineral Mining.

Demand for Engineering professionals continues to increase as vacancies have risen 64.2% in 12 months. Riggers & Labourers are in the highest demand with a 6.3% increase in advertised roles in October seeing their index as the highest of all occupational groups.

## National Job Index

DFP Mining and Resources Job Index

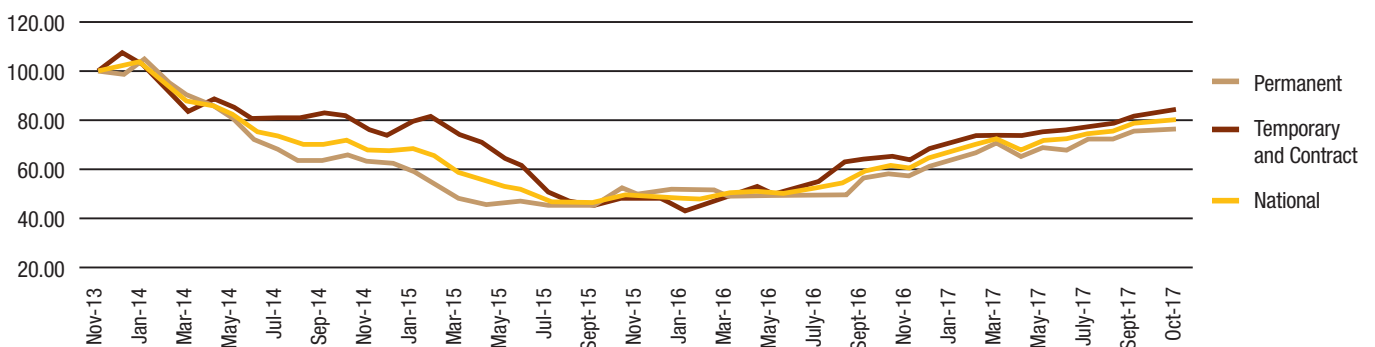


Chart 1: National Index and Job Type Analysis

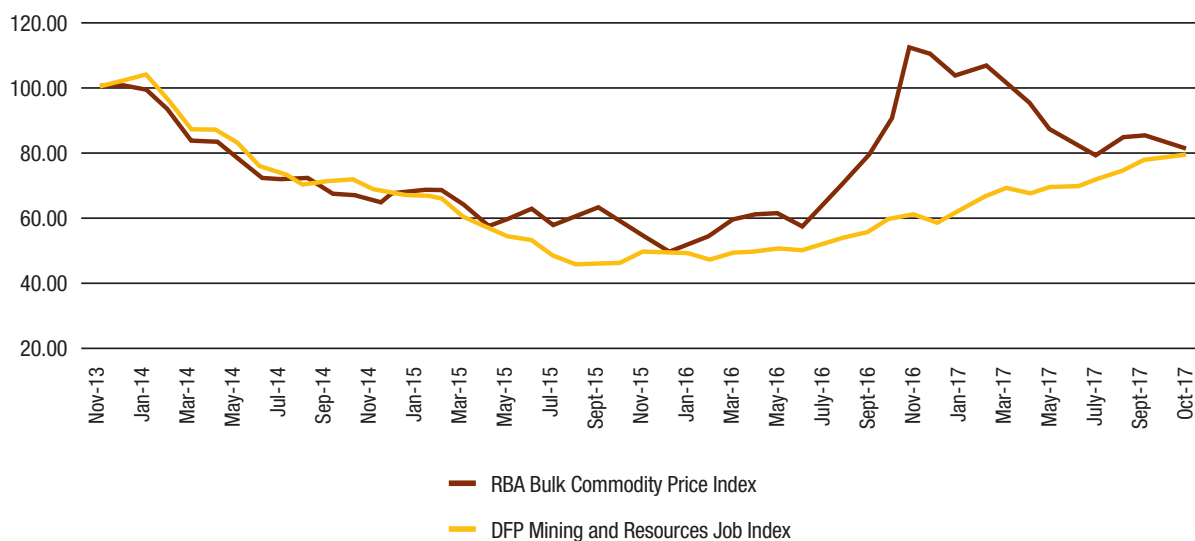
October saw further improvement in the sector with the DFP Mining and Resources Job Index rising 2% from 78.35 to 79.94. While we were unable to repeat September's strong rise, this month's growth does leave the national market a healthy 9.8% higher over the quarter. The national Index is now 34.2% higher than a year ago. Demand is heading towards levels not seen since early 2014 however, some momentum is likely to be lost over the summer holiday season.

## National Job Index *(continued)*

Once again both Permanent and Temporary/Contract markets grew, however in October it was Temporary/Contract where greater strength was evident. It grew 3.4% in October, totalling 12.9% for the quarter. The Temporary/Contract Index reached 84.86, the highest level since April 2014. However, annual growth of 31.6% does lag the 36.3% growth achieved in the Permanent market.

Permanent job opportunities grew by 1% in October. While slower than Contingent roles, it still represents a far more favourable job market than that experienced going into the holiday season for a number of years. Job seekers should feel more optimistic than they have since the latter stages of the mining investment boom.

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



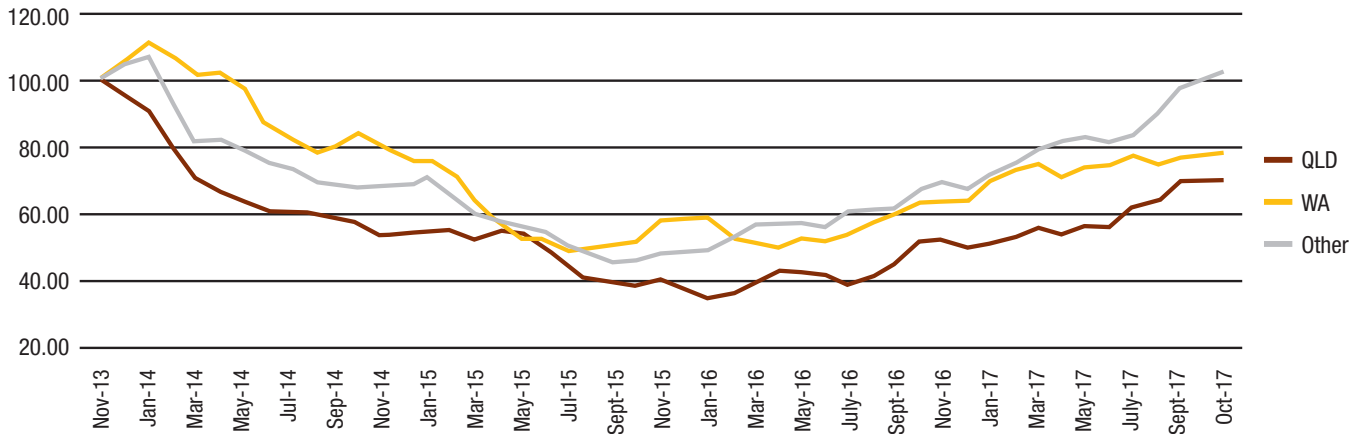
### Chart 2: Comparison between the National Index and the RBA Commodity Price Index

For the last 2 years the correlation between job vacancies and commodity prices dissolved. While prices rose sharply in 2016, employers resisted the temptation and remained cautious awaiting greater confidence that the level of commodity prices were sustainable.

It appears that this correlation may now be re-established. While aggregated bulk commodity prices have steadied in the last few months, employers have continued to slowly build their workforce. The indices have now levelled around the 80 mark – based on a starting point of 100 in November 2013.

## State Analysis

### State Analysis



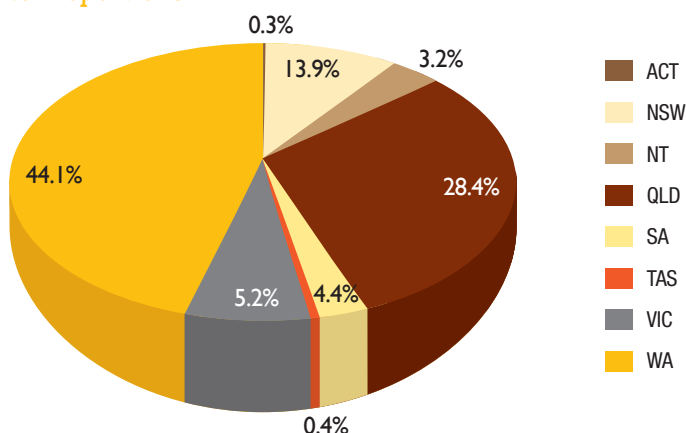
**Chart 3: Comparison of State Job Indices against the National Norm**

Ironically while both Queensland and Western Australia have shown growth in employment, it has been the other states that have been enjoying faster growth. The states outside of Queensland and WA added another 5% expansion in job vacancies in October taking the quarterly rise to 21.6% and the annual growth to 54.8%. In percentage terms SA, NT and even Tasmania have enjoyed significant improvement, but in volume terms it's really NSW that has driven this growth. Their composite index is 101.80, the first time job advertising volumes in a state has exceeded the 100 benchmark since Q1 2014.

Queensland has been growing at a good pace for some time however, only managed a 0.3% rise in October. Its growth has been particularly strong in the last 6 months, up 29.4% and the most optimistic market since early 2014. However, the index for Queensland is still just 69.37, so plenty of scope for further improvement next year.

Meanwhile WA managed just a 1.9% increase in the month. Gains over the last 12 months total 24.1%, a solid rather than spectacular increase compared to other regions. The index for WA is now 77.19, which is as confident a market job seekers have seen in several years, with hopefully more growth in store next year.

### State Proportions



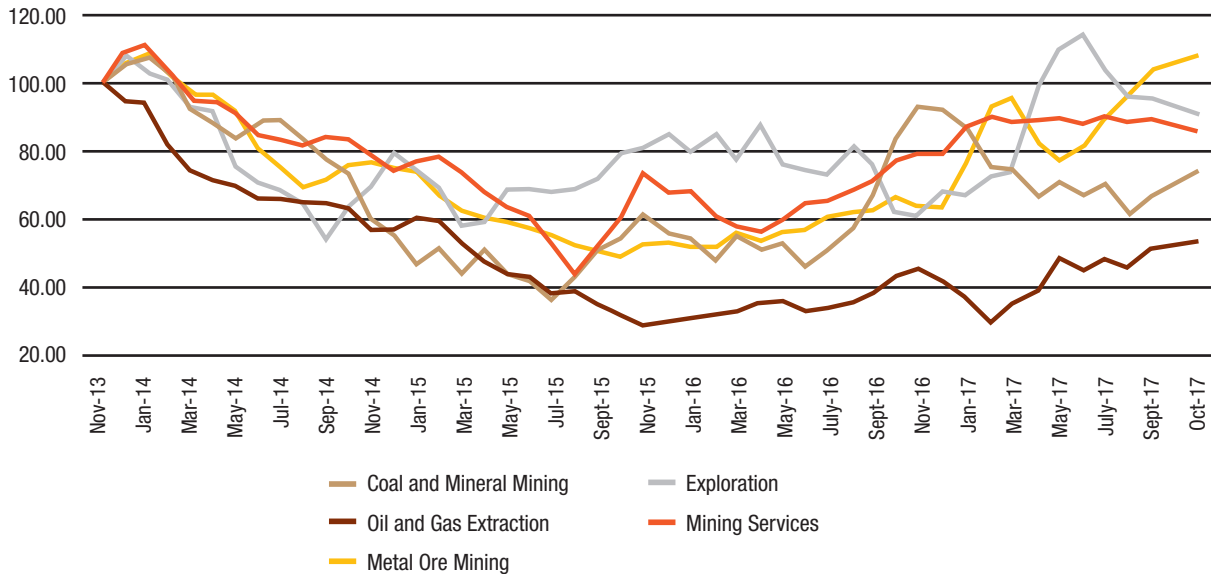
The graph shown left provides a breakdown of the proportions of each state and territory.

New South Wales is the largest of the other states with its job market, representing 13.9% of the entire national market. This share has picked up from 12.2% last year but is still half that of Queensland and just over 30% of Western Australia.

**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**

Metal Ore Mining enjoyed its fifth consecutive rise in job vacancies. It rose a further 3.6% in October taking the index to 105.66, the highest month since research began was January 2014.

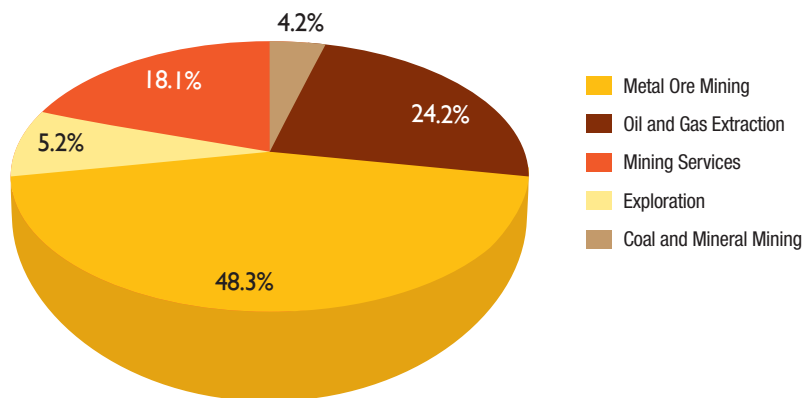
There has been considerable media focus on gas and power prices in recent months. Debate is primarily over whether gas supply is increased locally rather than exported. If overall production levels are increasing it's not having a material impact on employment. The Oil and Gas Extraction Job Index rose by 2.3% in October, although the index is still exceptionally low at 52.28.

Mining Services has been the most stable sub sector. It has fallen just 1.5% in the last 6 months and its growth over the last year has been just 9.1%. The index is now at 83.88, a fairly robust level having seen an earlier recovery in demand in 2016.

The Coal and Mineral Mining sector is enjoying its best period of growth in a long time. Demand rose by 10.6% in October even exceeding the 7.4% growth reported in September. It would appear more likely that this recent surge is attributable to demand for increased power rather than big projects such as Adani's Carmichael development that is currently embroiled in the Queensland State election.

Metal Ore Mining's near record demand now shows its share of the national volume of job vacancies at 48.3%. This is close to its peak of 49.5% achieved in February and March this year.

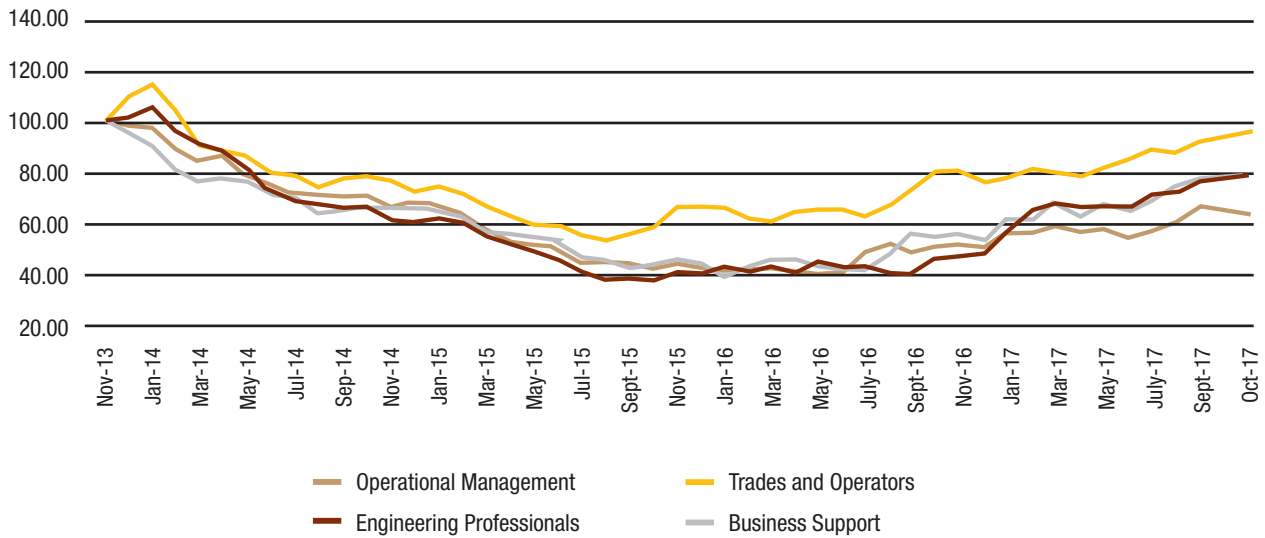
### Sub Sector Proportions



**Chart 6: The Proportion of Job Vacancies by Sub Sector**

## High Level Occupational Analysis

### High Level Occupational Analysis



**Chart 7: Analysis of Job Advertisements by Occupational Group**

In October, demand for staff in all major occupational groups rose with the exception of Operational Management. It fell 2.7% after a rise in September of 9.4%. This contraction leaves annual growth at 23.3% with the index for Operational Management at 63.84, the lowest of all high level occupations.

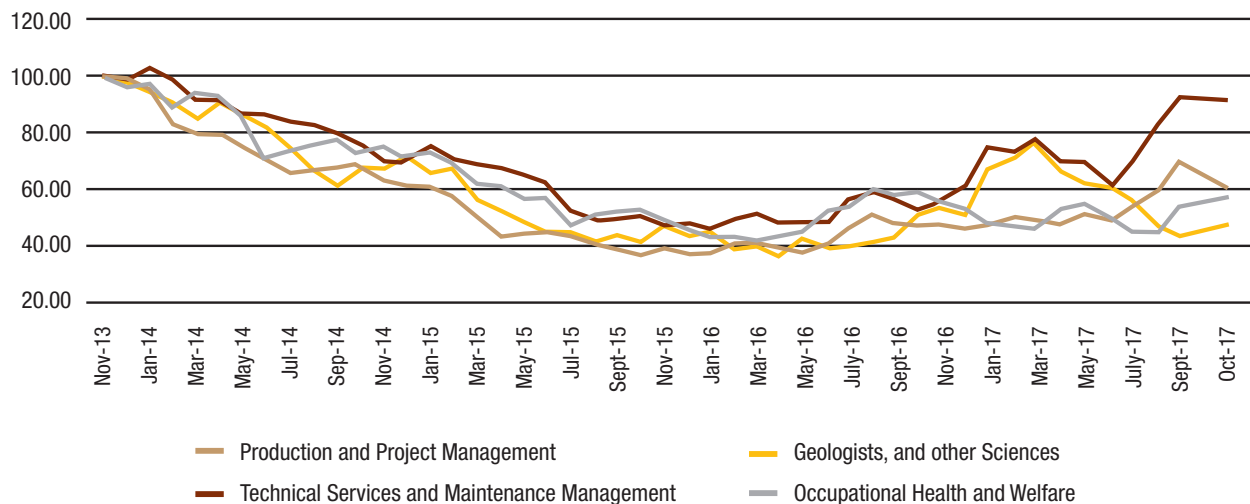
The top performer in October was Trades and Operators where job opportunities rose a healthy 3.9%. This level of vacancies leads all high level occupations and the index of 95.82 is the best since February 2014.

Engineering Professionals grew by 2.9% last month and remains the best performer of the last 12 months with demand up 64.8%.



## Operational Management

### Operational Management Analysis



**Chart 8: Analysis of Job Vacancies across Operational Management Occupations**

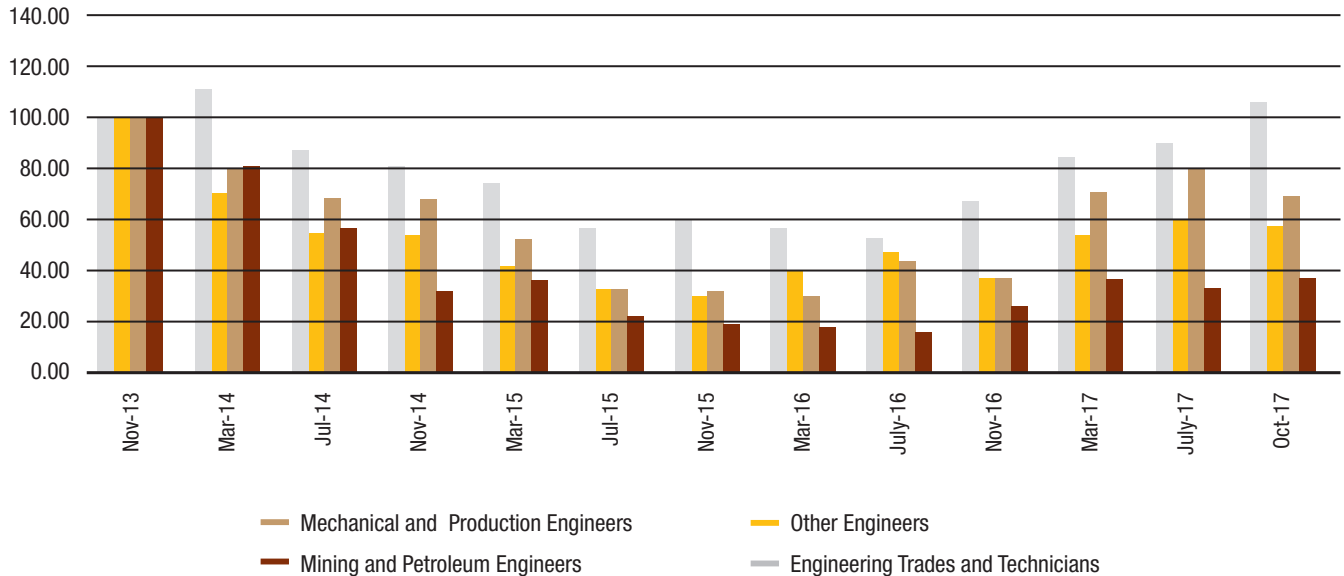
The recent meteoric rise in Technical Service and Maintenance Management roles came to a halt in October. The fall was just 0.7%, enough to end 3 large monthly rises. With annualised growth of 69.7% these roles dominate the year on year improvement in Operational Management hiring activity. The index, at 89.69 is well ahead of all other occupations.

Production and Project Management job opportunities also slipped in October – but by a more concerning 9.5%. It too had enjoyed 3 successive months of expansion, but this fall reduces the net gain over the quarter to 6.8%.

Geologists and Other Sciences had a rare good month. Vacancies rose by 9.6%, bringing an end to 6 months of decline. We watch with interest if the exceptionally strong market at the beginning of 2017 can be repeated.

## Engineering Professionals

### Engineering Professionals Analysis



**Chart 9: Analysis of Job Vacancies across Engineering Occupations**

October was a mixed month for Engineering Professionals. There was finally an improvement in job prospects in the sector for Mining and Petroleum Engineers. The increase was a massive 18.9%, but as this only takes the index from 31.31 to 37.25, the gain is really quite small from a very low base. However, it is an important improvement for specialists in that area nonetheless.

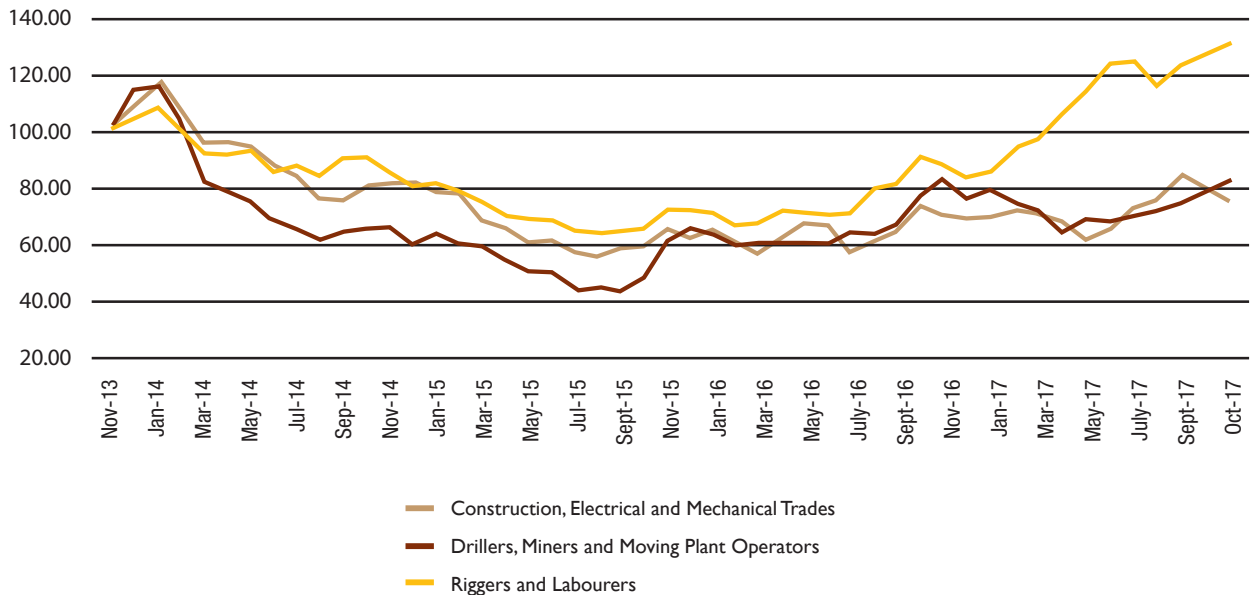
The other discipline to expand was Engineering Trades and Technicians. Job opportunities rose by 7.3% and importantly it's the fourth successive monthly rise, taking the index to 104.69. As predicted last month, it's also the first time any engineering occupation has exceeded the 100 base since April 2014.

The market was less positive for Mechanical and Production Engineers where demand fell by 4.6%. Year on year job advertising volumes are up 66.4% but only 3.9% of that has been achieved in the last 6 months and vacancies have actually fallen by 8.6% in the last quarter.



## Trades and Operators

### Trades and Operator Analysis



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

The stand out story amongst Trades and Operators this month is the new record set by Riggers and Labourers. Job vacancies rose 6.3% taking the index to 129.40, substantially ahead of all occupations in the Mining and Resources sector.

Drillers, Miners and Moving Plant Operations are also on the up as demand has increased for the last 4 months, including a massive 9% in October. Recent strength has done much to recover decline seen in early 2017 and job opportunities are now 4.5% higher than a year ago. The momentum is clearly positive with the index, currently on 80.82 closing in on the previous high seen last November.

The only negative in October was for Construction, Electrical and Mechanical Trades, where demand eased by 5.5%. This area had been on something of a Bull Run with demand having risen for the previous 4 months. As many of these roles are Mining Services in nature, without fresh investment, demand within the sector is unlikely to improve substantially.