



Mining Professionals' Salaries Steady in Downturn Year, Companies Get Creative About Staffing

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At the outset of 2009, as commodity prices tumbled and financing dried up, companies in the mining industry faced tough choices about staffing, salaries, organisational priorities and cost control measures.

Traditionally subject to boom and bust cycles, the mining industry has been accused of shedding staff during the hard times and then struggling to fill positions when demand recovered. However, the leading professional body representing employees in the minerals sector, The Australasian Institute of Mining and Metallurgy (The AusIMM), says that times appear to have changed, and with them employment practices.

The results of the *2009 AusIMM Remuneration and Employment Survey* – the most comprehensive analysis of remuneration trends, work practices and attitudes of professionals in the minerals sector – show a strong trend towards shorter shifts and a fewer hours in the industry's working week.

AusIMM Chief Executive Michael Catchpole said a key message from The AusIMM to its members from the outset of the most recent downturn was to look at creative strategies for retaining staff, such as investigating opportunities for business growth or reduced working hours.

"The survey results show a strong trend towards shorter shifts and a fewer hours in the working week, suggesting that a reduction in working hours has been used by many companies to retain valued staff while cutting costs," Mr Catchpole said.

"Given the industry's exposure to cyclical changes and reputation for shedding staff, it's perhaps surprising that trends for 2009 in both salaries and employment remained relatively steady.

"The average base salary was approximately \$167,000, with a median of \$145,000. Compared with the 2008 survey, this average is \$8,000 higher, but the median is unchanged, suggesting that there has not been a significant increase in salaries over 2008," he said.

The data was also analysed by level of responsibility, with Level 1 representing entry level to the industry and Level 5 representing senior management. When compared against the 2008 survey results, the largest increases were seen in Level 3, 4 and 5 salaries, with the smallest percentage increases at the lower levels.

"This suggests that companies are focusing resources more on retaining mid-career and experienced staff rather than attracting new entrants and this would also account for the overall average increase in salaries."

Interestingly, for the first time since the survey began in 2005, the largest single percentage of respondents indicated that they worked eight hours per day on average (24.5%). In previous surveys, the highest percentage of respondents indicated that they worked 10 hours per day on average. Continuing the trend toward reduced working hours, in 2009 56% of respondents reported working less than 50 hours a week, compared with only 26.8% the year before.

Over a quarter of respondents (27.4%) indicated that the downturn had led to a reduction in salaries at their workplace, with 18.6% having been encouraged to take annual leave. A total of 3% of respondents indicated that they had been made redundant.

To further test the survey results, several AusIMM members in senior management roles were asked about retention strategies.

Former AusIMM President and Chairman of AMC Consultants Peter McCarthy indicated that reducing working hours through the adoption of a four day week was a key strategy adopted by his company to retain talent.

“Due to the effects of the global financial crisis on AMC in February, we were faced with two options: either terminate 20% of employees, or reduce salaries by 20%,” Mr McCarthy said.

“Through taking the latter option, we have kept most people in their jobs, maintaining our capability to service our client’s needs, and most importantly retained talent for the upturn. It also sends a strong message to other organisations that you don’t always need to be seen to be ‘doing something drastic’ to cut costs. In many cases, there are alternative measures that can be taken rather than making staff redundant.”

Sue Border, a Fellow of The AusIMM and a Director and Principal Consultant of Sydney based geological consultancy Geos Mining (which employs 20 staff) faced similar challenges.

“At the height of the downturn our gold, base metals and uranium work evaporated – this represented half the business,” Ms Border said.

Geos Mining responded to the challenge by focusing on strategies to identify new areas for business expansion such as the Chinese resource estimation market, coal seam methane drilling and extraction. Staff capacity was focused on building up capability in these areas.

“For example, we spent many months developing processes and procedures required to offer a coal seam methane service. We also intensified our marketing campaign and translated our web site into Mandarin.

“Our firm intention at the time was to keep our valued staff and although we were concerned about falling net profit, we tried to put this matter to one side. Staff members were asked to take their annual leave where possible and work four-day weeks. We were successful and new work is again beginning to flow.”

Survey results confirmed the optimism expressed by these and other industry executives. More than 60% of respondents agreed or strongly agreed with the statement that the downturn would not last longer than two years. Just under two thirds of respondents (64.0%) indicated that they expected to increase their level of remuneration over the next two years.

This was down around 15% from the 80% of respondents in the 2008 survey who expected their remuneration to increase, indicating a slight dampening of expectations.

Similar attitudes were expressed in relation to expectations around bonuses, and the degree to which respondents would achieve their maximum performance based incentives, which were also set at lower levels than previous years.

Although perceptions of the extent of the skills shortage had eased, a majority of respondents indicated that this was an issue of ongoing concern, notwithstanding the downturn. For example, only 55% of respondents disagreed or strongly disagreed with the statement, "The shortage in skilled professionals has *not* affected my workplace".

AusIMM CEO Michael Catchpole says that, as the industry once again ramps up production, companies will need to be proactive in addressing persistent issues around gender equity and flexibility needs of carers to retain valued staff and meet skills needs.

"Disappointingly, an analysis of salary levels has shown that the generally high salaries in the mining industry are not distributed equally between the genders, with a gender pay gap which commences at lower levels of responsibility and increases with each consecutive level," he said.

"An analysis of pay per hour reveals a gap of 2.0% at Level 2 (Male \$38.25 per hour; Female \$37.48 per hour), escalating to more than 60% at responsibility Level 5 (Male \$86.72 per hour; Female \$53.65 per hour)."

Just over 30% of respondents indicated that they had caring responsibilities, with 90% of these respondents being carers for children. Interestingly, as a share of their gender a higher percentage of males (31.4%) indicated that they have some form of caring responsibilities than did females (20.3%). Of those with caring responsibilities, 43% noted that this had necessitated a "Reduction in hours", followed by "Downshifting or accepting a role with reduced salary or responsibility in a different organisation", suggesting a strong trend towards downshifting within this group.

"It is hoped that in what promises to be a year of rapid and sustained recovery, the industry will continue the trend towards creativity in the management of its most valuable resources, its people," Mr Catchpole said.

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The AusIMM

The Australasian Institute of Mining and Metallurgy (The AusIMM) is the leading organisation representing almost 10,000 professionals in the minerals sector in the Asia-Pacific region. Our role is to maximise opportunities for professionals in the minerals sector through continuing professional development and to promote the value of the minerals industry to the wider community.

The full report can be purchased online from The AusIMM Online Bookshop at:
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