

12 November 2008

Dear Member

We work in a cyclic industry and older professionals may have experienced the 1970s nickel boom, the 1973-74 bear market, the 1980s gold boom, the 1987 crash, slowdowns in 1994 and 2002, the late 1990s Asian financial crisis, the recent “minerals boom” and now the 2008 downturn, whatever it may eventually be named. At the time of writing the Australian All Ordinaries index has fallen 40% in twelve months and is back to 2005 levels. Other world markets have fallen more. A larger percentage fall (49%) occurred in 1987 in less than five months, while the following slow market conditions lasted nearly three years. In each downturn, the minerals industry undergoes some restructuring but emerges ready for the next “bull” market period. On average, “bull” markets last for 5.4 years while “bear” markets last for 1.3 years (IRESS data).

Australia and New Zealand are both good places to be during this time, and the minerals industry is probably the most reliable part of the Australian economy. The lower exchange rates will help exporters; good quality projects will prosper while other projects will be put back on the shelf. It is noteworthy that some of the projects now on hold are based on mineral deposits that have been known for 30 or more years, and have had many false starts.

Just a few months ago, we had too much money chasing too few projects with even fewer people capable of running them effectively. We also risked being seen as arrogant by those sectors not as successful, and there was evidence that communities had come to resent our success and the uneven market impacts that went with it – the salary gaps, housing gaps and failing services in regional communities. While the economic situation has changed, the demographic situation hasn't – there is and will continue to be a shortage of technical and professional people, regardless of where we are in the economic cycle. Sometimes the available job might not be exactly the one you want, but be patient, the cycle will turn. The vast majority of employees in mineral operations will continue in their current positions. There has been a chronic shortage of staff at many operations, and people displaced elsewhere must be prepared to move to fill these positions.

While some students might have intended to leave university with a three-year qualification, it would be wise to stay on for a fourth year if possible. This will make graduating students more attractive to employers, while allowing time for the current industry uncertainty to be resolved. Similarly, it may be more attractive than it was to consider postgraduate studies.

Graduates may find it more difficult to find “graduate” jobs and must be prepared to take other jobs in the industry, such as “underground miner” or “field assistant”. Employers will generally look favourably upon graduates who apply for such jobs. This has been the situation for much of the history of the industry and our view should not be distorted by the unprecedented opportunities of the last five years. It is important to seek appropriate experience where possible, and to stay in the industry.

Our advice to members is to maintain your membership of The AusIMM and think about gaining Chartered Professional status. Make the most of the networking and professional development opportunities provided – participate in branch activities, attend conferences and write papers about your professional work. Help others – you can start mentoring more-junior people at any time, even as a senior student. If you are a new or recent graduate yourself, don't be afraid to contact senior members and Fellows and directors to seek a sounding board. You might even grow new and lasting friendships. Take the time to read professional journals, trade journals and books, so that you know the latest developments in your industry and know its characters. All of these actions help your professional competence and employability.

For The AusIMM, this uncertainty provides challenges as we seek to maintain services to and support for our members. We will do this through existing and new programs focusing on professional development, recognition of programs and courses that ensure “job ready” graduates, assistance to individuals and companies to ensure retention of employees and their redeployment into areas of greatest need and value, and support for government and industry policies that reward innovation and rebuild the reserves available for future minerals development.

Sincerely



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