HeliOffshore’s Written Submission to the UK Parliament’s Scottish Affairs Committee on the Future of the Oil and Gas Industry

Introduction

HeliOffshore is the safety-focused association of the global offshore helicopter industry. We were formed in 2014 by the CEOs of five leading helicopter operators and now have more than 110 member companies (including operators, oil companies, manufacturers of aircraft, engines and avionics, as well as leasing companies and other specialist service providers). Our collaboration for safety also includes other key stakeholders, such as regulators.

Our shared mission is to ensure that no lives are lost through offshore helicopter flight. We achieve this through a strategic and targeted set of safety programmes, backed at the most senior levels and aimed at delivering safety benefits in the frontline.

1) What challenges does Scotland’s oil and gas industry face, and how can they be addressed?

The need to enhance safety and proactively manage any risk to loss of life in the workplace is the constant challenge for any country’s oil and gas industry. The industry in Scotland and the North Sea is very well of the critical importance of safety and is at the forefront of efforts to ensure this challenge is met. Governments and regulators have a vital role to play in the strategic and highly-collaborative approach that is required to advance safety in a complex and challenging industry like oil and gas. In terms of air transport services for the industry, the International Civil Aviation Organisation (ICAO) requires each country to have a State Safety Programme to proactively ensure effective safety performance through targeted actions and investment. A key enabler to achieving our shared safety goals is to ensure that the UK State Safety Programme is properly resourced and targeted, as well as being being joined up with the action of our partners, particularly in the North Sea, and that it is effective and delivering results.

The downturn in revenues from oil and gas production has continued to have a strong, negative impact on companies throughout the industry’s supply chain. Several leading helicopter operators have experience significant financial difficulties, in some cases including bankruptcy. A effective modern approach to ensuring strong safety performance by these companies depends on their ability to take a proactive, strategic approach to making continuously improving safety performance. The industry’s current business model is set up purely in terms of service provision. To ensure that companies have the resources they need to make safety improvements, it is important that contracts and procurement practices take account of this need.

The International Oil and Gas Producers Group (IOGP), a reciprocal member of HeliOffshore, has joined us in supporting the following good practice:

- Procurements should actively include explicit safety ratings as part of conversations about cost,
- To ensure long term as well as short term safety performance - the work of internal and collaborative safety performance improvement needs to be resourced as well as delivery of day-to-day operations.
• Consideration should be given to contractual clauses that don’t put undue pressure on frontline personnel and that support proactive action by management in addressing reoccurring and underlying causes of reduced system performance.

2) How can the economic return from Scotland’s oil and gas reserves be maximised?

Maintaining and enhancing the safety of all aspects of the exploitation of Scotland’s oil and gas reserves are critical to the long-term viability of the industry. Quite apart from the clear imperative to protect human life, all the leading industry stakeholders are in agreement that strong safety performance makes good business sense. This is mainly because the financial cost of accidents can be very significant due to all sorts of direct and indirect costs resulting from accidents. According to estimates calculated by HeliOffshore members, costs associated with the longer-term loss of a helicopter operating in support of the oil and gas industry could end up being in excess of £3 billion.

This is why we believe it makes economic sense for all oil and gas industry stakeholders—including government agencies—to commit to increasing investment in the implementation of a shared safety strategy to avoid costly accidents.

3) What action is the UK Government taking to support the long-term future of the oil and gas industry in Scotland, and how effective has this been?

The UK Government, through the Department for Transport and the Civil Aviation Authority, run the UK State Safety Programme and Plan, and provide oversight for offshore helicopter operations. The UK chaired the International Civil Aviation Organisation panel that created this regulation, and has a strong leadership position in the global aviation industry. As a global industry, with many interdependent elements, effective collaboration is the key to success. There several areas where the UK can provide safety leadership to influence effective collaboration for the benefit of the Scottish Oil and Gas industry including the following steps:

• Further align the UK State Safety Programme and Plan with those of other states operating in the North Sea, in particular Norway. Ensure consistent standards and infrastructure in oil producing regions worldwide with a high degree of cooperation between state agencies from all countries involved in the North Sea oil and gas industry.
• Continue to support HeliOffshore’s efforts to provide a platform for an unprecedented level of constructive collaboration to align behind a global, industry-wide strategic plan to reduce fatalities. A key to successful implementation of the safety strategy is encouraging each stakeholder to contribute in a way that taps their capabilities most effectively—e.g. manufacturers developing technology, regulators driving proactive safety performance improvement and performance based regulation, customers (i.e. oil companies) including new technology and best practice in their contracts with operators, and operators implementing key safety programmes.
• Continue to influence the European Aviation Safety Agency (EASA) in continuing airworthiness, certification, rulemaking activities, in particular to enhance reliability and resilience of the equipment and to provide system support for effective human performance.
• Support the development of fully trained pilots and aircraft maintenance personnel to ensure the industry has the skills base it needs to operate safely.

4) How well do the different stakeholders (UK Government, Scottish Government, companies) work together?

The UK Department for Transport oversees the State Safety Programme and the government has an important role to play in ensuring that the right support is available for the Oil and Gas Aviation sector (given its importance to the UK economy and workforce). Indeed, for efforts to enhance safety performance in the industry to have the greatest impact, it is important to extend this collaborative approach across national borders. So, efforts in the North Sea should (and indeed do) involve a coordinated response with relevant National Regulators in the North Sea, and also with the European Aviation Safety Agency.

The close involvement of oil and gas companies—and the helicopter operators who transport their workforces to and from offshore installations—is vital to a successful collaboration for safety.

Importantly, oil companies, represented by the IOGP, have made it clear to HeliOffshore that they are in complete alignment with our Safety Strategy and Safety Performance Model. They are actively demonstrating this alignment with a series of commitments spelt out in the answer to question 1 above.

Along with IOGP, we firmly believe that efforts to further enhance safety in the oil and gas sector need to amount to much more than just complying with minimum regulatory standards. We encourage all stakeholders to join us in supporting a firm commitment to constantly improving standards, and ensuring they are consistently applied. IOGP member companies have signalled this commitment by agreeing that helicopter transport contracts should include some allowance in the price to take account of the investment that aircraft operators make in pursuit of constant safety improvement. In the spirit of excellence beyond minimum standards in areas that save lives, we also applaud IOGP initiatives such as its new policy of committing to only using ground transport vehicles that meet the five-star safety ratings of the New Car Assessment Programme.

5) Does the current devolution settlement enable all stakeholders to support the sector?
6) How can Scotland maximise its expertise, technology and infrastructure in the oil and gas industry to secure the industry’s future as reserves decline?

For Scotland to pursue its ambition of achieving world-beating performance in oil and gas exploration and production, it is vital that the country also delivers a clear set of targeted actions to achieve world-beating standards in safety. The country’s oil and gas sector is a leading contributor to HeliOffshore’s collaborative approach to enhancing safety, and there is potential for this role to increase in future. High standards of safety are integral to the long-term success of the industry in Scotland and a tremendous opportunity to demonstrate true leadership at a global level. We greatly appreciate the key contribution that stakeholders in Scotland’s oil and gas sector are making, and will continue to make to industry as safe as possible.

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