

# New geology graduates see gold

## Global companies increase starting pay for skilled workers

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TORONTO - Brittan Jones passed up a \$100,000-a-year job at a mining company last December when he finished his degree in geology. The 24-year-old Canadian said he's confident he'll get a better offer.

"I'm lucky to have graduated when metal prices are so high," said Jones, who has traveled to the Arctic Circle, British Columbia and the U.S. on mining internships. "There's a lot you can do with this degree."

Mining companies such as Barrick Gold Corp., BHP Billiton Ltd. and Rio Tinto Group are paying geology grads 44 percent more than three years ago, giving them higher salaries than the average Master of Business Administration in the U.S. Demand from developing nations including China helped prices of copper, silver and platinum more than double in that time, and gold reached a record \$1,001 an ounce today in New York.

"There is a chronic shortage of skilled people, and wages have skyrocketed," said Bart Melek, commodity strategist at BMO Capital Markets in Toronto. "There's no relief in sight."

Wall Street firms have fired more than 30,000 in the past seven months as prices of mortgage-related assets slumped.

Salaries for geology undergraduates in Canada, home to three of the world's largest gold producers, jumped to an average \$90,000 (Canadian), or \$91,654 U.S., from \$62,500 (Canadian) in 2004, according to Norman Duke, a professor at the University of Western Ontario, who has been a consultant for companies including Teck Cominco Ltd.

Geologists' pay tops the average for new U.S. MBAs, which, according to an August 2007 survey by the National Association of Colleges and Employers, was \$86,696. Those with mining skills are also catching up with Harvard University MBAs, whose average starting salary rose 15 percent over three years to \$115,000 in 2007, according to the university.

This year there will be about 1,200 geology grads in Canada to fill 9,000 positions in the country's mining industry, said Ryan Montpellier, executive director of the government's Mining Industry Resources Council. In the U.S., the number of jobs open to geologists

will rise 22 percent in the decade ending in 2016, about double the average for all occupations, according to the U.S. Department of Labor.

Instead of taking a permanent position, Brittan Jones started a research project after completing his four-year course at Canada's provincially funded Brandon University in Brandon, Manitoba. In June, he'll start a four-month contract managing a British Columbia drilling program. Jones said he is betting the additional experience will result in a more lucrative job than the position offered by a private Manitoba exploration company in December.

Demand for his skills is unlikely to drop. Mining companies announced 1,100 new projects last year with a total value of \$308 billion, 50 percent more than a year earlier, said Magnus Ericsson, an analyst at Stockholm-based Raw Materials Group.

Mining companies pared hiring in the 1990s, when a decline in global demand for metals slashed prices and forced cutbacks in exploration. Now, the industry needs to expand its workforce while replacing employees who are set to retire.

Teck Cominco, the world's second-largest zinc producer, estimates that as many as half of its workers in British Columbia will retire in the next five years. Mining companies across the world are in a similar position, said Peter Kukielski, chief operating officer of the Vancouver-based company.

"The industry has been understaffed for years," said Greg Wilkins, chief executive officer of Toronto-based Barrick. "The mining industry has generally not been very attractive for graduates, so there is a lack of skilled people."

The shortage of mining expertise is particularly acute in Canada, Australia and the U.S., said Frances McGuire, chief executive officer of Major Drilling Group International Inc. The Moncton, New Brunswick-based company, the world's second-largest mineral-drilling contractor, needs about 200 experienced rig operators, who earn as much as \$120,000 a year.

In Australia, employment in mining has jumped by almost two-thirds in five years. The Minerals Council of Australia estimates the national industry will need an extra 70,000 workers by 2015.

Rising demand for their labor has given graduates unprecedented bargaining power, said John Humphreys, head of the geology and geological-engineering department at the Colorado School of Mines in Golden.

"We used to tell graduates to hang in there, that something would come along," Humphreys said. "Now we're counseling our students on how to deal with multiple offers."