The Scottish Affairs Committee inquiry – the future of the oil and gas industry

Written Evidence

8th June 2018

The National Union of Rail, Maritime and Transport Workers organise over 3,500 workers in the oil and gas industry on the UK Continental Shelf (UKCS), from rig scaffolders, caterers, drillers and other contractor staff on installations to supply chain workers, including divers, seafarers on offshore supply vessels and shore side marine engineering.

We welcome the opportunity to submit written evidence as part of the Scottish Affairs Select Committee’s inquiry into the future of this high skills, high investment sector of the Scottish and UK economy.

Maximising Economic Recovery

The 2013 report to the UK Government by Sir Ian Wood, written at a time of $100+ oil prices, recommended a policy strategy to ‘maximise economic recovery’ of the remaining oil and gas reserves under the North Sea. In light of the huge growth in the number of oil fields on the UKCS since the 1990s (from 90 to around 300 today), this presents significant challenges for offshore workers and their trade unions, as well as for the safety and commercial regulators, the Health and Safety Executive (HSE) and the Oil and Gas Authority (OGA), respectively.

Through the Coalition Government’s amendment of the Infrastructure Act 2015, the OGA is legally obliged to implement the Maximising Economic Recovery (MER) Strategy for the UK.1 The ‘central obligation’ in the MER strategy states that the:

…relevant persons must, in the exercise of their relevant functions, take the steps necessary to secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath relevant UK waters.

The emphasis in the UK Government’s MER Strategy is very much on the reduction of costs which obviously has a direct impact on the workforce. Regrettably, the impact of commercial practices on offshore workers from the MER is only subject to self-regulation through voluntary codes of practice produced by employers (Oil & Gas UK).2

As a result, we are concerned that the current commercial interpretation of MER is not in the best interests of Scottish or UK workers in the offshore sector, or of the national economy.

1 Published 16th March 2016
2 https://oilandgasuk.co.uk/commercial-behaviours/
**Offshore employment and training issues**

Since the fall in the price of oil from over $100 per barrel in July 2014 to under $30 per barrel in January 2016, employment, training and contractual terms and conditions, in the upstream, midstream and downstream of the oil and gas industry have been severely damaged, with offshore workers in Scotland and across the UK hit the hardest.

The latest figures from the trade association, Oil and Gas UK\(^3\) provide a stark illustration of the impact on employment of the business model adopted by industry during the ongoing down turn:

*Figure 1: Total Employment Supported by the UK Upstream Oil and Gas Industry*

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>36,600</td>
<td>41,300</td>
<td>37,500</td>
<td>29,500</td>
<td>28,300</td>
</tr>
<tr>
<td>Indirect</td>
<td>198,100</td>
<td>206,100</td>
<td>163,100</td>
<td>150,600</td>
<td>141,900</td>
</tr>
<tr>
<td>Induced</td>
<td>206,200</td>
<td>216,500</td>
<td>173,400</td>
<td>135,300</td>
<td>132,000</td>
</tr>
<tr>
<td>Total</td>
<td>440,900</td>
<td>463,900</td>
<td>373,800</td>
<td>315,400</td>
<td>302,200</td>
</tr>
</tbody>
</table>

OGUK also baldly stated in their Economic Report 2017 that:

*During 2015 and 2016, the industry was focused on lowering headcount as a way of quickly reducing costs.*\(^4\)

Whilst the rate of job losses slowed between 2016 and 2017, the offshore oil and gas industry’s skills base faces serious short and long-term challenges as a consequence of this aggressive strategy, which has seen the number of ‘core’ offshore workers\(^5\) fall 18% to 23,650 in two years (2014-16).\(^6\)

Furthermore, the average age of offshore workers is over 42 years, suggesting that whilst some core, experienced staff have been retained, vital experience and skills have been lost hand over fist. The lack of a coherent plan to train the next generation of offshore workers in Scotland or the UK required to maximise the benefit to Scotland and the UK of the country’s remaining oil and gas reserves risks locking in the impact of the downturn.

Productivity per worker has increased since 2015 but this is due to commercially aggressive decisions, particularly job cuts, undermining of employment rights and the imposition of longer shift patterns. In many cases, neither the staff themselves nor their trade unions have been consulted in a meaningful or effective way before these fundamental changes to terms and conditions of employment were made.

RMT estimate that the downturn has led to an average 20% fall in staffing levels on UKCS installations, with the remaining offshore staff working an average of 300 hours more per year for the same rate of pay effective in 2014. In too many cases, this has been accompanied

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\(^3\) Pg. 5, *OGUK Workforce Report 2017, 4th October 2017*

\(^4\) Pg. 16, *OGUK Economic Report 2017, 21st July 2017*

\(^5\) Defined by OGUK as those offshore workers who spend 100 days or more offshore every year.

\(^6\) Pg. 4, *OGUK Workforce Report 2017, 4th October 2017*
by the imposition of severe reductions to statutory entitlements such as holiday and pensions and the abolition of non-statutory contractual allowances such as travel.

Pockets of employment growth, such as the Claire Ridge field being developed off Shetland are welcome but will only ever be of limited benefit to Scottish workers in the current commercial conditions. As has happened in the UK shipping industry over the last 30 years, a diminishing skills base results in employers increasingly importing labour from outside the UK and the EU on exploitative terms and conditions.

By committing to making the UKCS the ‘most efficient basin in the world’ the OGA and the UK Government risk repeating the same mistakes and undercutting Scottish offshore workers and their UK colleagues by employing non-EEA staff on lower rates of pay and no collective bargaining agreement with a recognised trade union.

The decommissioning industry is, unfortunately, already headed down this path of exploitative practice (see appendix 1) and we are concerned that this is with the blessing of the OGA, which is committed to cutting the cost of decommissioning by 35%, most of which is borne by the UK taxpayer through significant tax concessions for duty holders.

OGUK’s recent survey of employers found 56% of respondents stating that they expected to employ more offshore workers in 2018. Only 6% expected to make further job cuts. Whilst this should see some unemployed offshore workers in Scotland regain jobs in the industry, that is by no means certain, largely due to the growth in ultra-competitive commercial practices over the last two years.

For example, RMT offshore workers and their colleagues are increasingly being asked to accept, without question, inferior terms and conditions of employment in order to work offshore. We draw the following list of employment policies and practices to the attention of SASC members:

- Operators (oil companies) terminating long term contracts with Tier 1 and 2 contractors and awarding them to 'body shops'. The absence of TUPE protections forced hundreds of workers into sham employment status in order to retain work;

- Operators refusing to fund long established payments associated with delays forcing Tier 1 and 2 contractors to increase the use of short term/zero hour terms. This was a first for the industry but since 2016 the incidence of individual contractors being required to set up as limited companies as a pre-condition of employment, has increased.

- Contractors issuing "assignment" details stating the trip will be "1 to 21 days" to be determined by the operator;

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7 Pg. 7 Vision 2035 Overview – UK Oil and Gas: Creating the Future January 2017
8 Pg. 33 OGA Overview 16th February 2018
9 Pg. 25, OGUK Business Outlook 2018, 16th March 2018
10 Tier 1 refers to exploration and production work; Tier 2 other forms of contracted work (e.g. catering) and consultancy on North Sea installations.
Employers (contractors) saying they will charge workers anything between £500 and £1,000 for missing a check-in/flight;

Trade unions excluded from heliports servicing the UKCS;

Offshore workers being offered "ad-hoc" contracts, effectively pooling labour whilst the employer avoids redundancy payments;

Retrospective charges for any training received, should an employee leave the employment of the company;

Denial of holiday entitlement, with some employers asking workers to take holidays during existing field breaks (rest periods), for production and operational safety reasons;

Operators 'not requesting back’ workers, with contractors subsequently raising false disciplinary charges in justification;

Companies ignoring TUPE requirements;

Spurious redundancy ‘consultation’ processes, where decisions have already been made.

Whole sale redundancies amongst UK seafarers working on Offshore Supply Vessels in the North Sea, with many replaced by non-domiciled seafarers on lower rates of pay

We regard this as evidence of an inappropriate commercial behaviour in the industry. The regulator, the OGA must respond to these commercial practices but has shown no willingness to do so, to date.

We are also concerned by a number of the strategic priorities which the OGA has set out for the industry, including the Vision 2035 document. RMT regard the aim to create the ‘most efficient basin in the world’11 in particular as undesirable for offshore workers and the long-term interests of the taxpayer.

It is also disappointing that the OGA’s updated ‘overview’ document published at the start of the year makes no mention of how employment for Scottish and UK workers in the offshore industry, including the growing decommissioning sector will be increased.

If investment in all sectors of the offshore industry is to be properly rewarded, the benefits for Scottish workers and those living in the rest of the UK, must be clear and attainable in the form of increased skilled and unskilled job opportunities on installations and across the offshore supply chain.

As yet, we have seen little action from the commercial regulator, the OGA, to suggest that they are either willing or obliged by the MER Strategy to tackle commercial behaviours like

11 Pg. 7 Vision 2035 Overview – UK Oil and Gas: Creating the Future January 2017
these which cut costs at the expense of offshore workers’ terms and conditions of employment, and the industrial relations culture offshore.

It is worth noting, in this context, the OGA Chief Executive, Dr Andy Samuel’s comment to the DECC (as was) Select Committee in November 2015:

We do have it in our minds and we will do everything we can, working with Scottish Enterprise, BIS and others, to promote jobs but it is not our core mission right now.\textsuperscript{12}

Restoring a better, more sustainable balance to the employment and skills base which the industry depends upon must be a priority for the Scottish and UK Governments. Any new industrial strategy for the offshore oil and gas industry must include measures to grow jobs and training for domestic workers in the industry.

The impact of the employment practices listed above, unchallenged by the OGA, are also evidence of an unsustainable industrial relations model in Scotland and the UK’s offshore oil and gas industry. This model is, in our view, severely impeded by the contractual relationship between oil companies and the contractor companies who employ over 80% of installation staff. As a result, even where there are functioning collective agreements between trade unions and employers, oil companies can make contractual changes over which offshore workers and their unions have no say.

Instead, the offshore oil and gas industry in the UK should be compelled to adopt the industrial relations model used in Norway, where the trade body (equivalent to OGUK) negotiates on behalf of employers directly with the offshore unions. As a result, production costs have remained stable in the Norwegian sector and although there have been job losses following the sustained fall in oil prices the offshore workforce in Norway have not seen the attacks on pay, shift pattern or terms and conditions which colleagues in the UK sector have.

It is also worth noting that with this industrial model in place, per barrel production costs in the Norwegian sector were half those for the UKCS before the downturn, indicating a ‘high cost’ management culture in the UKCS:

\textsuperscript{12} Q34, DECC S.C., Oral Evidence – Responsibilities of the Oil and Gas Authority 3\textsuperscript{rd} Nov 2015
The increased supply of Scottish and UK based workers to the industry, on collectively bargained pay and terms and conditions of employment, must be a strong feature in the UK and Scottish Government’s strategies for maximising the national economic and social benefit from the development of skills, technology and infrastructure (new and old) in the oil and gas industry over the next 20 years.

To meet this challenge in a sustainable manner that maximises taxpayer benefits, we believe that extending the Norwegian offshore industrial relations model across the North Sea would be the most effective way of achieving this.

**Supply chain jobs**

In the supply chain, the impact of collapsing oil prices on offshore supply, standby, survey and other vessels has been severe, with an estimated 900-1,000 UK Seafarers having lost their jobs. In some cases, those jobs have been lost due to the lay-up of vessels as they are cold stacked in Aberdeen during the downturn.

In other cases, the employer has decided to replace UK crew with foreign crew on lower rates of pay, including where a Collective Bargaining Agreement exists with the RMT on UK-registered ships.

We are also seeing existing agreements, such as the Offshore Diving Industry Agreement under threat from the arrival in the UK sector of the North Sea of diving support vessels which undercut the rates agreed by RMT with the ODIA companies, Bibby, N-Sea, KD Marine, Technip FMC, Subsea 7 and Wellops. This should cause concern to the UK and Scottish governments, from an employment and skills angle, particularly as divers will be crucial to maintaining the growing numbers of offshore wind turbines in waters off the Scottish coast line.
More encouragingly, the maritime unions RMT and Nautilus have reached agreement with the UK Government through the re-convened Legal Working Group on Seafarers and the National Minimum Wage (NMW) to introduce secondary regulations to apply and enforce the NMW on ‘one port’ voyages in the North Sea, that is a journey from a Scottish or UK port by a vessel to an offshore energy installation and then back to the same domestic port.

In 2016, at the height of the downturn, in 2016, there were an estimated 300 vessels conducting ‘one port’ voyages on the UKCS. The majority of seafarers on those offshore supply vessels were likely to be on a basic rate of pay below the NMW, including on UK registered ships, where RMT recorded instances of UK crew being replaced by seafarers from outside the EEA, on lower rates of pay.

The UK Government’s recent ‘Maritime 2050’ consultation document published by the Dept for Transport has committed to making the change recommended by the Legal Working Group.

It should also be noted that the Scottish Government’s action in 2017 in response to the RMT’s campaign against sub-NMW pay on publicly contracted freighters in the Scottish ferry industry was instrumental in the Legal Working Group being reconvened and the commitment from the UK Government secured. The Minister for Transport and the Islands, Humza Yousaf MSP has also written to the BEIS Secretary, Rt Hon. Greg Clark MP, to support of this reform and it has wide, cross-party support in Holyrood.

It now remains for the Department for Business, Energy and Industrial Strategy to work with the DfT to draw up the Statutory Instrument required to implement this necessary change which will recover some of the job losses experienced on offshore supply, survey and other specialist vessels in Scotland since 2014.

Training and transition

For a highly-skilled industry of over 40 years’ operational experience in the North Sea to complain that they cannot find local workers with sufficient skills is a damning indictment of industry and Government’s approach to workforce planning. It also reflects badly on the health of the UK offshore skills base, particularly in the current era of maximising economic recovery of our remaining oil and gas reserves which places ‘cost efficiency’ above almost every other consideration.

This period is not just one of decline, however. It is also one of transition, as it is also estimated that oil and gas will continue to contribute significantly to the national energy mix for decades to come, it will undoubtedly start to decline as the remaining reserves become harder and more expensive to exploit. Therefore, the UK and Scottish Governments, regulators and trade unions, must also facilitate long-term skills transition between offshore energy sector, as well as maximising the economic benefit to Scotland and the UK from oil and gas reserves.

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13 Written Answer to Q116940 8th December 2017
14 Pg 29, Para 3.32 “...we are currently working in a number of employment areas that will improve the working conditions and reward of personnel. Among these are actions to:
• extend the National Minimum Wage for seafarers in territorial waters and one port voyages”
15 https://www.bbc.co.uk/news/uk-scotland-north-east-orkney-shetland-38591554
Although the oil and gas reserves under the UKCS have peaked, there is an estimated remaining reserve of somewhere between 12-24 billion barrels. It is understood that greater expenditure on technological solutions will be required in order to meet the upper end of that estimate and we welcome the expansion of the Oil and Gas Technology Centre in Aberdeen, including the establishment of two new centres of excellence in decommissioning and subsea engineering.

Technological innovation is even more important in the UKCS – a declining basin with a developed network of ageing infrastructure where combined total oil and gas production in the UK North Sea in 2016 was over 63% below the record production levels recorded at the turn of the century.\textsuperscript{16}

To that end, we also welcome moves to diversify skills in the offshore energy sector, such as the £12m Transition Training Fund (TTF) announced by the First Minister in February 2016 to help employed and self-employed offshore staff keep or find new employment in the offshore sector.

It is worth noting, however, that the Scottish Government’s figures show that only 369 workers in Scotland have received TTF funding to take up employment in the renewables sector and only five in the decommissioning sector.\textsuperscript{17}

In addition, only 93 offshore workers in Scotland have received TTF funding to keep their basic offshore induction and emergency training (BOSIET) qualifications updated whilst seeking employment.\textsuperscript{18} The TTF has supported over 2,952 individuals\textsuperscript{19} but, on its own, will not be sufficient to capture the complexities and cost of facilitating a smooth skills transfer between the oil and gas and renewable, especially wind, sectors of the offshore energy industry.

This is a critical skills issue during an ongoing downturn which has seen 160,000 job losses across the offshore oil and gas industry in Scotland and the UK. It also points to the industry’s problems with attracting women to work in the oil and gas and wider offshore energy sector which also requires attention from policy makers.

A more co-ordinated, more effective policy response from the UK and Scottish Governments is clearly required and the facilitation of skills transfer and mitigation of the potential skills drain from massive job losses across the supply chain must be a feature of a renewed Industrial Strategy for the Offshore Energy Sector.

Safety

Offshore safety is the number one priority for the RMT and our fellow offshore trade unions in the Offshore Co-ordinating Group\textsuperscript{20}, particularly as we approach the 30\textsuperscript{th} anniversary of the Piper Alpha disaster on 6\textsuperscript{th} July this year. The subsequent report into this catastrophe by

\textsuperscript{16} Pg. 21 Office for National Statistics *UK Energy in Brief* July 2017
\textsuperscript{17} Written Answer, 6\textsuperscript{th} March 2018 to Question S5W-14521 (John Finnie MSP)
\textsuperscript{18} Written Answer, 6\textsuperscript{th} March 2018 to Question S5W-14385 (Lewis Macdonald MSP)
\textsuperscript{19} Written Answer, 7\textsuperscript{th} March 2018 to Question S5W-14384 (Lewis Macdonald MSP)
\textsuperscript{20} OCG unions are: Unite, RMT, GMB, Nautilus and Balpa.
Lord Cullen of Whitekirk was a vital ‘line in the sand’ for safety on oil and gas installations in the North Sea and international offshore energy sector.

The business environment, however, which has developed in the industry as a direct result of the recent downturn is having dire consequences for the health and safety of RMT members and their colleagues working on installations. As a result, we are concerned that there is some blurring of the precedent set in the Cullen Report, particularly the call for the offshore safety culture to be synonymous with continuous improvement.

The findings in the recent report from Robert Gordon University into the health impact on workers from the 3-on 3-off shift pattern are concerning. The report was commissioned by employers in the Offshore Contractors Association (OCA – covering over 6,500 staff), as a condition of ongoing discussions with the offshore trade unions Unite, RMT and GMB. 40% of offshore workers employed by OCA member companies responded to the survey conducted as part of the report. The main findings were:

- A major increase in the number of offshore contractor staff who are working 3-on 3-off – from 17% in 2007 to 56% a decade later;
- 52% of workers are dissatisfied with their work-life balance;
- 45% strongly agreed with the statement “I find it more difficult to recover from a trip offshore”;
- 57% consider the sleeping environment offshore to have deteriorated.

This is clear evidence of the detriment to the health of offshore workers from longer shifts and the 3-on 3-off pattern in particular. It is notable that employers were moving away from that shift pattern before the downturn and it is still not used in the Norwegian sector of the North Sea, despite experiencing the same macro-economic conditions in the oil and gas markets.

**Helicopter Safety**

In the North Sea since 2009, sixty-five workers and crew have been rescued and thirty-three others have lost their lives as a result of helicopter accidents involving Super Puma helicopter models.

In the UK sector, there have been five helicopter accidents, two fatal since 2009 taking the lives of twenty passengers and crew. All have involved Super Puma models, H225 and AS332 L2. There are over thirty Super Pumas licensed to work in the UK sector, accounting for around one-third of the offshore helicopter fleet. Since May 2016, these have largely been replaced with the heavier, slower and lower passenger capacity S-92 model.

On 29th April 2016, the Norwegian sector experienced its first fatal helicopter accident this century when all thirteen crew and passengers lost their lives, including UK national Iain Stuart of Aberdeenshire. The helicopter involved was a H225 Super Puma and Norwegian investigators initially identified gearbox fatigue as the main cause, which is consistent with UK regulators’ findings from investigations into the 2009 tragedy and 2012 non-fatal ditchings of Super Pumas in the UK sector.
As a result of this incident, Super Puma helicopters were grounded across the North Sea in May 2016. The CAA in the UK and their counterparts in Norway lifted their bans in July last year with very little consultation with trade unions on the Offshore Helicopter Safety Leadership Group (OHS LG). Opposition to the Super Pumas amongst offshore workers, their trade unions and oil companies has kept the Super Pumas on the ground across the North Sea.

A survey of 1,600 offshore workers in May 2013 by the Step Change in Safety body, a coalition of the safety regulator HSE, trade unions and the oil and gas industry, found that nearly 9 in 10 (86%) of offshore workers did not trust the EC225\(^{21}\) model. It was clear from this that trust in helicopter transport in general had declined significantly amongst the offshore workforce, before the fatal accident on 23\(^{rd}\) August 2013. As the Step Change in Safety official Les Linklater commented in industry press coverage of the May survey’s finding: “We cannot think of this as an EC225 issue...The EC225 will come back and will be safe to fly again, but there are other airframes out there and there are confidence issues.”\(^{22}\)

In August 2016, another Step Change in Safety survey of offshore workers again put helicopter safety at the top of the list and an Airbus survey of over 5,000 offshore staff in summer 2017 found 62% were ‘unlikely’ to fly in a Super Puma again if given a choice and that 44% of offshore workers were unaware of measures to improve offshore helicopter safety since the fatal incident in Norway.\(^{23}\)

The final report from Norwegian air accident investigators was expected to coincide with the second anniversary of this tragedy. Now over a month delayed, we understand from colleagues in the Norwegian offshore union IndustriEnergi that the Super Puma manufacturer Airbus and the European Aviation Safety Agency (EASA) are involved in ongoing discussions over the wording of the final report with the Norwegian investigators.

This will, we believe, only serve to further undermine workers’ confidence in the Super Puma in the offshore sector.

Airbus is setting up ‘town hall’ meetings with UK offshore workers over the summer to discuss their concerns over the Super Puma. Such consultation is long overdue but offshore workers and their unions need to know what their employers and, crucially, what the oil companies’ policies are on the future role, if any, for Super Pumas in the North Sea.

On the wider issue of declining worker confidence in the safety of offshore helicopter transport, we welcome the OHS LG’s recent identification of contract clauses that add unnecessary and unwanted pressure to offshore helicopter operations.

RMT believe, however, that the best way to restore confidence amongst the workforce is for the UK Government to launch an independent inquiry into offshore helicopter safety. This would cover:

- The safety record of all models and manufacturers of helicopter licensed by the Civil Aviation Authority for commercial passenger operations

\(^{21}\) As the Super Puma 225 was referred to when it was owned by EuroCopter.


International comparisons of airframe safety records in the offshore energy sector, in the North Sea and the rest of the world

Workforce engagement on helicopter safety issues in the North Sea since 2000

Financial status of helicopter companies operating in the offshore oil and gas and renewable energy sectors

Contractual relationship between helicopter operators and the duty holders (e.g. oil companies), including commercial pressures during the recent downturn

Role of regulators in promoting safety of offshore helicopter transport

Worryingly, there was a non-fatal incident involving an S-92 operated by CHC on the West Franklin platform on 28th December 2016, carrying two crew and nine passengers. The Air Accident Investigation Branch report into this incident was published last month, and found that:

*If the loss of yaw control [due to the failure of a bearing in the tail rotor] had occurred at an earlier stage of the flight, the helicopter would most likely have made an uncontrolled descent into the North Sea.*

Had this mechanical failure occurred in-flight, it seems highly likely that we would have had another tragic incident involving a helicopter in the offshore oil and gas industry.

In 2014, the Coalition Government rejected the Transport Select Committee’s recommendation to “convene a full, independent public enquiry on investigate commercial pressures on helicopter safety in the North Sea operating environment. That inquiry must also examine the role and effectiveness of the CAA [Civil Aviation Authority].”

The circumstances in which the Government and the CAA rejected the Transcom recommendation have significantly changed. The added commercial pressure on offshore workers since the fall in oil prices has seen an average staff reduction of 20% on oil and gas installations and an increase in shifts to 3 weeks-on and 3 weeks-off. It stands to reason, therefore, that commercial pressure on offshore helicopter operators will also have increased over the last two years.

**HydroCarbon Releases (HCRs)**

The Piper Alpha disaster, which killed 167 workers, was caused when a concentration of gas distillate ignited following several failures in stages of the safety process.

Unplanned HCRs on installations have been in long term decline since 2000, although there has been a small increase recently, between 2015 and 2017. In April this year, the Director of Health & Safety Executive (HSE) Energy Division, Chris Flint, wrote to all duty holders (oil companies) in the UK North Sea to demand that they provide the HSE with evidence of the measures in place since 2015 (or in hand) to improve safety management performance in the areas of ‘process safety leadership, and audit, assurance and review.’

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25 Written Answer 14th May 2018 to Q140076
It is clear from this intervention that the offshore safety regulator in the UK is concerned over HCRs. We share that concern, particularly in an era of MER, where the exchange of mature assets between duty holders is both increasing and encouraged by the commercial regulator. We acknowledge that asset integrity and safety are major factors in the OGA’s work to implement the MER UK strategy but it is absolutely essential that offshore workers have confidence in this policy and are involved, as they should be, in improving the HCR record of the industry. This relates to the effectiveness of the network of Elected Safety Representatives (ESRs) across the North Sea, drawn from the workforce and regulated by the HSE, covered in the next section.

**Workforce engagement**

In his report on the Piper Alpha disaster, Lord Cullen stated:

*The representation of the workforce in regard to safety matters is important not merely for what it achieves on installations but also for the effect which it has on the morale of the workforce – in showing that their views are taken into account and that they are making a worthwhile contribution to their own safety.*

Prior to the Cullen Report, the Conservative government introduced the *Installations (Safety Representatives and Safety Committees) Regulations 1989* (SI 971). Some twenty-nine years after the introduction of these important regulations, the HSE has yet to take a single enforcement action against licence holders over SI 971.

As recent Written Answers to Alex Cunningham MP reveal, HSE investigations since 2016 have found over fifty non-compliance issues on installations but no subsequent action to enforce SI 971 or, by extension, the effectiveness of the statutory right of the workforce, through the ESR network, to conduct oversight and scrutiny of safety procedures and standards on the offshore installations where they work.

According to the HSE’s latest figures, there were 1500-1700 ESRs in the UK North Sea in 2015-16. Between 2010 and 2017, according to the Offshore Petroleum Industry Training Organisation (OPITO), 3857 ESRs completed mandatory initial training. The last time the HSE officially reported on the functioning of SI 971 was in 2011.

We are concerned at the safety consequences of a weak and poorly regulated network of ESRs and installation Safety Committees. Trade union officials cannot get seats in helicopters to visit the offshore workplace, so the workforce is even more reliant upon HSE inspectors to regulate and enforce their statutory rights.

As the MER policy facilitates more frequent transfers of assets between different owners, so it becomes more important for ESRs and Safety Committees to provide continuity on the asset itself. Therefore, the OGA and HSE should work more closely with the offshore trade...

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26 The Public enquiry into the Piper Alpha disaster, Rt Hon Lord Cullen, Nov 1990, paragraph 21.74
27 Written Answer 10th May 2018 to Q140082
28 Written Answer 10th May 2018 to Q140075
unions to improve basic training and the increased effectiveness of ESRs in promoting high standards of safety offshore.

The HSE and Step Change in Safety’s Workforce Engagement Support Team headed by Bob Egan (seconded to the HSE from Petrofac) completed its work in 2016. A final copy of their proposed guidance to HSE Inspectors on workforce engagement is still awaiting sign off from the policy division of HSE. This must happen as soon as possible.

Appendix 1

Examples of Seafarer pay rates below the NMW in the Scottish maritime industry
(based on confidential information received by the RMT Union)

<table>
<thead>
<tr>
<th>Operator</th>
<th>Vessel &amp; Route</th>
<th>Basic pay</th>
<th>Flag of vessels</th>
<th>Seafarer Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>AllSeas</td>
<td>Pioneering Spirit, Brent Delta decommissioning project (completed May 2017)</td>
<td>£3.75 p.h.</td>
<td>Malta</td>
<td>Non-EEA</td>
</tr>
<tr>
<td>Heerema</td>
<td>Thialf, Murchison decommissioning project (completed July 2017)</td>
<td>$45 per day</td>
<td>Panama</td>
<td>Filipino</td>
</tr>
<tr>
<td>Saipem</td>
<td>Saipem 7000, Decommissioning of BP Miller Platform</td>
<td>$45 per day</td>
<td>Bahamas</td>
<td>Filipino</td>
</tr>
</tbody>
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June 2018