Oil, Gas and Mining People

DECEMBER 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 December 2017.

Improvement continued in the Mining and Resources sector to close out the year with the DFP Mining and Resources Job Index rising a further 1.3% in December. Job demand in the sector finished up 38.7% for the year.

Permanent vacancies led the way for 2017 and increased by 44.5% over 12 months. Temporary and Contract vacancies were also on the increase and up by 31.2% for the year.

Western Australia finished off the year strongly and demand in our key mining state was up 32.9% for the year. Vacancies in Queensland also improved considerably throughout 2017 and were up by 40.3% at the year end.

Metal Ore Mining continues to lead the way for the sector and with a 68% rise in vacancies in 2017, its share of the national market is now at 47.0%. In a turbulent year for the coal industry, it finished the year strongly, up by 36% in the last quarter.

Engineers were the big winners throughout 2017 as demand for engineering professionals increased by 66.8% for the year, the largest increase of any occupational category.

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

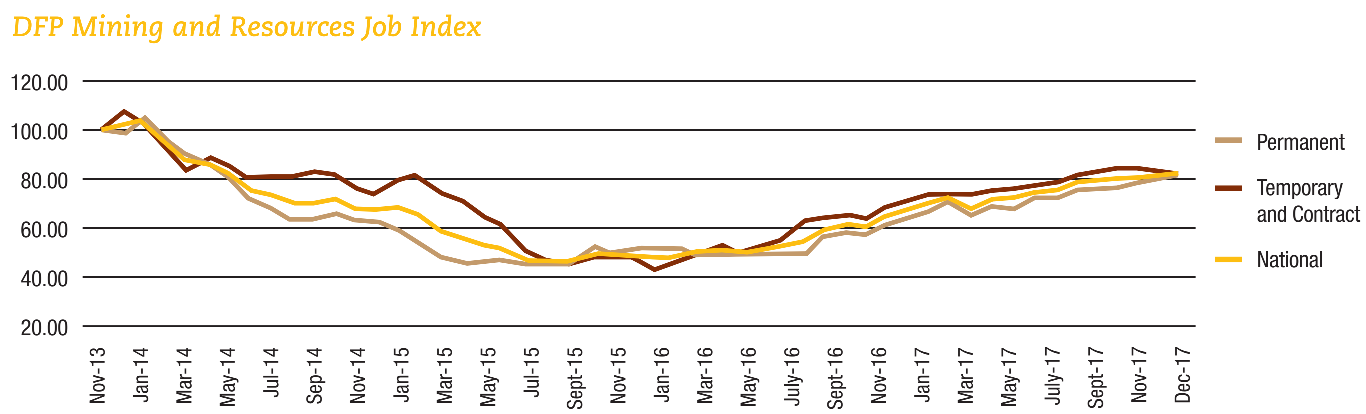

Chart 1: National Index and Job Type Analysis

The DFP Mining and Resources Job Index ended the year on a positive note, rising 1.3% in December. The Index rose from 81.41 to 82.44 and is at the highest level since April 2014. In the last 12 months, job opportunities in the sector have risen a very impressive 38.7%. We have seen rises in the last 6 consecutive months, a considerable shift after the dismal markets seen between 2014 and 2016. There is good cause to feel optimistic about employment prospects in 2018.

THINKING PEOPLE

National Job Index *(continued)*

Unsurprisingly, Temporary and Contract opportunities fell 2.9% in December. This is the normal seasonal pattern and if this year is to follow the seasonal cycle, demand will pick up in February and March.

The Permanent market held up particularly well, rising 4.4% in December, after seasonal adjustment. Permanent job opportunities have risen by 44.5% since last December and the index is now on 82.29. While this level infers that vacancies are still 18% lower than late 2013 when measurement commenced, it is still a massive turnaround after 3 years of decline.

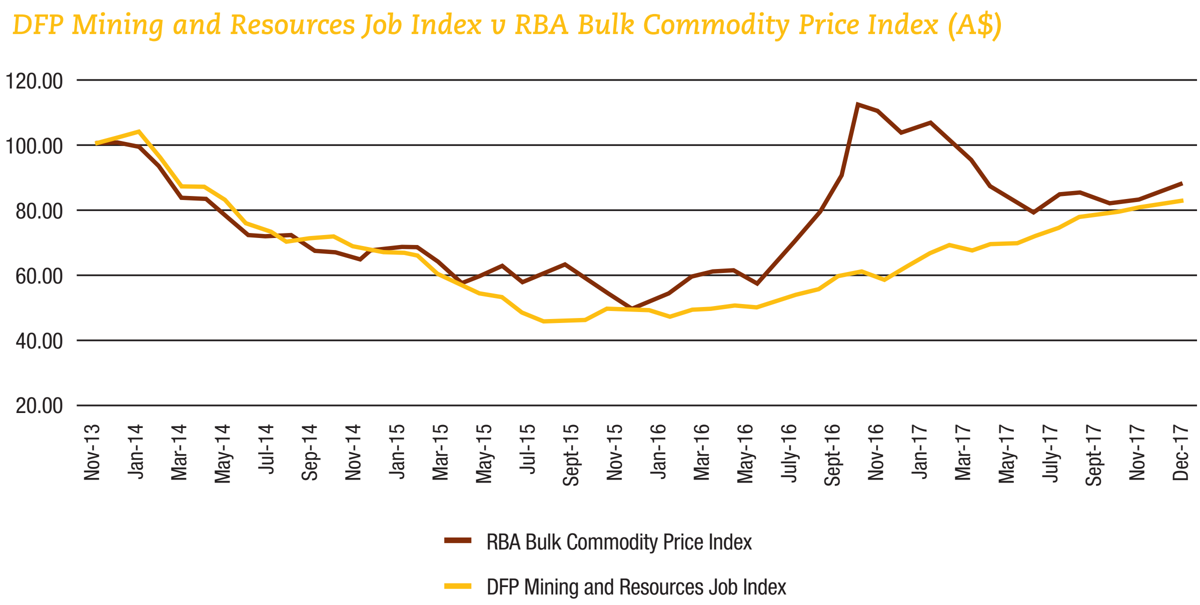

Chart 2: Comparison between the National Index and the RBA Commodity Price Index

The RBA's Non Rural Bulk Commodity Price Index rose a bullish 4.1% in December. Prices are not subject to the same local seasonal employment cycle and such a rise bodes well for the Mining and Resources employment prospects in early 2018.

The RBA's Index is a composite of a variety of non rural bulk commodities. Most metals prices have performed strongly this year, which is excellent news for our local employers. It may also breathe some new life into junior explorers particularly those with a focus on battery related materials.

State Analysis

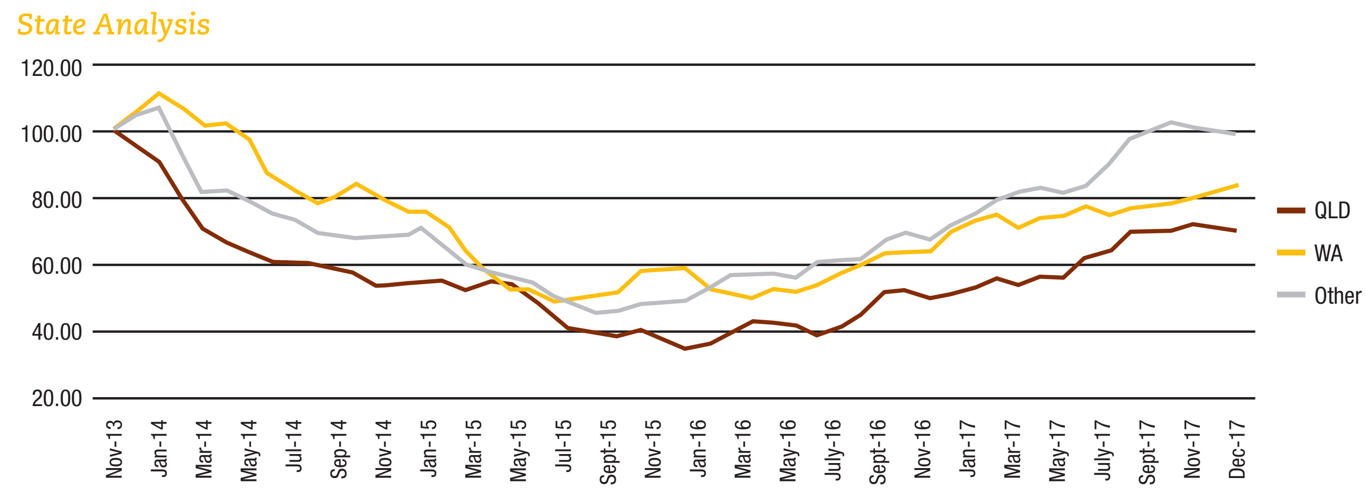

Chart 3: Comparison of State Job Indices against the National Norm

It's been a particularly encouraging end of year in Western Australia. Job vacancies rose a very healthy 9.5% in the last quarter including 4.7% in December. Overall we've seen a big improvement in job prospects in WA for the year, rising 32.9%. The index has risen in 7 of the last 8 months and now sits at 83.45. As demand is still 17% lower than late 2013 there is still scope for improvement this year.

In percentage terms, Queensland has performed even better with job vacancies rising by 40.3%. This was however from a lower base (the index last December was just 49.97) and the early gains lost momentum in the last quarter which saw just a 1.5% rise. The index is now on 70.11, having peaked at 71.22 in November. This easing is most likely seasonally related and opportunities in Queensland should pick up again in the New Year.

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

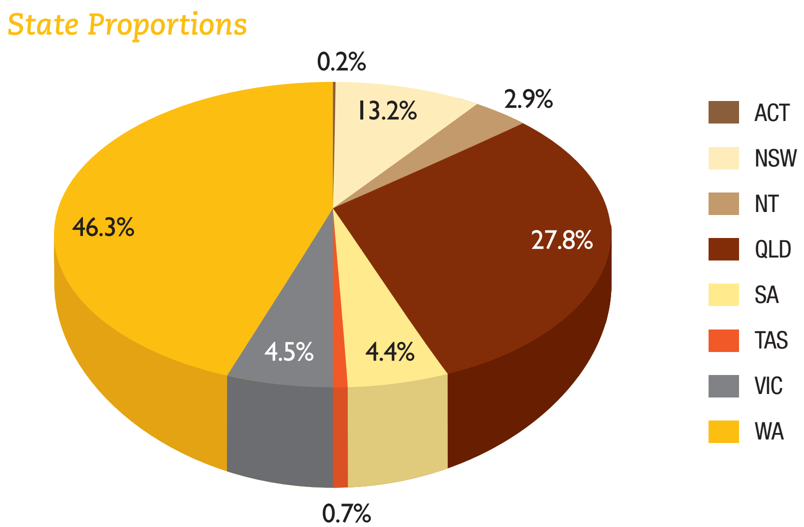

Chart 4: Analysis of Job Advertisements by State and Territory

Despite the recent strength in the Western Australian market, its share of the national market actually fell by 2% in 2017 to 46.3%. This is because the 32.9% rate of growth highlighted above, was below the national average of 38.7%.

Sub Sector Analysis

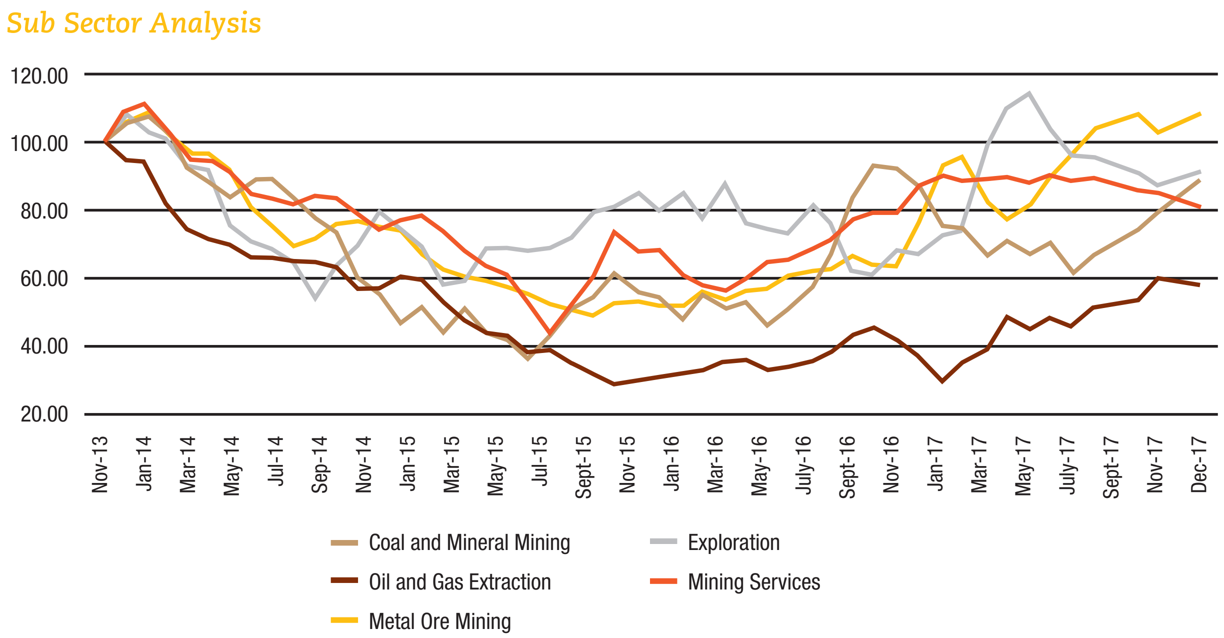

Chart 5: Analysis of Job Vacancies by Sub Sector

Recent strong gains in Oil and Gas Extraction could not be sustained. Vacancies fell 2.1% in December after 3 months of growth. This still left demand 13.9% stronger for the quarter and 40.9% for the year. However, this was achieved from a very low base level (41.28) so the index is still very weak on just 58.18. After a slow start to the year, the trend has been positive. Global supply considerations will be the major determinant of oil and gas prices in 2018 and this will shape employment prospects for the year ahead.

It's been a really encouraging year for employment prospects in the Iron Ore sector. Demand has shot up 67.6% over 12 months. The index is now on 106.10, the best since January 2014. Job seekers will enter the market in 2018 more confident than in prior years. Demand from China will be key.

After a very disappointing 2017, there were finally some encouraging signs for Coal Mining in the last quarter. Demand rose a staggering 35.7% which eliminated much of the contraction seen earlier in the year. Overall the market shed a net 1.7% over 12 months. Prospects in 2018 hinge on development of the Adani project in the Galilee Basin and any relaxation of State CSG exploration restrictions in NSW and Victoria.

Over the last 12 months, Metal Ore Mining has seen the biggest gains. On the back of the 68% rise in vacancies, its share of the national market has risen from 38.9% in December to 47%.

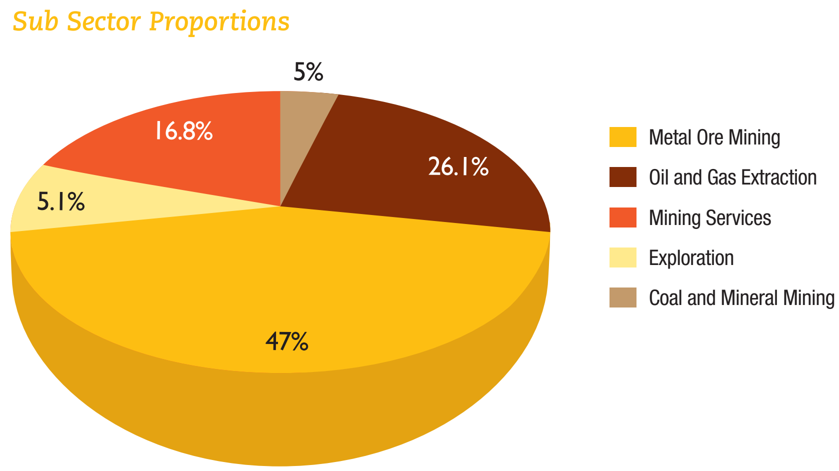

Chart 6: The Proportion of Job Vacancies by Sub Sector

High Level Occupational Analysis

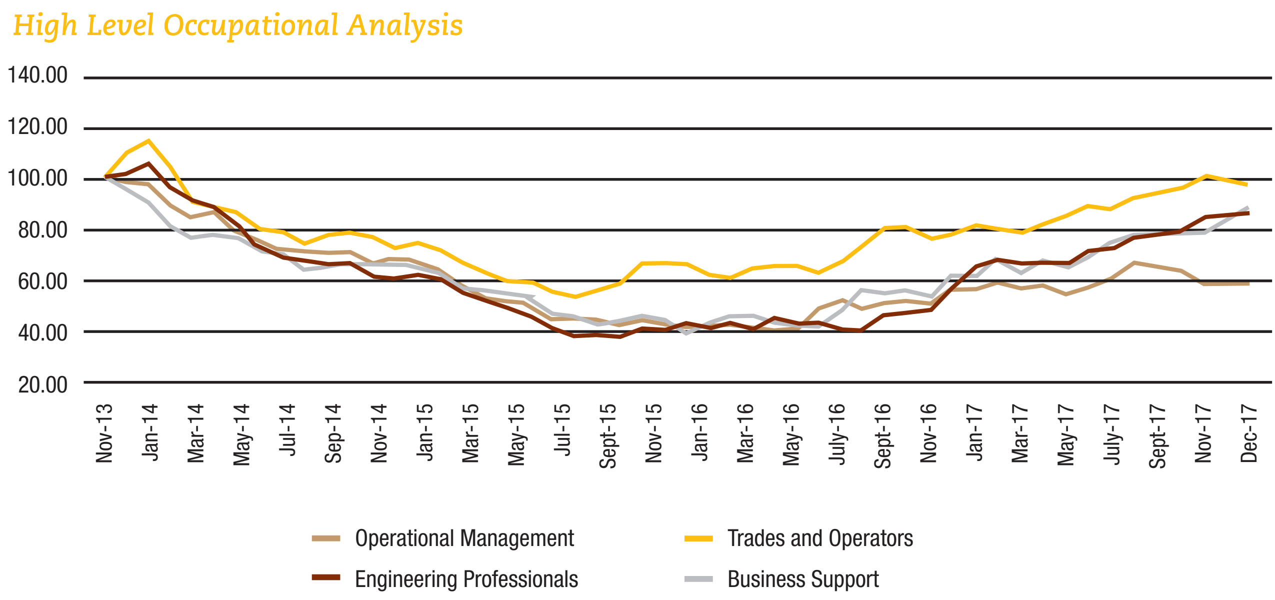

Chart 7: Analysis of Job Advertisements by Occupational Group

The only occupational group to see signs of seasonal contraction was Trades and Operators, falling 2.4% in December. It took the index back from 100.40 in November (the first time any major occupational index has exceeded 100 since early 2014) to 98.03. This also ended 3 months of successive growth. Assuming this is merely seasonal, we expect to see demand for Trades and Operators establishing a solid base for their index above 100 in 2018.

The market is also looking favourable for Engineering Professionals and Business Support which both enjoyed a very strong year – the former grew by 66.8% and the latter by 56.1%. The Engineering index now sits on 84.66, its highest since April 2014. Business Support is also at its highest level since January of that year. Both show good prospects for further job creation in 2018.

Operational Management has benefited least from the improving employment landscape this year. Demand has risen by 16.1% year on year but this still lags the national average of 38.7%. The index, on 60.11, is also well behind other major occupational groups. This was not helped by a 8.4% fall in the final quarter.

Operational Management

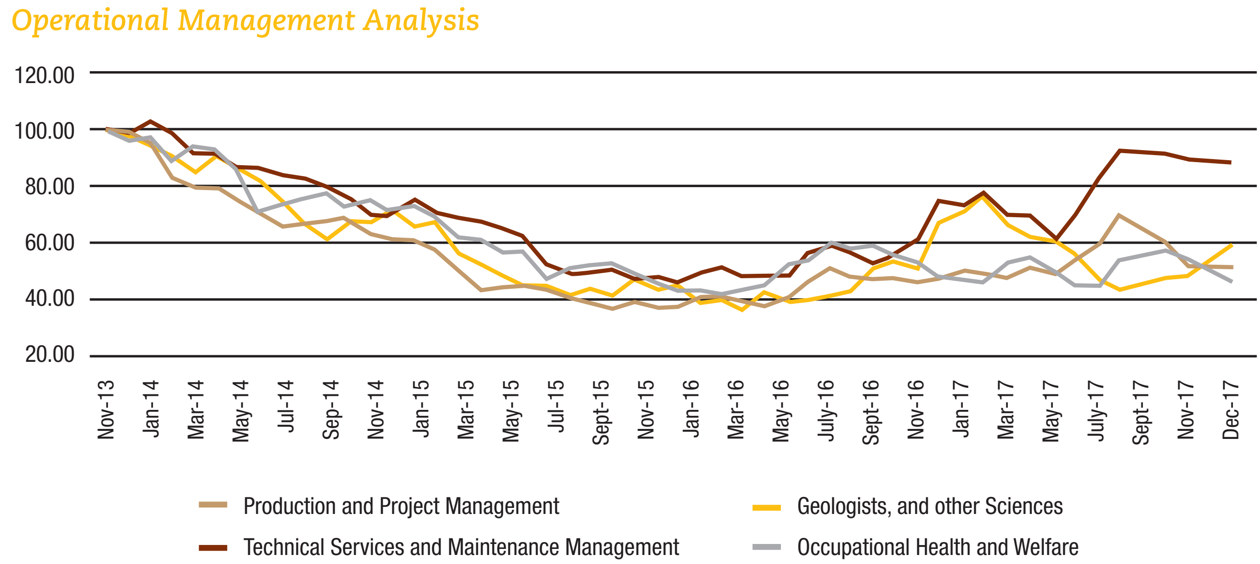

Chart 8: Analysis of Job Vacancies across Operational Management Occupations

When reviewing which occupations have held back Operational Management demand in 2017, it can be seen that Occupational Health and Welfare job opportunities fell by 10.7% over the year. OHW specialists will have been frustrated that the overall improvement in the market did not benefit them. As an occupation that can be applied across multiple sectors, job seekers would have had more success in sectors such as Construction, Manufacturing and the Public Sector.

The only occupational specialisation to really see solid growth last year was Technical Services and Maintenance Management. Opportunities grew by 44.2% over the 12 months and growth was particularly strong in the third quarter, peaking at 90.29 in September. Demand has contracted by 3.5% in the final quarter but if production levels remain high we should see growth continuing in 2018.

Annual growth in Production Management (11.8%) and Geologists (13.3%) are similar but their trajectories are very different. Production Management was exceptional mid year but demand ran out of steam in the last quarter slipping 21.2%. Demand for Geologists started the year strongly but collapsed mid year. It did however pick up well again in the final quarter, making it difficult to predict for the year ahead.

Engineering Professionals

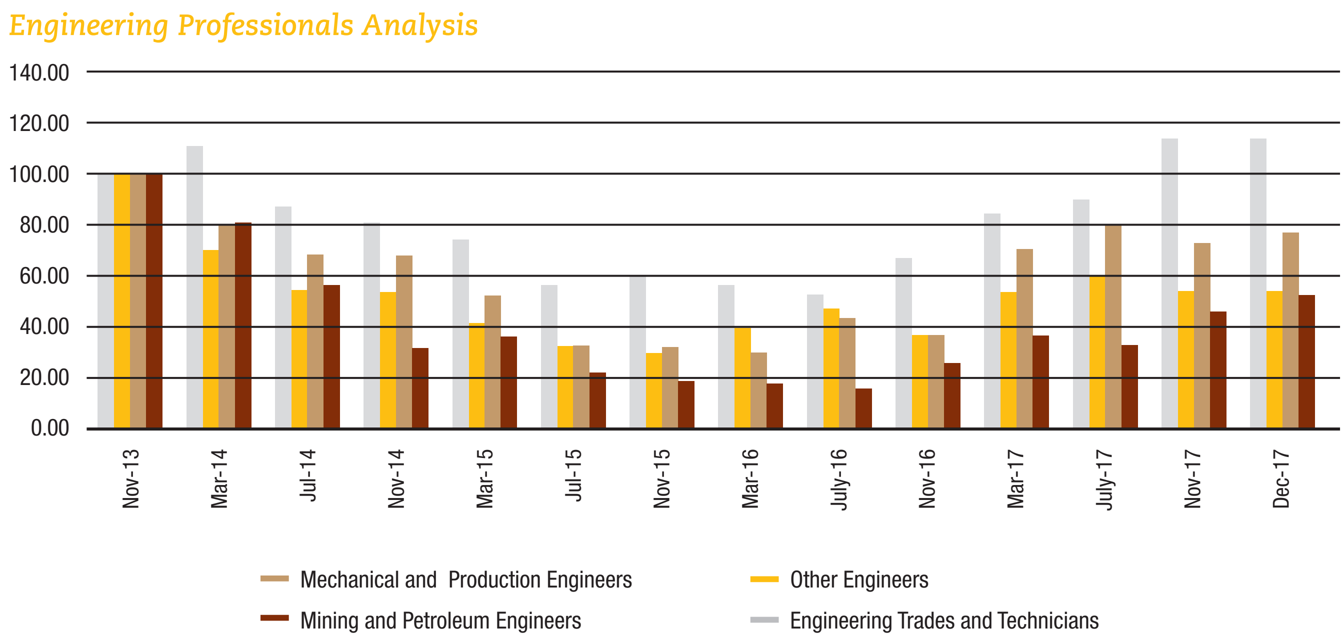

Chart 9: Analysis of Job Vacancies across Engineering Occupations

It has been a great year for many engineering professionals with demand for their services picking up considerably, albeit from a very low base. The best was seen in Mechanical and Production Engineering, up a massive 93.4% in just 12 months. All of that gain was seen in the first 3 quarters. A positive December hints at a positive year ahead and the index at 75.89 can go higher.

The biggest winners are Engineering Trades and Technicians. The growth in percentage terms was lower at 77.4% but the base was already solid. Job Opportunities are now close to the highest that we have ever measured (index on 114.41 against a record high of 118.28 set in January 2014). This index is also well ahead of all other engineering categories.

Job prospects for Mining and Petroleum Engineers is also in far better shape than a year ago. The index has risen by an impressive 73.1%. This was however coming off an extremely low base of 29.98 in December 2016. The index has only just passed the 50 mark (51.90) because of a strong December. There is still a long way to go before the market is anywhere near its former strength.

Trades and Operators

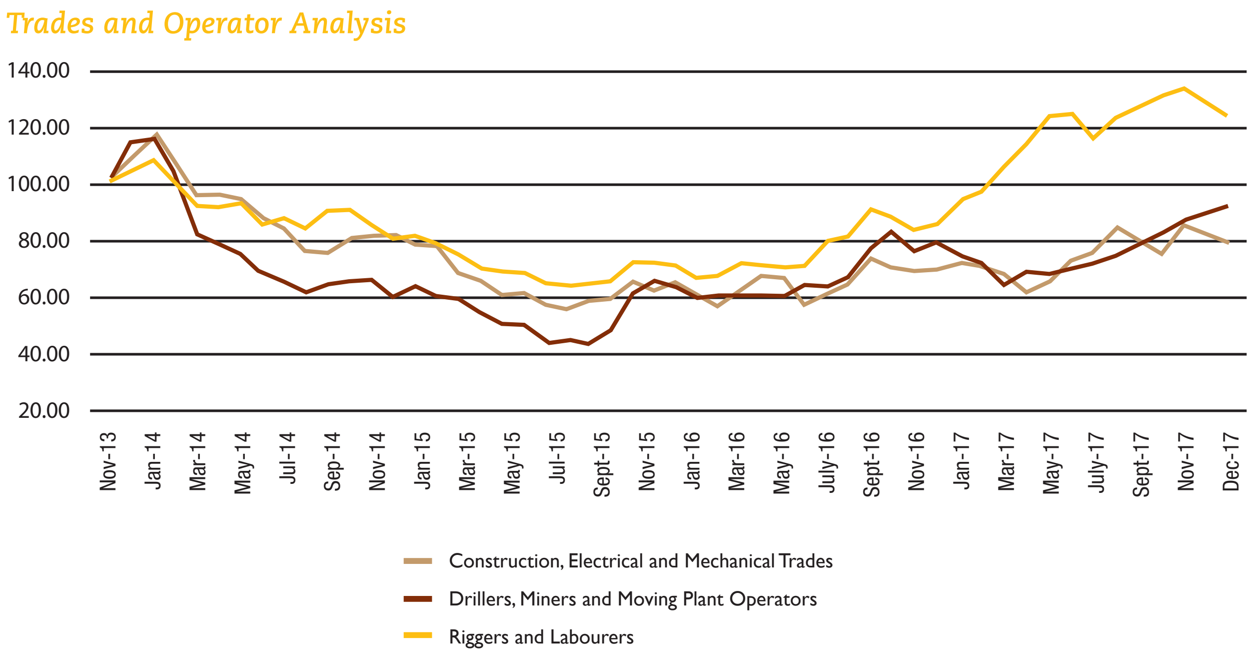

Chart 10: Analysis of Job Vacancies across Mining and Resources Trades and Operators

Last months across the board rises could not be repeated in December. Demand fell quite heavily in 2 of 3 occupational categories. December saw only the second fall in jobs for Riggers and labourers in 12 months. Vacancies have risen by 51.7% over the calendar year, but it slipped from its peak of 132.59 to 123.69. This is still an exceptional run of positive numbers and there is every chance that the Bull Run will continue in the New Year.

The prognosis for Construction, Electrical and Mechanical Trades is less optimistic. Demand expanded by just 10.7% year on year with jobs easing 4.3% in the last quarter. While commodity prices and production levels may be rising, investment has fallen. Unless investment picks up again in the Mining and Resources Sector, these trades are unlikely to enjoy a return to the level of demand seen during the boom.

The last 6 months have been exceptionally strong for Drillers, Miners and Moving Plant Operators. Demand has risen for 6 consecutive months totalling 33.5%. The index is on 91.01 which is the highest recorded since February 2014. A strong December suggests continued improvement in the year ahead.