Oil, Gas and Mining People

MAY 2014

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 2014.

The Index dropped 5.5% to 76.44 for the month of May 2014, indicating that the increase experienced in April was not the start of an upward trend. However, the decline is not unexpected given the current conditions with falling commodity prices, global supply fluctuations and rising costs impacting the development of new projects.

Whilst Western Australia holds a commanding share of job advertisements, it was not immune from the overall market decline experienced in the sector. This is still however, a more positive outcome than that experienced in Queensland where job ads have been halved in only 11 months.

Declines were felt by all sub sectors with Coal Mining taking the biggest hit. Metal Ore Mining held relatively stable and remains the biggest sub sector of employment opportunity.

We welcome all comments and observations. Our aim is to deliver research that is timely and useful to employers, job seekers and those with an interest in the Australian Mining and Resources job market.

National Job Index

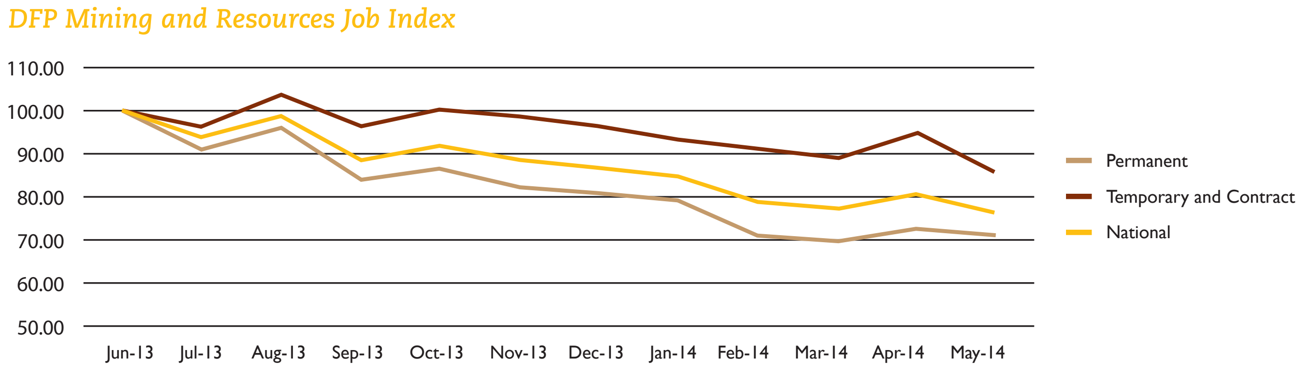

Chart 1: National Index and Job Type Analysis

The Mining and Resources sector experienced a fall of 5.5% in May, eroding the 4.3% rise in April. Whilst disappointing, the fall is not unexpected given current conditions and new hires often placed on hold as we approach the end of financial year for many organisations.

Whilst the DFP Mining & Resources Index sits at 76.44, a fall of 23.5% since June 2013, a considerable percentage can be linked to shaky commodity prices, namely the plunge in the price of coal, with hard coking-coal having dropped to $US120 per tonne from $US330 in 2011. Considerable job losses and mine closures in Queensland, coupled with Queensland Resources Council President Michael Roche quoting that 10% of mines in Queensland are in a "very precarious position", does not signify confidence in the market.

Iron ore prices have fallen to 2 year lows in recent weeks. This has forced at least 270 redundancies in recent days by BHP Billiton in Western Australia as part of its push to run its operations more efficiently amid weaker prices for the commodity.

The fall in May was more pronounced in Temporary and Contract opportunities, which are still stronger than Permanent roles however the gap has narrowed. The Temporary and Contract index now sits at 85.67, implying a 14% fall in job advertisements in just under 1 year. The index for Permanent roles stands at 70.6, down 29% over the corresponding period.

THINKING PEOPLE

State Analysis

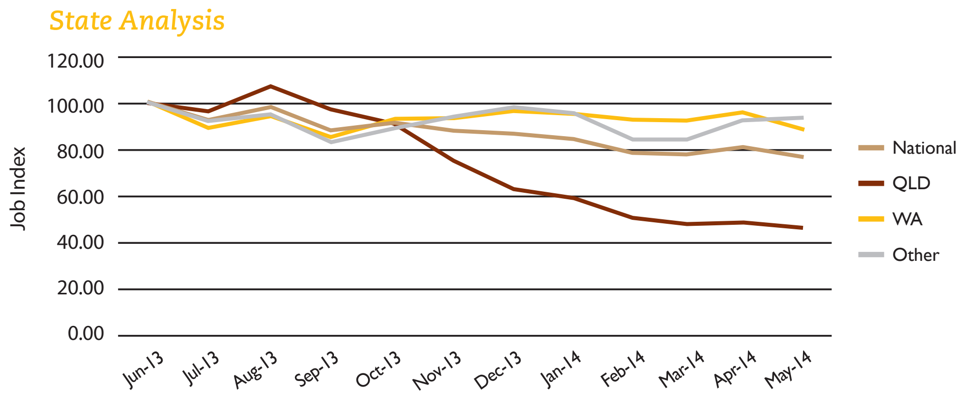

Chart 2: Comparison of State Job Indices against the National Norm

The Queensland Mining and Resources jobs market continues to suffer. The index now sits at 45.68, a halving of new opportunities in only 11 months. Whilst the market has been relatively stable for the last quarter without showing signs of growth, new project approvals still provide cause for optimism while more patience is required before any positive gains can be reported in the coming months.

Western Australia has been faring far better, however we report a relatively steep decline in advertised opportunities which has wiped the small gain in April. Whilst an increase in construction related activity in the state has been reported, recent Iron Ore redundancies have offset employment gains with the index now sitting at 88.52, a fall of 4.2 points from the previous month.

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

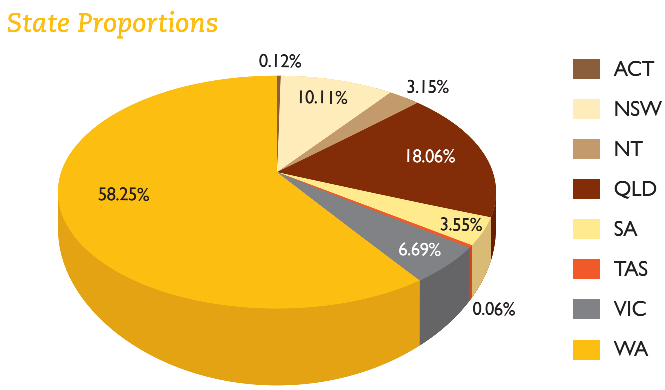

Chart 3: Analysis of Job Advertisements by State and Territory

The importance of Western Australia to the national mining and resources jobs market is clearly defined in this graph. WA holds a commanding majority of vacancies in the resource market. Interesting to note that despite the heavy job losses in the Coal sector, NSW continues to maintain a stable proportion of job advertisements. This has arguably been offset by Newcrest's Cadia East Goldmine which is expected to support 1,900 direct and indirect jobs.

Sub Sector Analysis

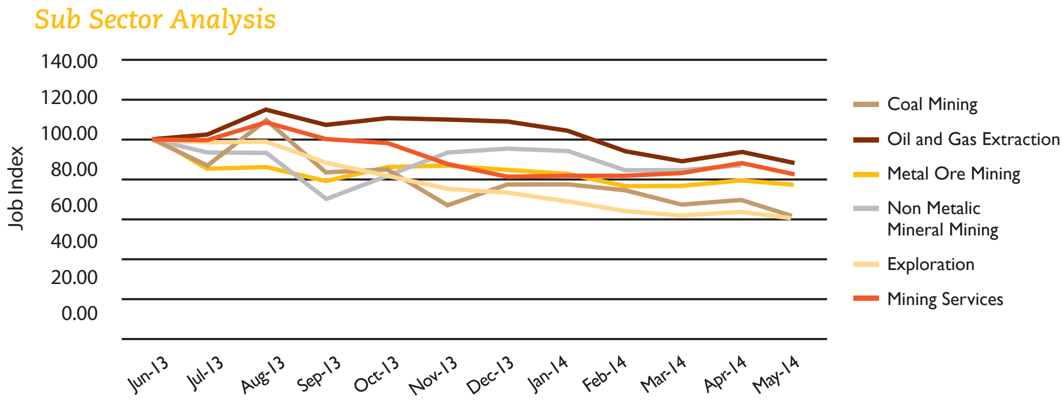

Chart 4: Analysis of Job Vacancies by Sub Sector

Declines in the national index was evenly spread across all sub sectors within Mining and Resources. Once again Coal Mining took the biggest hit with a fall of 9.28 points. Surprisingly, this includes a fall of 5.32 points in Oil and Gas, which has yet to generate the level of additional hiring activity expected to replace the anticipated falls in coal and iron ore demand.

The Exploration sector continues to fall and the index now sits at 60.37, a 40% fall in new job opportunities in 11 months reflecting the decrease in exploration investment and subsequent activity. Such results give weight to mining's reputation as a "Boom and Bust" sector and highlight the need to increase Australia's attractiveness as a mining investment destination. Many pundits are now waiting on the end of financial year, the government decision on the Mining Tax, in addition to closely monitoring shaky commodity prices and tentative investors.

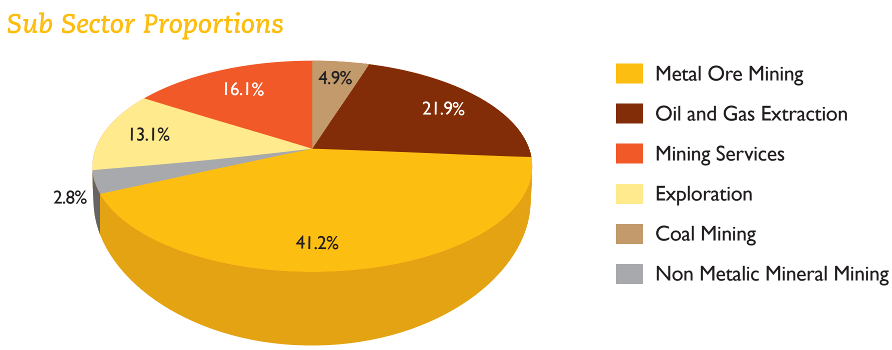

Chart 5: The Proportion of Job Vacancies by Sub Sector

The aforementioned falls in Coal Mining and Exploration inevitably feed into their declining market share of vacancies. The index now sees Coal Mining vacancies slipping to under 5% of total market share and Exploration down from 16% in June to 13.1%.

Despite the drop this month, Oil and Gas Extraction remains the major focus for growth and now represents 22% of all job advertisements, up from 18.9% in June 2013. An increasing realiance on this growing sub sector is apparent as commodity prices in the metalliferous mining space show a reluctance to increase in value. Metal Ore remains the biggest sub sector of employment opportunity, consistently representing around 40% of the market.

High Level Occupational Analysis

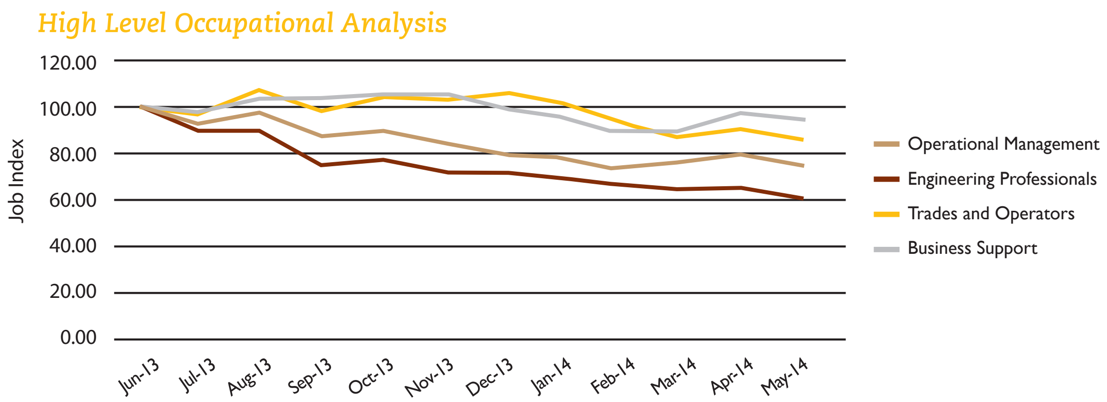

Chart 6: Analysis of Job Advertisements by Occupational Group

Whilst all occupational categories fell in May, Engineering opportunities continue to remain low with the index now close to 60. This reflects an extreme fall in demand for Engineers by mining and resource companies over 11 months. Ironically, non production roles have picked up since March, however, we will watch this segment with interest as this may have been influenced by increased staffing for projects not limited to Roy Hill in WA.

Operational Management

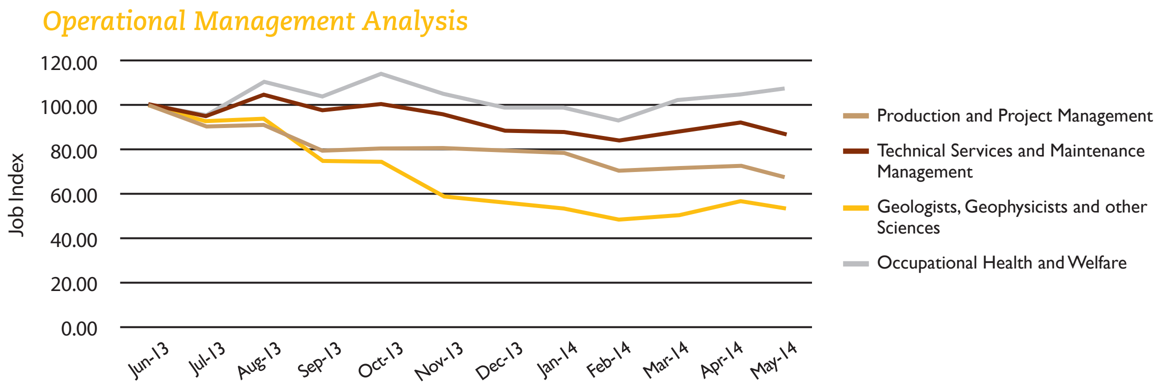

Chart 7: Analysis of Job Vacancies across Operational Management Occupations

In a month where positive results are in short supply, demand for Safety Management is up and the index sits at 107.45, arguably a relatively good time to be a specialist in any area of Safety, Health and Environment.

Geoscientific and Geologist opportunities remains low. Despite a short rise in April the index now sits at 52.83, roughly a halving of new vacancies listed since June 2013. A recent survey reported an unemployment rate of close to 20% in this category with as many as 40% of those in employment expressing concerns over job security. With so much demand for very few opportunities, the competition will no doubt remain very tough, with the imbalance potentially impacting salary levels.

Engineering Professionals

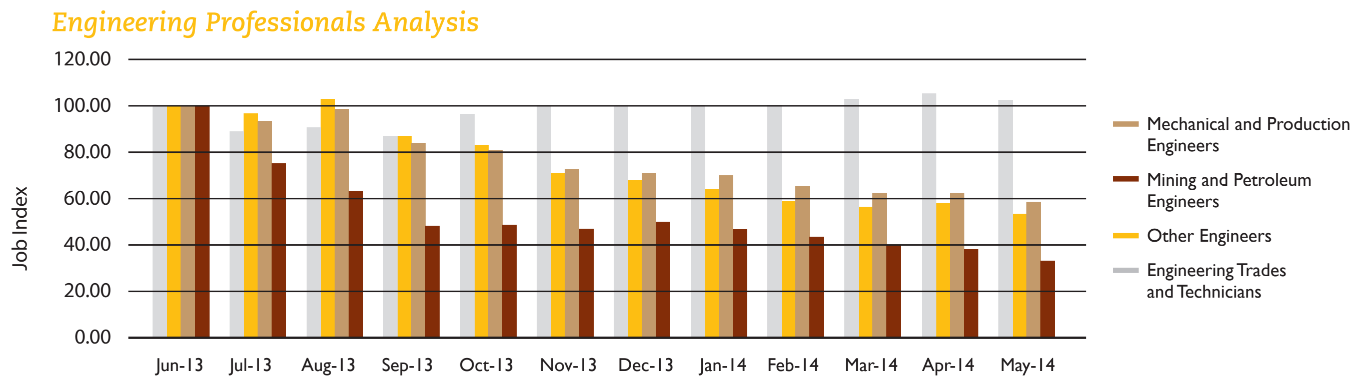

Chart 8: Analysis of Job Vacancies across Engineering Occupations

The overall decline in Engineering job opportunities was highlighted in the Higher Level occupational analysis earlier. This graph shows the areas where the declines are most prominent.

Mining and petroleum engineering opportunities have decreased as the index sits at a mere 32.89, representing only one third of the number of vacancies advertised, compared with June 2013.

The clear exception remains in the demand for Engineering and Trade Technicians where despite a fall in May, the index for demand lies at 97.78, which is a solid result for those working within this space.

Trades and Operators

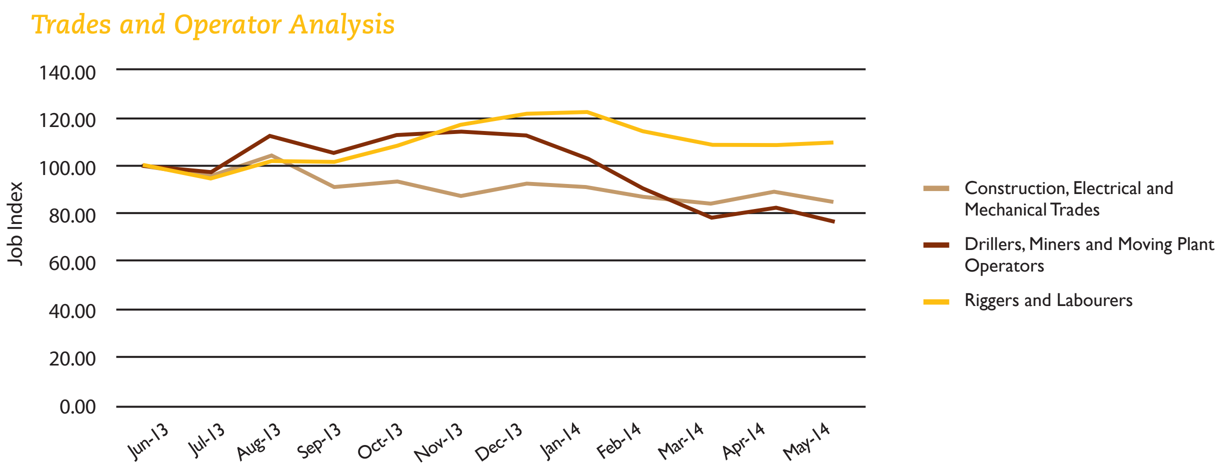

Chart 9: Analysis of Job Vacancies across Mining and Resources Trades and Operators

Demand seems to have stabilised for Trades and Operators over the last 2 months. Riggers and Labourers remain in positive territory – 109.0 as of May. It can be said that in the current climate any index over 100 is a sector performing exceptionally well.

Demand for Drillers, Miners and Moving Plant Operators declined steeply towards the end of 2013, and whilst employment opportunities have not recovered, they have certainly stabilised.

Despite a reduction in new projects, demand for Construction, Electrical and Mechanical Trades people have held up well in the first 5 months of 2014.

Data supplied under Copyright by HRO2 Research Pty Ltd

1300 337 000 | dfp.com.au

dfp Recruitment
THINKING PEOPLE