



ANALYSIS

BY DAVID PORTEOUS

Boom time for brokers?

Continuing demand for skilled professionals in the mining and resources sector represents a business opportunity for brokers.

While the exact extent and future size of the Australian resources industry is subject to constant public debate, the industry will continue to play a major role in driving Australia's economic growth for the foreseeable future. Demand for skilled professionals has never been greater; neither has the importance of insuring the thousands of professionals driving the resources industry.

Australia has enjoyed a decade-long mining boom that has created over 200,000 new jobs. According to Australian Mines and Metals Association, there is now approximately \$260 billion worth of resources projects in the committed stage of development. This is spread over 100 major projects around Australia that have been scheduled to commence before 2015. On top this, there are another 295 proposed projects in Australia that are yet to be approved which would collectively equate to an additional \$240 billion capital spend.

In order to support these unprecedented levels of current and future investment in the sector (i.e. approximately \$500 billion in approved and yet-to-be approved projects), massive numbers of skilled professional labour are required to bring these projects into production.

I believe the constant perception that the 'mining boom' is ending is overdone. The fact is that there are hundreds of billions of dollars committed to this industry, and the demand for professional and skilled labour has never been greater. The Australian Mines and Metals Association has also recently estimated

that 6000 skilled labour jobs are currently vacant in Australia and that number could rise to 40,000 in coming years when all of these projects are underway. My simplistic view is that the resources industry in Australia will continue to be our major economic driver well into the future.

“THE IMPORTANCE OF INSURING THE THOUSANDS OF PROFESSIONALS DRIVING THE RESOURCES INDUSTRY HAS NEVER BEEN GREATER.”

The sheer scope and breadth of professionals required to develop and manage the resources industry is quite staggering. It's not all about flying in to drive a dump truck for mega-bucks.

Any one project will have involved on it a myriad of professionals who are all specialists in their field. Be they business and management-related (advisory, legal, accounting), related to the sciences (geologists and geochemists), engineers (mining, civil, structural) or project and mine/operations management; each one of these professionals will perform a specific task and have specific exposures as a 'professional'.

We believe that the insurance requirements for these professionals have

never been more important and we see that it's now commonplace that professionals contracting to the resource industry are being contractually required to carry their own Professional Indemnity and Public Liability insurances before work can commence.

We believe that the vast majority of skilled professional labour should be carrying both policies at a minimum.

Obviously the exposure for many of these professionals is a failure in provision of their professional services. However, some of these professionals may face incidental public liability exposure when visiting a mine site, for example. The converse for labour-focused services is also true, whereby minimal 'professional' advice is given but the incidental nature of any 'advice' provided in their day-to-day duties may be considered 'professional' in nature.

It is sensible risk management practice for each of these professionals to carry these types of policies given the sheer size of the projects being developed these days and potential exposures faced by these professionals. **NIBA**

David Porteous is General Manager at Brooklyn Underwriting. Brooklyn recently launched a dedicated Professional Indemnity and Public Liability policy tailored to the various professionals engaged in the resources industry.

For an in-depth Technical article about the mining and resources insurance sector, please see pages 66-70.