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**INDUSTRIAL RELATIONS IN THE NORTH SEA  
OIL AND GAS INDUSTRY 1965-1995**

**DOUGLAS GOURLAY**

A thesis submitted in partial fulfilment of the  
requirements of  
The Robert Gordon University  
for the degree of Doctor of Philosophy.

This research programme was carried out  
in collaboration with the  
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November 1998

# VOLUME ONE

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Access to material for research was vital. I must thank Mr Ronnie McDonald, who allowed me access to the records kept in the offices of the Offshore Industry Liaison Committee including the minutes of the Inter Union Offshore Oil Committee from its inception to about 1987 and the early minutes of the OILC. Mr Campbell Reid, whose letters and memoranda when Secretary of IUOOC were among the most important for my research, permitted me to see the minutes of the IUOOC for the period 1987 to 1993. During my research at the offices of the OILC in Trinity Street, Aberdeen I was given valuable assistance by Mrs Lorna Robertson, Secretary to the General Secretary of the union. Her husband David, a founder member of the OILC and now one of its two Deputy General Secretaries, provided an invaluable oral account of the one successful strike in the offshore industry. Both Mr and Mrs Robertson also assisted me with details of OILC activity from 1989 to 1991. Mr Bobby Buirds, Regional Officer, the Amalgamated Engineering and Electrical Union, also gave useful information about the foundation of OILC.

The information which I obtained from management representatives of the oil industry was given on the understanding that it would not be attributable. Without their assistance I would not have been able to present what I hope is a balanced picture of the industry and I would like to thank the various directors and senior managers who helped me in this way. In addition, I can mention by name three former managers from the oil industry whose comments I valued. My university colleagues Dr Richard Green and Mr Alan Hutton were always co-operative when I sought assistance and Mr Jim Cheetham supplied me with a detailed account of his former company's negotiations with ASTMS from 1984 to 1989.

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he has published (with others) on the perceptions of safety and risk among offshore workers. I was also grateful for the advice given to me by Professor Penn, University of Lancaster, concerning published research on derecognition of trade unions

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Douglas Gourlay  
November 1998



## ABSTRACT OF THESIS

Author: D. H. F. Gourlay

Degree for which the thesis is submitted: Doctor of Philosophy

Title of the thesis: History of Industrial Relations in the North Sea Oil and Gas Industry 1965 to 1995.

This thesis analyses the reasons why the system of industrial relations on the United Kingdom continental shelf is very different from that which prevails both onshore and on the Norwegian continental shelf, where the same technology is used to produce an identical product. The scope of the research encompasses the relationships of the trade unions and the offshore companies, both Norwegian and British, where they concern employment and related matters such as accident prevention and those interventions which governments have made in response to particular events. In addition research papers and other reports which have a close bearing on the human resource management of offshore employees have received attention.

British trade unions have failed to win full recognition offshore after "first oil" because the oil companies have been determined to exclude them and have exhibited a cohesiveness of purpose in this respect through their formidable employers' association, UKOOA. By comparison trade union efforts have lacked cohesion on account of internal disputes and the indeterminate position of the IUOOC within the trade union structure. Even the assistance of a friendly disposed government which persuaded the employers to permit recruitment visits offshore has had no effect on membership which remains derisory.

Although the Norwegian LO recognised as early as 1975 that a new union for all offshore workers was necessary, the TUC has never shown the same realism. OILC seeks to cater for all UK offshore workers, but survives only as a small independent union outside the STUC. It arose spontaneously in 1989 as a cross-union group of workers who wanted a national offshore agreement but after initial support from the official trade unions was later abandoned by them.

There have been some dramatic accidents offshore, none worse than Piper Alpha in 1988 with its 167 fatalities. This has concentrated attention on the maintenance of safe working environments and trade unions have sought, unsuccessfully, to win recognition from the employers by demanding representation on installation safety committees. As the oil industry now implements a programme of cost savings there have been accompanying assertions in some publications that the oil industry's commitment to accident

prevention remains secondary to profitability, assertions this thesis finds groundless.

## FOREWORD

In May 1993 the drilling rig Borgny Dolphin, owned by the Norwegian Fred Olsen organization but manned by British workers, put in at Sandefjord in Norway for repair. The company forbade the men to go ashore for the reason (as reported by the Norwegian newspaper "Dagbladet") that *they may drink alcohol and make the local women pregnant*.<sup>1</sup> Two important points arise out of this otherwise amusing incident. The first is that in 1993 an employer could expect such an order to be accepted and, when challenged, should offer as a reason something which was as offensive as it was stupid. The second is that the company changed its mind following the intervention of OFS<sup>2</sup> which had responded to a request from the Offshore Industry Liaison Committee, a small pressure group which did not gain full legal status as a trade union until April 1994. These two points encapsulate the history of industrial relations in the North Sea over the past twenty years : a company (although it is conceded that this is an extreme case) treats its employees with contumely and it is a Norwegian and not a British trade union organization which is powerful enough to obtain a reversal of a decision.

The main purpose of this thesis is to examine why the British trade union movement, powerful, mature and constitutionally linked to the Labour Party, failed to win any negotiating rights from oil companies<sup>3</sup> operating in the North Sea, except in the special conditions of hook-up, and whether the emergence of OILC was a symptom of this failure or had different origins. The thesis will also seek to demonstrate how the culture of the oil employers clashed with the indigenous received opinion on how industrial relations should be conducted and how these companies have developed their own norms of employee involvement to the extent that these norms may now be becoming more common onshore. Yet the pattern of British industrial relations did not change significantly during these years although by the 1990s there were differences in leadership style, membership and legal constraints compared with earlier years.

Since the oil and gas bearing section of the North Sea continental shelf is shared with Norway it will be necessary to look at the Norwegian experience in bringing its offshore employment within its national framework, thus providing a contrast to the British experience where this has not happened. In particular the failure of British trade unions to win representation on safety committees and therefore have a lever to extract wider recognition from the oil companies will be examined

The physical and environmental dangers inherent in the oil and gas industry pose special hazards for its employees and the presentation of the UK offshore

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<sup>1</sup> *Blowout*, 33, July/August 1993.

<sup>2</sup> The Norwegian Federation of Oil Workers' Trade Unions

<sup>3</sup> MSF (then ASTMS) was an exception. Phillips Petroleum recognised it on the Hewett gas field off E. Anglia and, much later, after Piper Alpha, on its North Sea oil installations.

safety culture both by the media and in specialist publications has been, with rare exceptions, universally negative. The thesis will examine the justice of this assault on the integrity of the industry.

Two theses on industrial relations with particular reference to employment offshore have been supervised by this author. James Buchan's research for his "Approaches and Attitudes to Collective Bargaining in North East Scotland" was carried out during the early 1980s and has provided useful material for that period. His principal conclusion was that traditional collective bargaining remained the norm among on-shore based companies, whether traditional (e.g. textiles, fish processing) or oil related (e.g. fabrication) but that in the offshore companies the managers' strategy was to set their own conditions of employment and prevent any challenge to them. Alix Thom, in 1989, found this position unaltered and her thesis "Managing Labour under Extreme Risk" looked at how different companies in the oil industry (e.g. drillers, operators, caterers) established relationships with each other and conducted their employment policies either in concert or independently. In addition she identified the increasing use of contractors on rigs and platforms and how this was a specific ingredient of the offshore industry's employee relations imbroglio. Dr Thom did not approach her thesis within the wider context of British industrial relations nor had she an opportunity to examine the Offshore Industry Liaison Committee, which appeared on the scene after her research had been concluded. These theses have been used and acknowledged where appropriate but served only as a small part of a much wider area of investigation.



# CHAPTER ONE

## METHODOLOGY

*History writing needs good facts, good judgment and good writing* wrote Margaret Cole to Robin Page-Arnott, the distinguished historian of the British miners.<sup>1</sup> Anyone seeking to write history as recent as the last three decades will do well to heed this admonition and neither rush into hasty judgments nor accept anything as fact without establishing its certainty. To do otherwise can mislead later researchers, particularly as the power of the printed word increases with the passage of time. Scrupulous attention to fact and careful exercise of that most prized of human qualities - judgment - serve to enhance rather than to impede the good writing which Cole sees as the third criterion of the historian's task. Even when they have an interesting tale to tell, authors will fail to retain the interest of readers if they use turgid or ungrammatical prose. Although referring to the immediate post war period when she stated that historians had not learned to write English, Cole's trenchant comment that *the result is not a book, but a bed of crackling thorns, often full of mistakes*<sup>2</sup> is not without its validity today. In the same vein the historian C. V. Wedgwood said that *the capacity to weigh and to use words correctly, the shaping of sentences, and the structure and presentation of a scene, a fact or an exposition are the natural concomitants of the clear, inquiring and imaginative mind which is needed for historical research.*<sup>3</sup> There are several parts of this thesis where narrative takes over and having thus offered a hostage to fortune, this author hopes that he will at least approach if not attain such demanding levels of excellence.

This thesis is presented by a historian whose career has brought him into contact with industrial relations, both practically and academically, over a period of forty years and who believes that a knowledge of history contributes towards a better understanding of industrial relations. This opinion is shared by Henry Phelps-Brown who wrote that *bygone affairs were not transacted on another planet: the motives, reactions and propensities displayed in them are the same as those in play around us now. By studying them we enlarge and sharpen our knowledge of them.*<sup>4</sup> The truth of this is shown in the problems which the mainly American multi-national oil companies experienced with Norwegian labour in the early 1970s and which were less likely to have occurred if the employers had bothered to examine the history of Norway. In the late 1960s and early 1970s it seemed to Norwegians that a process of acculturation was being forced upon them, whereby they were being pushed into a homogeneity which the oil companies favoured for their "modus operandi". Resenting this assault upon their individuality they adopted the necessary counter-measures.<sup>5</sup> This was similar

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<sup>1</sup> Vernon, B. D. (1986) *Margaret Cole 1893 - 1980: A Political Biography*. Croom Helm. (Quoted by A Wright in his review of Vernon's book in *Society for the Study of Labour History*, Vol 51, No 3 p. 40.)

<sup>2</sup> *ibid* p.42.

<sup>3</sup> Wedgwood, C. V. *Truth and Opinion*, p. 74. *Times Literary Supplement*. 6 January 1956.

<sup>4</sup> Phelps-Brown, E.H., (1986) *The Origins of Trade Union Power*, p. 18. Oxford University Press.

<sup>5</sup> v. Chapter 5.

(although obviously less brutal and shorter in time) to the Soviet Union's attempt to deprive the inhabitants of its Central Asian republics of their traditional Islamic culture and, in a highly acclaimed novel based on this theme this percipient statement appears in the introduction: *A man without a sense of history, without memory of the past lacks any perspective and lives only for the present, for the day.*<sup>6</sup> It is interesting to speculate on what would have been the comment of Samuel Johnson<sup>7</sup> had he read the previous sentence because the great lexicographer believed that history was nothing more than a compilation of facts, *a shallow stream of thought where all the greatest powers of the human mind are quiescent.*<sup>8</sup> The good doctor found no support for this aphorism and was attacked by David Hume,<sup>9</sup> who saw history as a continuous process governed by institutions, economic factors, geography, religion and other forces but not controlled by the intervention of individuals. This interpretation too could be criticised but at least it offered a deeper intellectual basis for the study and some elements of Hume's approach can be discerned in the philosophy of Christopher Dawson, which finds a mention in Chapter 5 of the thesis.

Phelps-Brown added that interpretations of industrial disputes can often be ill-judged by persons who fail to bring the insight which a knowledge of history can provide. He believed, for example, that some economists, *unenlightened by history have fallen into the trap of supposing that trade unionists conduct their bargaining as a way of maximising their gains.*<sup>10</sup> By contrast, the historian understands that workers often have beliefs about the past which, although sometimes closer to myth than to reality, exert a strong influence on the present, especially when a serious dispute erupts.

Little is gained by attempting to demythologise such perceptions but it is helpful to be aware of them. Myths are in constant creation. One relates to the 1971 "work-in" by the employees of Upper Clyde Shipbuilders, *the most successful experiment in myth-building of recent years.*<sup>11</sup> It is commonly believed that employees threatened with redundancies took over the yards and, through their shop stewards, organized work, purchased materials and paid wages from the £485,000<sup>12</sup> contributed by pensioners, trade unions and other well-wishers. The reality is that the liquidator and not the workers took over and ran the yards. Miners, in particular, have certain perceptions of struggles against employers and even to challenge these perceptions can cause problems as the historian, Dr Richard Neville, found. He had been commissioned to write the history of the

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<sup>6</sup> Aitmatov, C., (1983) *The Day Lasts More Than A Hundred Years*. Macdonald. London.

<sup>7</sup> Samuel Johnson (1709-84). English lexicographer and savant.

<sup>8</sup> Trevor-Roper, H. T., (1967) *The Idea of the Decline and Fall of the Roman Empire in The Age of the Enlightenment: Studies presented to Theodore Besterman*. pp. 413-430. Edinburgh University.

<sup>9</sup> David Hume (1711-76). Scottish philosopher: author of *Treatise of Human Nature* and *History of England*.

<sup>10</sup> Phelps-Brown, (1986) op cit p. 19.

<sup>11</sup> Sykes, A. J. M., (1973) *Myths of Industrial Relations*, p. 7. Working Together Campaign, London.

<sup>12</sup> This is the figure quoted in *The Times* obituary of Jimmy Airlie (1936-1997), one of the UCS shop steward leaders and, later, AEU official. 11th March, 1997.



Yorkshire miners but was dismissed by Arthur Scargill when he refused to write in a manner which reflected only the union's view of past events.<sup>13</sup> A more recent case is the strike of about 300 Liverpool dockers which began in September, 1995 and remained unresolved until January 1998. The attitude of these strikers is fully understandable only in the light of the history of employment in their industry. As far as the oil and gas industry is concerned there may already be a myth in the making; namely, that all operating companies are heartless employers for whom accident prevention is a low priority and whose installation managers make wholesale use of NRB (not required back), the argot of the industry for declaring a person no longer acceptable offshore. This thesis will, it is hoped, demonstrate that such a generalisation is unfair and can be contradicted by several examples of published research.<sup>14</sup> However, the total demolition of the generalisation is a hopeless task and will not be addressed in the thesis.

Industrial relations, however, is not a discipline in its own right and can be approached from economic, sociological and even psychological points of view as well as from the historical. The historian who discounts the assistance that he can receive from other disciplines lays himself open to the criticism levelled by an anonymous "Times Literary Supplement" reviewer. *The historian who puts his system first can hardly escape the heresy of preferring the facts which suit his system best.*<sup>15</sup> Such dependency, argued Sir Isaiah Berlin in his Auguste Comte Memorial Trust Lecture, deprives an author of his right to assume individual responsibility for his interpretation of events. *Yet it is this, (individual responsibility) it seems to me, that is virtually denied by those historians and sociologists, steeped in metaphysical or scientific determinism, who think it right to say that (in what they are fond of calling) the "last analysis", everything - or so much of it as makes no difference - boils down to the effect of class, or race, or civilization, or social structure; believing that although we may not be able to plot the exact curve of each individual life with the data at our disposal and the laws we claim to have discovered, yet, in principle, if we are omniscient, we could do so.*<sup>16</sup> Consequently, the historian must not become trapped within the boundaries of his own subject and fail to recognise the contribution made to industrial relations from disciplines other than his own. For example, although the author has a high regard for the work of the historian Richard Cobb, he cannot agree with him to the extent of defying *the Armies of the Night, the dark, mechanical forces of the Social Sciences*,<sup>17</sup> since he regards the social sciences as neither dark nor mechanical.

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<sup>13</sup> The story of Dr Neville's dismissal is given in some detail in Bulletin no. 35 (Autumn 1977) and Bulletin no. 36 (Spring 1978) of the Society for the Study of Labour History.

<sup>14</sup> A good example is Fleming et al, (1995) *A Comparative Study of Risk Perception on the UK and Norwegian Continental Shelves*. Work and Well-being in Europe Conference, Nottingham University. Also Mearns et al, (1997) *Human and Organizational Factors in Offshore Safety*. OTH 543 Report, Suffolk : HSE Books.

<sup>15</sup> Quoted in Tuchman, B. W., (1983) *Practising History*, p. 23. Macmillan. London.

<sup>16</sup> Berlin, I., (1953) *Historical Inevitability*, pp. 29-30. Oxford University Press, London.

<sup>17</sup> Johnson, D., (1996) A Man full of Surprises. *The Spectator*, 11th May, 1996.

Industrial relations can be directly affected by economics and a prime example was the General Strike of 1926. When coal was imported from countries which could produce it more cheaply than the indigenous suppliers, the mine owners' response was to offer reductions in wages, which the miners refused to countenance. Forty five years later the turmoil in industrial relations either side of the 1970s arose out of a foreign currency crisis compounded by the decision in 1973 of the Organization of Petroleum Exporting Countries (OPEC) to quadruple the price of oil.

William Brown<sup>18</sup> suggests that bargaining structures, an important facet of industrial relations, are *central to the way in which an economy is managed* and that anyone who contemplates the analysis of an industrial relations theme from an economic viewpoint should first investigate three separate but linked phenomena: the power of organized labour, which can affect the distribution of income between wages and profits, the micro-economic discretion of management and employers to determine pay and working practices within their own establishments and the macro-economic organization of the labour market, which studies the link between economic performance of nations and substantial levels of trade union membership.<sup>19</sup> This presumes a wide knowledge of applied economics and consequently it is not appropriate for someone who has only a moderate understanding of the subject to attempt this type of analysis of industrial relations over a period of thirty years. Nevertheless, economics cannot be ignored and its inter-relationship with the industrial relations of the North Sea will be examined in the next chapter.

Industrial psychology has made a considerable contribution to an understanding of industrial relations from as early as 1908 when H. L. Gantt<sup>20</sup> advised that for a firm to be successful it must give as much consideration to the human aspects of employment as to the technical. Psychologists carry out studies in depth of particular aspects of industries and forms of employment and thus add a different dimension to industrial relations. There have been studies on the wider application of psychology to industrial relations<sup>21</sup> but on the whole the contribution of psychologists has been directed towards specific aspects of tasks performed under closely observed conditions. A pioneer of this approach was Elton Mayo, whose study on teamwork at Western Electric, usually known as the Hawthorne Report, is a classic in employment literature. As Graham Hutton wrote over forty years ago in reference to the work of American industrial psychologists, *the Americans have been pushing along the right lines for two decades since the Great Depression. The significant thing is that the lines are*

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<sup>18</sup> Montague-Burton Professor of Industrial Relations, University of Cambridge.

<sup>19</sup> Brown, W., (1992) *Bargaining Structure and the Impact of the Law*. Chapter 9 of *Legal Interventions in Industrial Relations* edited by W. McCarthy. Blackwell.

<sup>20</sup> Gantt, H. L., (1908) *Training Workmen in the Habits of Industry*, American Society of Mechanical Engineers.

<sup>21</sup> Hewstone, M., Stroebe, W., Codol, J. P. & Stephenson, G. M. (1988) *Introduction to Social Psychology: a European Perspective*. Blackwell, Oxford. This is a good example of the genre.



*logically those along which progress in the human relationships of industry-if it is to be achieved at all-must be made anywhere.*<sup>22</sup>

Due acknowledgment will be paid to the work of industrial psychologists in the North Sea oil and gas industry, especially to the research carried out at The Robert Gordon University under the direction of Professor Rhona Flin during 1990 -1996, a period which co-incided with the research on which the author was himself engaged.

It is not a far step from psychology to sociology and here greater attention must be paid to a discipline which cannot be ignored in any analysis of the nature of industrial relations. Moreover, it has also made inroads to history, which is scarcely surprising given that it is *the study of the development, organization, functioning and classification of human societies*<sup>23</sup>. Since this thesis is centred around the investigation of an industrial relations theme from a historical perspective, the relationship of sociology to both industrial relations and history requires consideration.

Although most sociologists have identified their subject as one which can assist towards an understanding of industrial relations, some go so far as to claim that industrial relations is a mere sub-set of their own discipline. Hill and Thurley argued *that all explanations of human behaviour are built on some sociological premises and that Sociology, in particular, can locate the shape and pattern of industrial relations systems within models of wider society and can thus provide a basis for comparative industrial relations.*<sup>24</sup> This may be an extreme view but sociology has contributed greatly to our understanding of industrial relations, particularly during the 1960s when several sociologists published work which has had a permanent effect on how the industrial relations culture of an organization can be appraised.

An excellent example is Allan Fox who introduced into the language of industrial relations the two terms "unitarist" and "pluralist" which have become part of its common vocabulary. They first appeared in 1966 in "Industrial Sociology and Industrial Relations",<sup>25</sup> one of eleven research papers prepared for the Royal Commission on Trade Unions and Employers' Associations. Fox argued that sociology could help to construct a frame of reference by means of which the problems of industrial relations could be approached in a realistic fashion. He drew a sharp distinction between managements which adopted a "unitary" frame of reference and managements which preferred a "pluralistic" reference. The former assumed a basic harmony of purpose between themselves and their employees and expected, even occasionally demanded, total acceptance of their authority. Such managements saw their organizations in terms of

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<sup>22</sup> Hutton, G., (1953) *We Too Can Prosper*, p. 136. George Allen and Unwin.

<sup>23</sup> Collins Dictionary 1995. The Concise Oxford Dictionary gives a similar definition but prefers the term "science" to "study".

<sup>24</sup> Hill, S. and Thurley, K., (1974) Introductory Note. *British Journal of Industrial Relations*, X11.

<sup>25</sup> Fox, A., (1966) *Industrial Sociology and Industrial Relations*. HMSO, London.

families or teams to which loyalty should be unquestionably given and consequently they were confused when employees took their own line of thought and action. By contrast, managements which adopted the "pluralist" frame of reference accepted that their organization was a coalition of interests, some of which would be divergent from their own. Fox suggested that the latter frame of reference was the more realistic since it accepted the adversarial nature of industrial relations wherein trade unions had a rôle and allowed the type of joint decision making which was a socially preferable method of industrial government, that no management need feel guilty about accepting. Soon this was generally accepted as the only prudent relationship which an employer could have with his employees as is demonstrated by the following definition of collective bargaining by one of the most prominent contemporary authorities on industrial relations: *collective bargaining is essentially an adversarial process based upon a pluralist concept of the enterprise, in which management and trade unions have independent rôles.*<sup>26</sup>

Fox also commented that technology, the organizational structure of work and the system of managerial authority all had an effect upon the behaviour of workers. Other writers such as Sayles, Kuhn, Lupton, Woodward and Burns and Stalker had all published work based on psychological/sociological research in the years immediately preceding Fox's paper and to which he gave full acknowledgment. Thus, he was, to some extent, pushing open a door that was already half-open. One, whom he did not mention, was Boris Gussman, whose paper for the Acton Trust<sup>27</sup> on industrial relations within the London Transport Authority pre-dated Fox's statement that *overt and palpable expressions of conflict are no more a reliable indicator of low morale than their absence is of a clean bill of health.*<sup>28</sup>

The attention paid here to unitary and pluralistic terms of reference has particular relevance to the subject of this thesis: industrial relations in the North Sea oil and gas industry. This is an industry for which the work of Fox and all other writers in similar vein has had no effect whatsoever because, from its earliest beginnings in USA to its current exploration, development and production activities in the North Sea, it has retained a perspective, which, if not completely unitarist, has permitted so small an injection of pluralism as to render its effect nugatory.

By the mid-1970s sociology was beginning to lose the high profile within industrial relations which Fox and other practitioners had deservedly earned for it. It found itself on the defensive, since prominent authorities within the field of industrial relations began to doubt the value of its methodology when applied to their subject. The sociologist works within models of social structure to seek therein an explanation of industrial relations and Bain and Clegg doubted the value of this approach to industrial relations. *To take only one example, the many*

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<sup>26</sup> Roberts, B. C., 1977 *Lloyd's Bank Review*. No 125, p. 15.

<sup>27</sup> The author regrets that he cannot give the precise title or date of this paper but he was present at a committee meeting in the House of Commons in 1954 when Gussman talked about his research.

<sup>28</sup> Fox, A. op cit, p 9, para 36.



attempts to explain the growth and character of trade unionism in terms of class and status are a monument to the folly of explaining trade unionism without first looking closely at trade unions.<sup>29</sup> Eric Batstone was even more forthright when he wrote that *Sociologists do not have much to be proud of when it comes to the study of industry and industrial relations. Partial insights have in the past been built up into great theories, leading to remarkable biases in later work.*<sup>30</sup> Batstone's execration of the *partial insights* of sociology was shared by Richard Cobb,<sup>31</sup> who believed that sociology imposed *a false sense of unity and simplicity on a subject which has neither.*<sup>32</sup> It is interesting to note that here both Batstone, the industrial relations theorist, and Cobb, the historian, are exercising common cause. Yet Cobb had some of the traits of a sociologist since he said that *I have never understood history other than in terms of human relationships*<sup>33</sup>.

Sociology has provided valuable insights into industrial relations and will continue to do so. Nevertheless, since industrial relations academics of the calibre of Bain, Clegg and Batstone suggest, to put it no stronger, that a sociological approach to industrial relations research has many pitfalls, it is perhaps advisable to use another methodology. An even stronger argument against its use is supplied by none other than Professor A. H. Halsey, arguably Britain's most eminent sociologist, who has stated *Today sociology and its neighbouring subjects are in a disarray of both theories and methods.*<sup>34</sup> It is also a case of a cobbler sticking to his last.

It is necessary, nevertheless, to consider sociology even further because, as stated above,<sup>35</sup> sociology is also intertwined with history and its methodology in this regard must be compared with the author's preferred choice. Just as there have been sociologists who have asserted that industrial relations come wholly within the ambit of their discipline, there are other sociologists who believe that history and sociology are two sides of the same coin. Philip Abrams has argued that *history and sociology are and always have been the same thing*<sup>36</sup> and Anthony Giddens states *There simply are no logical or even methodological distinctions between the social sciences and history.*<sup>37</sup> If this were indeed the case the author would have no option about his choice of methodology but a totally contrary view is taken by J. H. Goldthorpe, himself a sociologist, who has

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<sup>29</sup> Bain, G. S., and Clegg, H. A., (1974) A Strategy for Industrial Relations Research in Great Britain. *British Journal of Industrial Relations*, X11, p. 107.

<sup>30</sup> Batstone, E., (1974) Strikes and Sociologists. *Society for the Study of Labour History Bulletin* 28 p. 86.

<sup>31</sup> Richard S. Cobb, (1917-1996). Professor of Modern History, University of Oxford (1973-84), Senior Research Fellow, Worcester College, Oxford (1984 -1987).

<sup>32</sup> Gilmour, D., (1996) Napoleon Bad, Critchley Good. *The Spectator*, 27th January, 1996. Gilmour gives this as a quotation but does not identify the source.

<sup>33</sup> *ibid*

<sup>34</sup> Halsey, A. H., (1996) Subject to Change. *Times Higher Education Supplement*, 14th June, 1996.

<sup>35</sup> v. p. 7 *supra*.

<sup>36</sup> Abrams, P., (1980) *Historical Sociology*, p. x. Open Books, Bath.

<sup>37</sup> Giddens, A., (1979) *Central Problems in Social Theory*, p. 230. Macmillan, London.



been prominent in the field for almost thirty years since the publication of his acclaimed "The Affluent Worker in the Class Structure".<sup>38</sup> Goldthorpe says that here *interdisciplinary, or rather adisciplinary, enthusiasm would seem to me to have gone too far, at least on the sociological side*<sup>39</sup> and argues that *one-highly consequential- difference concerns the nature of the evidence on which historians and sociologists rely or, more precisely, the way in which this evidence comes into being.*<sup>40</sup>

Historians use evidence that has survived in physical form and what Elton<sup>41</sup> calls "deposits" and Goldthorpe "relics". They include such artefacts as weapons, tools and buildings but of greatest importance are communications in written form to which the name of "documents" is normally given. They are a limited selection of what could have survived and they cannot increase except in the rare cases when previously unknown documents are found.<sup>42</sup> They are therefore finite and constrain the historians to work within what E. P. Thompson calls *the discipline of context.*<sup>43</sup> By contrast, while the sociologists use evidence in a way similar to the historian, *they can, in addition generate evidence. This is of course what they are doing when they engage in "fieldwork". They are producing, as a basis for inferences, materials that did not exist before.*<sup>44</sup> The only evidence that historians can generate legitimately is oral evidence and then the most careful attention must be paid to its accuracy and its representativeness.

This is the cardinal difference between the approach of the historians and that of the sociologists. Historians work in the past, even if that "past" is the previous year, while the sociologists *do not seek to tie their arguments to specific time and space co-ordinates so much as to test the extent of their generality*<sup>45</sup> and need resort to historical method only when the social issues that concern them are related to a specific place and within a particular period of time. This releases sociologists from the restraints placed upon historians, whose data base gives small scope for generalisations but it also requires sociologists to apply their

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<sup>38</sup> Goldthorpe, P. H., (1969) *The Affluent Worker in the Class Structure*. Cambridge University Press. This book was standard reading for both industrial relations and sociology students in the 1970s and is regarded as a classic.

<sup>39</sup> Goldthorpe, P. H. (1990) The uses of history in sociology: reflections on some recent tendencies. *British Journal of Sociology*, 42 No 2, p. 227.

<sup>40</sup> op cit p. 221.

<sup>41</sup> Sir Geoffrey Elton, (1921-1994). Professor of English Constitutional History (1967-1983), Regius Professor of Modern History (1983-1988), University of Cambridge.

<sup>42</sup> The provenance of such documents must always be subject to rigorous testing before their authenticity is established. A remarkable example of failure to do so in recent times was the case of the "Hitler Diaries", remarkable in the sense that H. T. Trevor -Roper, a Professor of History at Oxford University, allowed himself to be hoodwinked into pronouncing them authentic. By comparison, the Dead Sea Scrolls, discovered originally by a Bedouin goatherd near Qu'mran in what is now Israel, have been authenticated by Jewish scholars of international standing.

<sup>43</sup> Quoted in Stone, L., (1987) *History and the Social Sciences in the Twentieth Century*. Routledge, London.

<sup>44</sup> Goldthorpe, op cit p. 214.

<sup>45</sup> op cit p. 214.

own forms of academic discipline, a practice which some modern sociologists, through over-reliance on secondary sources, are failing to observe.<sup>46</sup>

The sociologist, therefore, has the privilege of being able to generate evidence while the historian must rely on those physical remains of the past, mainly documents that are available or can be found. The work of the sociologist, claims Barrington Moore, *resembles a large-scale* (he clearly meant “small-scale”) *map of an extended terrain, such as an airplane pilot might use in crossing a continent, whereas the quality of an historical interpretation is dependent on the quality of the details out of which it is spun.*<sup>47</sup>

Thus the researcher must free himself from conditions and dependencies that he may so far have considered as given or fixed.<sup>48</sup> It was the failure of R. H. Tawney<sup>49</sup> to observe this principle that drew damning criticism from at least one of his peers.<sup>50</sup> Previous knowledge and experience complement research but the historian who enters upon an investigation of any facet of an industry must remember that its human relationships (according to Cobb<sup>51</sup> the only source of understanding in history) are dynamic, not static, and that he must recount what is revealed by his analysis. In particular he must, like Dr Neville, avoid the Procrustean<sup>52</sup> approach, whereby *what does not fit is cut off and excluded, may not even be noted, and what does fit may be stretched to fill a larger space than it is suited for.*<sup>53</sup>

Many doctoral candidates place considerable weight on the use of models to support their research, or, at least, to guide it within the limits of its aim. This can be useful when a model has been shown by subsequent events to have been reliable and valid. It can also lead to disaster as in the case of a candidate who selected a model which she did not realise was under attack from its creator's academic opponents.<sup>54</sup> This thesis will not base itself upon, or make use of, models since history does not lend itself easily to such a method. Elton warns against it for *to the historian this seems a very dangerous procedure : for too often the model seems to dictate the selection of the facts used to confirm it.*<sup>55</sup> Cobb also disliked models because they gave an *impetus to compare and to*

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<sup>46</sup> op cit p. 220 and 222. Goldthorpe accuses some sociological historians of accepting secondary historical sources as their evidential base and coming to conclusions that are *both tenuous and arbitrary to a quite unacceptable degree*. He excludes from his condemnation writers concerned with the methodology of social science in general.

<sup>47</sup> Moore, B., (1966) *The Social Origins of Dictatorship and Democracy*, p. xi. Harmondsworth-Penguin, London.

<sup>48</sup> Habermas, J., (1987) *Knowledge and Human Interest*. Cambridge University Press.

<sup>49</sup> Richard Tawney (1880-1962). British historian. Author of *Religion and the Rise of Capitalism*.

<sup>50</sup> v. p. 13 infra.

<sup>51</sup> v. p. 9 supra.

<sup>52</sup> Procrustes (or Polypemon) was a figure from Greek mythology. He tied his “guests” to a bed and if they were too tall he cut off their legs; if too short he stretched them on a rack.

<sup>53</sup> Gummesson, E., (1991) *Qualitative Methods in Management Research*, p. 55. Sage Publications, London.

<sup>54</sup> A candidate for the degree of M. Phil, who had this author as one of her examiners.

<sup>55</sup> Elton, G. R., (1968) *The Practice of History* p. 55. Collins Fontana. London.



*generalise in cases where comparisons and generalizations are either irrelevant or positively misleading.*<sup>56</sup> At the same time a thesis must conform to an appropriate shape and the methodology chosen for this thesis is a combination of an approach relevant to research in the humanities in general with one more specific for historical research.

Evert Gummesson<sup>57</sup> suggests that research in the social sciences, to which he applies the term hermeneutics (from the Greek word “hermeneuien”, to interpret), should be based upon the inter-relationship of preunderstanding and understanding. The author of this thesis has behind him a long career in industrial relations as a practitioner in engineering companies, as an academic, as a member of the Industrial Tribunal and as an arbiter with the Advisory, Conciliation and Arbitration Service. To this personal experience can be added what Gummesson refers to as “intermediaries”, namely, the experience of others communicated through text books, research reports, lectures and conversations. Thus the combination of one’s own experience and that of others constitutes the preunderstanding brought to the thesis but always with the caveat of the previous paragraph kept in mind.

Preunderstanding can be compared to a base camp without which an ascent cannot be made upon a mountain. Elton put it more dramatically when he wrote *The future is dark, the present burdensome; only the past, dead and finished, bears contemplation.*<sup>58</sup> The researcher now reaches towards understanding by devising his own methods of analysing and interpreting the experiences of others, many of them entering his ambit for the first time as his work progresses. At the same time he pursues his own quest for data and makes the choice of what is relevant to his objective. These two activities, his own analysis and interpretation of “intermediaries” and what he has discovered through his own efforts bring about the understanding which is his goal.

Since history is concerned with human beings, a historian must be selective in his use of individuals. *He can only make one man witness for many by the selective use of the individual case history as a unit of historical impressionism.*<sup>59</sup> In Chapter 8 of this thesis the author uses a case history in this fashion since the successful industrial action led by a shop steward gives a flavour of the oil industry at that particular time (1975/76). Again, ten years later, when the IUOOC was engaged in a long contest to secure recognition from Phillips Petroleum Company, the tactics adopted by the company’s Administrative Officer are given in detail (Chapter 9) as representing the common practice of oil companies faced with similar situations. Cobb’s aversion to the supposed insights of sociology meant that his books were packed with detail and incident. This thesis will also show detail and incident although on a smaller scale than a book will permit and, if it does include some untidy structures, the author will share this criticism along with his mentor. What else is

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<sup>56</sup> Cobb, R. (1969) *A Second Identity*, p. 18. Oxford University Press, London.

<sup>57</sup> Gummesson, E., (1991) op cit.

<sup>58</sup> Elton, G. R., (1989) *The Practice of History*. Collins Fontana, London.

<sup>59</sup> Cobb, R., (1969) op cit p. 47.

history if examined from the level of the individuals who play their part over a closely observed period of time? Tolstoy's view of history was that it is determined more by the small insignificant gestures of unnamed people rather than the decisions of outstanding leaders.<sup>60</sup>

It is not surprising that some contributions to the history of industrial relations, as distinct from text books, are written with the purpose of giving the point of view of manual or other lower paid employees. Sometimes this is a healthy antidote to the company histories that are almost public relations exercises but in any case it is necessary for work to be published which explains that the reactions of employees can arise from a feeling of powerlessness in an environment where their voice is seldom heard and often ignored. There are histories written in this mode which have become classics such as "The History of Trade Unionism" (1894) by Sidney and Beatrice Webb and the six volume "History of the British Miners" which Robin Page-Arnot compiled over a thirty year period from 1945. That the Webbs were founder members of the Fabian Society and that Page-Arnot was an open supporter of the Soviet Union was well known and their books could be read with that in mind. With R. H. Tawney, author of "Religion and the Rise of Capitalism", the position is very different. He was at the peak of his reputation, which amounted to uncritical adulation among historians of the more leftward political persuasion, when he was excoriated by Elton in his inaugural lecture at Cambridge in 1968: *there is not a single word which that very good man Richard Tawney wrote which can be trusted. In all his work he was so dominated by his preconceptions that everything he wrote was unconsciously written to a propaganda purpose.*<sup>61</sup> Elton returned to the attack in 1977 when he wrote that *Religion and the Rise of Capitalism was one of the most harmful books written between the wars and that Tawney's example persuaded a powerfully influential school of historians that they may employ a method which involves selective study designed to document a previous conviction and neglectful of the changed setting in time, and that they are justified in doing so if their purpose is to serve a progressive cause.*<sup>62</sup> Nor was Elton the only historian to take up arms against what was seen as an assault by the left upon truth and no less than an attempt to distort facts in order to make them fit the conclusion which the authors had already reached. Marxist writers can be guilty of this "trahison des clerics" and their scholarship has been attacked by the historian Perez Zagorin on the grounds that it *has too often had to impose a mutilating pressure on the facts and in the case of recalcitrant evidence to resort to excessively ingenious methods of interpretation.*<sup>63</sup> Not that Marxists are alone in this misuse of historical data. The great nineteenth century historian Macaulay wrote in his diary in 1849 that *I am glad to find that whatever I*

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<sup>60</sup> v. Tolstoy's *Forces operating on History*, the first epilogue to his *War and Peace*, wherein he discusses the effect of leaders such as Napoleon on world history. Also Berlin, I., (1953) *The Hedgehog and the Fox: An Essay on Tolstoy's view of history*. Weidenfeld and Nicolson, London.

<sup>61</sup> Kenyon, J., (1993) *The History Men*, p. 260. Weidenfeld and Nicolson. London.

<sup>62</sup> Correspondence in *The Times Literary Supplement*, 11th February, 1977.

<sup>63</sup> Zagorin, P., (1982) *Rebels and Rulers*. Cambridge University Press. Quoted by Lockyer, R., (1982) in *Long Live the Kings! Times Higher Education Supplement*. 24th December, 1982.



*discover relating to the reign of James II confirms my general views but he preferred to ignore discoveries which were unsupportive of his conclusions.*<sup>64</sup> The author notes with interest that in the editorial to the first edition of "Historical Studies in Industrial Relations"<sup>65</sup> there is a statement that *articles with an explicit political dimension---will be encouraged.* No-one should cavil at work written from a political perspective provided that it is seen to be written with a specific political outlook and that no conclusions are offered from insufficient or distorted data. It is to be hoped for the future reputation of this new publication that such articles as are published will meet the criterion of historical logic, which is defined by E. P. Thompson (a self-proclaimed writer of the "left") as *a logical method of inquiry designed to test hypothesis and to eliminate self-confirming procedures ("instances", "illustrations").*<sup>66</sup>

The methodology which the author has chosen to use for his thesis is thus a combination of Gummesson's approach to the study of social sciences and the historical approach of Elton and Cobb. Elton attributes prime importance to documents and consequently argues that history is the only true empirical discipline. He further advises that it is the only discipline in which the writer should not begin with a predetermined thesis that he intends to test.<sup>67</sup> Cobb believes that human relationships are the key to the interpretation of history. Here one is reminded of the famous line from the Roman poet Terence,<sup>68</sup> *homo sum : humani nil a me alienum puto* while at the same time recalling Royden Harrison's warning that this can make for excellence in moral rather than historical practice. Harrison points out that the famous quotation of Terence - which he does not acknowledge<sup>69</sup> - might be appropriate for a historian of classical antiquity *who may just about manage total history but for the rest of us half the trick is to discover what to leave out.*<sup>70</sup> Thus, since every recorded incident in the history of industrial relations of this period cannot be included, judgment will be exercised in selecting those which are of consequence and in ignoring those which appear to be trivial. As the American historian Barbara Tuchman<sup>71</sup> wrote *Selection is what determines the ultimate product.*<sup>72</sup>

Sound historical research depends upon a distinction between original and derivative authorities. Original authorities are statements by eye-witnesses and documents which are contemporary with, and relate directly to, the events to which they attest. Often referred to as primary sources, original authorities are

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<sup>64</sup> Berlin, I., (1953) *Historical Inevitability*, p. 29. Oxford University Press, London.

<sup>65</sup> March 1996. Keele University Centre for Industrial Relations.

<sup>66</sup> Thompson, E. P., (1978) *The Poverty of Theory and other Essays*, p. 231. Merlin. London.

<sup>67</sup> Elton, G. R., (1977) Presidential Address. *Transactions of the Royal Historical Society*, 5 p. 210.

<sup>68</sup> Publius Terentius Afer (c. 184 - 159 BC). *Heauton Timorumenos*. 1 1, 25. I am a man and thus nothing about mankind is indifferent to me.

<sup>69</sup> Perhaps Harrison assumed that since his target readership would be historians they would have no difficulty in recognising the quotation and its source.

<sup>70</sup> Harrison, R., (1983) Totality or Triviality?. *Times Higher Education Supplement*, 4th November, 1983.

<sup>71</sup> Barbara W. Tuchman (1912-89).

<sup>72</sup> Tuchman, B. W., (1983) op cit. p. 18.

not "ipso facto" irrefutable evidence which admit of no other interpretation. Bias in a primary source is to be expected but one allows for bias and corrects it by reading other accounts.<sup>73</sup> Derivative authorities are accounts of events which have not been witnessed but which can be inferred directly or indirectly from original authorities. It is "second-hand" evidence, very similar to Gummesson's "intermediaries",<sup>74</sup> and it is only through the use of sound judgment in the interpretation and evaluation of the original sources that derivative authority can enjoy confidence. Relevant examples of the correct use of research material are the famous biographies of Trotsky<sup>75</sup> by Isaac Deutscher<sup>76</sup> and Elton's "Tudor Revolution"<sup>77</sup> where we can see the use by master historians of both original and derivative authorities. Trotsky may have been dead but when he had been exiled from the Soviet Union in 1929 he had managed to take with him a considerable number of government documents which he entrusted to Harvard University. These and Trotsky's own papers written in exile were Deutscher's prime original material while his derivative authority arose from his reading of many contemporary histories to which he applied all of his wide intellect in the selection and interpretation of what he judged to be fact and not speculation or assumption. Elton's intensive re-examination of all the documentary material of the Tudor period had the result of updating every other textbook on the period. As Elton himself claimed with typical bluntness *A whole complex of underlying ideas, a whole frame of references is being discarded,*<sup>78</sup> which can be paraphrased as an assertion that the derivative authorities relied on by other historians of the period lacked any foundation.

Original authorities appropriate to this thesis are personnel employed at different levels within the industry and contemporary company and trade union documents relating to industrial relations. Immediately this poses a problem for the historian who is looking at any aspect of the oil industry. The industry is controlled by a small coterie of companies, which exercises a far greater influence, in political as well as economic terms, than any other commercial organization in the world and seeks to protect this status by revealing as little as possible about its "modus operandi." J. D. House, who has carried out research on employment issues in the Canadian offshore oil industry, reported in 1985 that any previous systematic investigations were notable by their paucity and that *this has not been due to lack of interest by researchers, not even, primarily, by a lack of available funding. Rather, the main cause has been the successful resistance of the offshore petroleum industry to having itself investigated, and*

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<sup>73</sup> This is recognised in our legal procedure where different accounts of the same incident can be offered by two or more witnesses.

<sup>74</sup> v. p. 12 supra.

<sup>75</sup> Leon Trotsky (1879-1940). Bolshevik leader exiled 1929 to Mexico and there assassinated by a Soviet agent.

<sup>76</sup> Isaac Deutscher (1907-1967). Marxist historian and biographer of Stalin and Trotsky. (1959) *The Prophet Unarmed: Trotsky 1921-29*. Oxford University Press. London. (1963) *The Prophet Outcast: Trotsky 1929-40*. Oxford University Press. London.

<sup>77</sup> Elton, G. R., (1953) *The Tudor Revolution in Government*. Cambridge University Press. Cambridge.

<sup>78</sup> Elton, G. R., (1956) Fifty Years of Tudor Studies at London University. *Times Literary Supplement* 6th January, 1956.



*the reluctance of most governments to insist that it be studied against its will.*<sup>79</sup> The position in the UK offshore industry was discovered to be similar by K. Sutherland and R. H. Flin in 1989.<sup>80</sup>

Two factors assisted the author to overcome this problem. The first was that for over twenty years he had been involved in the placement of students with oil companies as part of their undergraduate or postgraduate courses and some of these former students were now middle or even senior managers within the oil and gas industry. The second factor was that he knew socially several people who held, or had very recently held, senior posts in the industry, including two directors of prominent companies. This enabled him to approach oil company executives on an informal basis and, having explained the research upon which he was engaged, to secure their co-operation.

The level of manager interviewed was head of department or above. Each interview was initially structured round a standard questionnaire but in almost every case the managers preferred to widen the discussion and bring in aspects which were of particular relevance to their organization; for example, one manager spent a long time explaining how different cultures had emerged on his company's platforms, although the tasks of the employees and the conditions of service on each did not differ. Thus once the main issues such as the method of employee representation were disposed of, the managers expanded on their company's industrial relations philosophy and how it was implemented.

Assurance was always given that anonymity would be guaranteed and, in view of some comments made by managers, considerable trust was placed in the author's discretion, a confidence which he has taken pains to honour. Two interviews, however, were very different from the others. One was with Mr Jim Cheetham, who had left the service of Phillips Petroleum Company UK and gave a detailed account of his company's negotiations with ASTMS over the years 1984 to 1989.<sup>81</sup> The other was with the personnel manager of a major oil operator who, after a discussion on the industrial action offshore in 1989 and 1990, quietly passed to the author a file of the company correspondence for these years. These unique documents have, consequently, allowed him to present, for the first time, a major oil company's perspective of the turbulence offshore at that time and thus provide a contrast to the trade union view.

Trade union documentation was known to exist and while its location would not be difficult to find there was no certainty that access could be obtained. By a great stroke of luck the necessary trade union records were found at the same time as permission to consult them was granted. Professor Rhona Flin<sup>82</sup> met Mr Ronnie McDonald, the general secretary of the Offshore Industry Liaison

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<sup>79</sup> *Working Offshore : the Other Price of Newfoundland's Oil*, Institute of Social and Economic Research, Memorial University of Newfoundland, 1985, p. 6.

<sup>80</sup> Sutherland, K. M. & Flin, R. H. (1989) *Stress at Sea: a Review of Working Conditions in the Offshore Oil and Fishing Industries. Work and Stress*, 3, 269-285.

<sup>81</sup> These negotiations are detailed in Appendix S.

<sup>82</sup> At that time Head of the Business Research Unit, The Robert Gordon University.

Committee, at a conference and mentioned someone in her department was engaged upon research into industrial relations offshore. He expressed interest, an interview was arranged and the author found that Mr McDonald had in his custody the minutes and correspondence of the Inter Union Offshore Oil Committee from its inception to 1988. Moreover, he was pleased to grant access and for several weeks the author worked on these papers at the union's office at 6 Trinity Street, Aberdeen.

Since these documents consist of fourteen years of correspondence with local union officers, national officers of unions; the Trades Union Congress and the government, they represent a prime original source for any research over this period. They are not catalogued and searches were often necessary to find a document to which a particular piece of correspondence referred. The author has given these documents the classification OILCarc(OILC archives); although IUOOC documents they are held in the OILC archives. Unless otherwise indicated all unpublished correspondence or other documentation is drawn from the OILC archives which are included among the the List of Sources (Volume 2, Section E).

The author has not been the first scholar to use these documents, since there is reference to them in *Paying for the Piper*,<sup>83</sup> a book published in 1996 after his work on these archives had been completed. He may, nevertheless, claim to have given them a more thorough examination and to have been the first to have produced in the appendices many documents which illustrate the industrial relations climate of the period, particularly those concerning the negotiations at government level culminating in the Memorandum of Understanding on Trade Union Access to Oil Installations.<sup>84</sup>

IUOOC minutes and correspondence from 1989 have been in the care of Mr Campbell Reid, who played a prominent rôle in offshore industrial relations. Mr Reid allowed access to these documents, and since there is no mention of them in the source notes of *Paying for the Piper*, the author of this thesis can claim that they are virgin territory which he has traversed. Of special interest is the light they throw on the circumstances leading up to the severance of official trade unionism and the OILC.

The Offshore Industry Liaison Committee has its own archives of minute books and correspondence dating from mid-1989 and provided an interesting comparison with those of the IUOOC, especially after relationships between the bodies were sundered.

Valuable oral information was also garnered from these trade union connections. Mr Reid had over twenty years of experience of negotiations or, as he would prefer to put it, attempted negotiations with the oil companies and their contractors. Mr McDonald gave most helpful comments and allowed himself to

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<sup>83</sup> Woolfson, C., Foster, J. and Beck, M., (1996) *Paying for the Piper*.

<sup>84</sup> Appendices G, H, I and J.



be recorded on tape, now in the possession of the author. Working in the OILC offices brought the author into direct contact with Mr and Mrs Robertson from whom he has received a great deal of information on working offshore from the earliest days to the foundation of OILC, where they played (and still play) a prominent part. The chapter on the strike aboard the drilling rig Venture One was made possible only by their oral information.

To the data acquired through this direct contact can be added newspaper articles dealing with contemporary industrial relations matters and books written by people who have been participators in the events which they describe such as the Piper Alpha disaster.

The contrast between the approach to industrial relations on the UK and the Norwegian continental shelves is significant and constitutes part of the thesis. There was much more openness from the Norwegians who were interviewed. As well as consulting translations of research work on the oil industry in Norway data have been obtained through direct interviews with Mr Ketil Karlsen, Deputy Leader and Mr Tor Fjelldal, Research Officer of NOPEF (the Norwegian Oil and Petrochemical Workers' Union), Mr Orjan Bergflodt, Deputy Leader of OSF (the Norwegian Oil Workers' Federation), Mr Børge Bekkheien, Assistant Director of OLF (the Norwegian Oil Industry Association) and Mr Gunnar Lied, Head of Technical Training, Elf Petroleum Norge. Professor Karlsen of the Rogaland Research Institute in Stavanger is Norway's most prominent authority on industrial relations and he made himself available for a complete morning to discuss the main aspects of his country's industrial relations. Although it was not possible to interview Mr Kåre Willoch, Prime Minister of Norway from 1981 to 1986, he wrote a most courteous and informative reply when the author sought an interpretation of the term "Willoch Doctrine" which appeared in a Norwegian account of industrial relations during his period of office.

The derivative authorities are the many text books, articles and commentaries on various aspects of industrial relations and accident prevention relevant to the period under research. An obvious example here is the use that the author had to make of texts about employment on the Norwegian continental shelf, which derive from work originally offered in the language of that country.

The author does not and cannot claim to be a pioneer in the application of historical methodology to an industrial relations thesis. David Dunkerley, who has published widely on organizational theory, used this approach in a historical study of Devonport Dockyard and contributed an article on his methods to a textbook on organizational research.<sup>85</sup> He begins by saying that within organizational analysis emphasis has been on the description and analysis of contemporary phenomena with little consideration of how the current characteristics of organizations have emerged. Description and analysis alone can provide neither explanation nor prediction and although it is obvious to the

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<sup>85</sup> Dunkerley, D., (1988) Historical methods and Organizational analysis: The Case of a Naval Dockyard. In A. Bryman (editor), *Doing Research in Organizations*. Routledge. London.

historian that *An event arises from the past, structures the present and affects the future*<sup>86</sup> Dunkerley believes that this virtual truism often eludes social scientists. We can note here the similarity of Dunkerley's comment and that of Phelps-Brown given in the second paragraph of this chapter.

Dunkerley chose three inter-linked methods of inquiry in his work on the Devonport Dockyard. The first was an analysis of the population censuses in order to show the different types of employment within the dockyard, the second was the record of dockyard employment and industrial relations to be found in local histories, admiralty papers and local newspapers and the third was oral history. He soon had to discard the first method because, quite apart from the inconvenience caused by the storage of the census records at Kew in London, the nature of the data that were collected differed significantly over the years. This made the original objective of an occupational community study unrealistic and it was replaced by the technological and historical development of the dockyard over the last century. As Dunkerley states *The decision was made with the historical knowledge that although a naval base had existed since the seventeenth century, it was not until the nineteenth century that any significant increases in size or technological application took place.*<sup>87</sup> Thus a knowledge of history made it possible for the research to continue. The change in the objective ensured that the research would be based on sound documentary evidence and would still link in well with local archive search and oral history.

Dunkerley describes documents as the "*bread and butter*" research tool of the historian<sup>88</sup> and he decided to abandon use of census returns because they were unreliable for his original purpose. In this context he is a pure disciple of Elton and he echoes the master in his insistence that documents must not be interpreted in ways which suit the preconceptions of the researcher; *the researcher is always in danger of interpreting a piece of evidence in the light of his/her contemporary situation and imposing suppositions and assumptions that may be totally unwarranted.*<sup>89</sup> Elton was equally aware and when his contemporary, E. H. Carr, author of a history of the Soviet Union, which gives a favourable account of its internal and external policies, argued that when any historical judgment was made it was inevitably a function of the prevailing philosophy of the time, Elton would have none of this and asserted that data, once established, were incontrovertible. Like Dunkerley, this author has made full use of local archive material and oral history which have enabled him to make some original discoveries that are not elsewhere documented. Moreover, he takes confidence in the fact that a reputable authority in the field of management research supports the historical method of inquiry and concludes his article with this sentence: *Indeed it is heartening to observe such an approach being incorporated into more and more studies of organizations.*<sup>90</sup>

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<sup>86</sup> *ibid* p. 84.

<sup>87</sup> *ibid* p. 87.

<sup>88</sup> *ibid* p. 88.

<sup>89</sup> *ibid* p. 88.

<sup>90</sup> *ibid* p. 95.



This thesis is not rigidly chronological in its composition. This does not mean that the sequence of the history is lost but that events, to be clarified, must sometimes be looked at according to their nature rather than their chronology. It thus starts with a chapter on the rise to power of the immensely influential oil and gas industry which had established its “modus operandi” before the discovery of oil and gas in the North Sea and then Chapter Three argues that the hostility of the industry to trade unionism is explained by the economic milieu within which it operates. There follows an account of the industrial relations system in Great Britain because it was this very system within which the oil companies have continually refused to conduct their employee relations policies. In retrospect this may be seen as the first crack in the mould of the British industrial relations system that accorded an influence to trade unions which has now greatly diminished. This initial rejection of a trade union presence offshore and the subsequent events are the subject of this thesis. The Norwegian dimension is so important to the development of the thesis that it was necessary for it to be dealt with early and in its totality in order for comparisons to be made with the very different developments on the UK Continental shelf. Thereafter the thesis follows a chronological pattern through Chapters 6, 7, 8, and 9 at which point three separate themes are analysed outside the confines of a specific time period. Chapter 10 looks at trade union failure to recruit significant membership offshore, Chapter 11 examines the connection between industrial relations and accident prevention while Chapter 12 investigates the impact of offshore contracting upon industrial relations on the UK continental shelf. Chapter 13 picks up the chronological narrative again with its account of the emergence of the Offshore Industry Liaison Committee. The final chapter draws together the different threads of the thesis and offers some conclusions.

There are two prime criteria of any research. It must be developed in a way that allows the evidence to be presented in proper order and thus permit the story to speak for itself. The second is that the author abides by the established evidence and adds no embroidery. In doing so the dictum of the great German historian von Ranke<sup>91</sup> is obeyed: events are discussed *wie es eigentlich gewesen ist*.<sup>92</sup> The author has striven to observe these criteria, trusts that this is reflected in his thesis and seeks to be judged by Elton's own definition of the standard of quality which should be attained at his level of work: *intellectual honesty and intellectual penetration within the compass of the problem investigated*.<sup>93</sup>

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<sup>91</sup> Leopold von Ranke (1795-1886). This German historian was one of the first to base his work upon methodological research.

<sup>92</sup> i. e. as it really happened.

<sup>93</sup> Elton, G. R., (1989) op cit p.35.

## **CHAPTER TWO**

## THE NATURE OF THE OIL INDUSTRY AND ITS INDUSTRIAL RELATIONS

The oil industry as we know it to-day developed from the invention of the internal combustion engine and its fuel requirements. Oil had been discovered in considerable quantities in Pennsylvania and Oklahoma just after the Civil War of 1861-65 and it was sold first under the name of kerosene as a means of illumination and domestic heating. Three millennia earlier the people of the Middle East had found that the black sludge-like material which oozed out of the ground could be used in construction and visitors to the remains of the ancient city of Babylon will see the bricks of the buildings held securely in place by bitumen. Fires came from the ground at different times and in different places without people understanding their origin and it has been suggested that the legend of Moses and the burning bush derives from one of these fires. While the demands of heating and illumination remain a not inconsiderable aspect of the oil industry, the supply of refined crude oil for energy has become its principal business.

### **1 The Nature of the Industry**

The outstanding features of the oil industry have been its power and its secrecy. That the oil industry is powerful is almost too obvious to state. On the other hand its inter-company relationships and agreements and its methods of operation were kept secret for decades and reliable source material regarding the American companies has become available only in the last twenty years. Anthony Sampson in the Introduction to his book "The Seven Sisters", which has the secondary title of "The History, the Companies and the Politics of Oil",<sup>1</sup> writes as follows:

*..it is difficult to describe or analyse the workings of the companies without a body of reliable documentary evidence. It was not until the crisis of 1973 that a great deal of such documentation came to light; particularly through the exhaustive investigation by the Multinationals Subcommittee of the Foreign Relations Committee, under Senator Church.*

It is significant that the oil industry receives not a single mention in Graham Hutton's "We Too Can Prosper"<sup>2</sup> which arose out of a visit of British Productivity Council members to USA to discover why productivity across both the primary and the secondary sectors of employment was so much higher there. As Sampson has observed it was 1973 before documents of impeccable provenance were available to historians, who were interested not only in the workings but also the machinations of this industry. A certain frisson of excitement must attend the analysis of the released information when it is realised that Congress had to use sub-poenas to secure some of the data it required. This reluctance to appear transparent about its activities is the

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<sup>1</sup> Sampson, A., (1993) *The Seven Sisters*, p. 8. Hodder and Stoughton, London.

<sup>2</sup> Hutton, G., (1953) *We Too Can Prosper*. George Allen and Unwin, London.



hallmark of the industry in the United Kingdom as well as in the United States of America.

It is appropriate to point out here that other industries in the USA have not exhibited this reluctance which borders on a refusal to collaborate with economists, business historians and others who have sought access to their records. Professor Payne of the Department of Economic History at Aberdeen University, writing in 1962, compared American business organizations very favourably with their British counterparts in this respect. Reviewing a number of histories of American business he said:

*Anyone having had the experience of trying to persuade British businessmen to open their recent archives to historical and economic research must applaud the liberality and farsightedness of the American companies to whose records these authors have had access.*<sup>3</sup>

The chairman of the Congressional Subcommittee referred to above was the redoubtable Senator Church, who summed up the nature of the industry and the attitude of his government in one significant sentence. *It is time we began the process of demystifying the inner sanctum of this the most secret of industries.*<sup>4</sup> Two years later the Securities and Exchange Commission was investigating political contributions and extracted the confession that money was used by all the major oil companies for bribery on a grand scale within the USA as well as abroad. The following quotation from the evidence given to the Commission by one company alone (Gulf) is illuminating: *(between 1960 and 1973) approximately \$10.3 million of corporate funds were used in the United States and abroad for such purposes, ( i.e. bribery ) some of which may be considered unlawful.*<sup>5</sup> Sampson accompanies this quotation with the following comment: *The ability of a giant corporation to conceal such huge sums through underground routes, spotlighted the fact that the big oil companies were, in both the technical and general sense, unaccountable.*<sup>6</sup>

As Anthony Sampson writes: *Tax avoidance of the companies was their most striking common achievement.*<sup>7</sup> Although it may be argued that tax avoidance is a wholly legitimate objective it is clear that Sampson was really referring to tax evasion which is illegal and even as far back as the 1930s a more damning comment was made by Harold Ickes, who later was President Roosevelt's Petroleum Minister of War: *an honest and scrupulous man in the oil business is so rare as to rank as a museum piece.*<sup>8</sup>

Attempts have been made to justify the lengths to which the industry goes in order to prevent national governments extracting what has been decreed to be an appropriate level of taxation. Paul Frankel argued immediately after the war

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<sup>3</sup> Payne, P., (1962) *Business History*, V, no. 1, p. 13.

<sup>4</sup> Sampson, op cit p.329.

<sup>5</sup> ibid p.265.

<sup>6</sup> ibid p.266.

<sup>7</sup> ibid p.263.

<sup>8</sup> Ickes, H. L., (1953) *The Secret Diary of Harold Ickes Vol 2; the First Thousand Days 1933-36*, p. 646. Simon and Schuster, New York.

*that the oil industry is subject to laws quite unlike most others.*<sup>9</sup> He advanced two reasons for this opinion. The first was that the demand for oil is price-inelastic because people need it. It is, however, the demand for energy which is price inelastic as it is a basic necessity for the modern industrial economy. Within the energy market there is competition from other products offered as substitutes for oil-based energy systems. Thus the cross price elasticity of demand for oil is higher and we see this in the search by energy users for alternative energy systems such as nuclear, solar and wind power.

Frankel's second argument was that lower prices often have very little effect on limiting production. Oil refineries must, for example, be kept going at any cost because of the enormous expense of decommissioning and later recommissioning to restart production. Thus price elasticity of supply is low. In consequence producers stockpile oil in order to protect prices and to counter the potential impact of the change in market conditions, which followed the success of OPEC in limiting Middle East production in the 1970s in order to drive up the price of oil. This was a classic example of market collusion in an oligopolistic structure.

Frankel was writing before the impact of Middle East oil had been fully understood. Maurice Adelman of MIT took a different view almost twenty years later. He insisted that in competitive conditions over the long term, the oil industry is bound to behave like any other industry. Thus, the greater the output of an oilfield, the higher the cost of additional output and so *the crude oil industry contrary to common belief, is inherently self-adjusting.*<sup>10</sup> The assumption here is that marginal exploration and production costs rise as more oil is extracted, a position which tends to arise when an oilfield approaches exhaustion and output begins to decline.<sup>11</sup>

As the demand for oil grew, so did the size and power of the producers, which were in control of a commodity that affected the economies of the developed nation states. This control was so great that the chairmen of the two largest UK companies, M'Fadzean of Shell and Drake of BP, could refuse to accede to the demand made in 1973 by the Prime Minister, Edward Heath, that the country should continue to receive as much oil as it needed. War had broken out between Israel and her neighbours Syria and Egypt and OPEC had called for an embargo on sales of oil to USA. M'Fadzean and Drake said that with reduced supplies on an international scale their companies must not be seen to be favouring one customer at the expense of another. Thus nations had been reduced to the status of customers of the major oil companies although M'Fadzean and Drake probably saw themselves simply as representatives of organizations which could do business only if they adopted what J.E.Hartshorn described as *an international viewpoint detached from the special interest of any one nation.*<sup>12</sup>

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<sup>9</sup> Frankel, P. H., (1946) *Essentials of Petroleum*, p. 71. A. M. Kelley, New York.

<sup>10</sup> Adelman, M. A., (1964) Article in *Natural Resources and International Development*, p.32 Baltimore.

<sup>11</sup> The author is indebted to Mr B.C.Scroggie of The Robert Gordon University for his advice on the arguments advanced by these two authorities.

<sup>12</sup> Hartshorn, J. E., (1967) *Oil Companies and Governments*, p.378. Faber, London.



Over the years Shell and BP had become major partners in "Oildom", a virtually independent international organization often referred to as The Seven Sisters : BP, Royal Dutch Shell, Exxon ( or Esso ), Mobil, Texaco, Gulf and Socal ( or Chevron)<sup>13</sup>, although by the mid-1980s Gulf had been bought over by Chevron (which had dropped the Socal title) and Texaco had been dismembered following a disastrous legal confrontation, which practically drove it into bankruptcy. To the original seven, it is now necessary to add firms such as Occidental, Conoco, Total, Marathon, Petrofina and Amerada Hess, which have emerged as major players in the North Sea. How had this nation of "Oildom emerged?

## 2 The United States of America

The early days of the American oil industry were dominated by John D. Rockefeller and Standard Oil. A ruthless entrepreneur, he gained control of all the major producers by various stratagems and as early as 1885 about 70% of Standard's business was overseas; moreover, in order to keep himself apprised of all the latest developments and opportunities, Rockefeller had established a network of agents throughout the world which doubled as a sort of espionage service seeking confidential information about his rivals. Under the USA anti-trust legislation his Standard Oil was divided into independent companies such as Standard Oil of California (Socal) but this independence was compromised by the unofficial interrelationships which continued among what were in reality members of an extended family.

There is another important aspect to remember when Rockefeller's immense impact on the industry is considered. He served as a rôle model for his subordinates and successors and the tough, aggressive attitude which underlay all his business transactions has permeated the industry. Labour unions, for example, were seen as obstacles and Joseph Cullinan, President of Texaco in the 1900s, found a kind of enjoyment in his conflicts with them. While it would be nonsense to claim that a similar attitude prevails today, the fact remains that in the North Sea oil industry the British trade unions have been trounced in their efforts to gain any worthwhile level of recognition for the purposes of bargaining. They still have the appearance after twenty five years of supplicants seeking some crumbs of recognition but whose ability to apply bargaining sanctions to achieve them is weak to the point of nullity. As a long and faithful member of the Baptist Church, Rockefeller would have known the

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<sup>13</sup> Sampson op cit p.32 and passim. The term " The Seven Sisters" was first used in 1913 but it was not until Enrico Mattei of AGIP spoke of "le sette sorelle" that the description became common currency. Mattei resented the power of the oil majors and the way they utilised it so he sought to break into their exclusive circle or to circumvent them through deals with the USSR. He was killed in an aircraft accident in 1962 and accusations, totally unsubstantiated, circulated about the possibility of sabotage through the agency of the "Sisters" ( v. Sampson op cit p.198 ). 33 years later his corpse was exhumed by judicial order when an imprisoned Mafia leader wrote that "the Sicilian Mafia sentenced Enrico Mattei to die. He had damaged certain important American business interests in the Middle East". Minute pieces of metal taken from his corpse show that a bomb destroyed his aircraft. (*Scotsman* 29th August, 1997). v. Appendix AAA.



biblical text about bread cast on waters being seen after many days. Across the broad canvas of industrial relations issues that have involved the oil industry in British waters- the story in Norwegian waters is vastly different- the shade of John D.Rockefeller appears as a leitmotif.

The story of the exploration for oil in Saudi Arabia and the Gulf emirates is one of success for the United States oil industry but it falls outside the scope of this thesis except in so far as it represents the determination of the American oil interests to persevere against initial disappointment and possible failure. Years of frustration followed by the eventual discovery of vast reserves honed to an even sharper edge the American belief that the most effective way to run an industry, which presents so many physical problems and hazards, is one which makes little or no concession to factors other than those which allow oil to be extracted, refined and sold. Until the formation of OPEC the interests of host nations did not attract attention except when they were seen as problems to be surmounted. Moreover, the virtual absence of anything resembling organized labour allowed the companies to dictate conditions of employment and it is this aspect of the "culture" of USA oil companies outside their own national boundaries which has brought them into conflict with trade unions of the industrialised western democracies, without, it must be added, any noticeable change taking place.

The career of Calouste Gulbenkian must also receive but cursory treatment. This extraordinary entrepreneur, while still a young man, obtained from the Ottoman Empire immediately prior to the First World War an agreement whereby he would be responsible for developing the oil industry within its borders in return for 5% of the equity shares. Despite the fragmentation of the Ottoman Empire into a number of small states after 1918, Gulbenkian was allowed to retain his lucrative concession within the famous " Red Line" which he drew on a map of the Middle East in 1928 at a conference at Ostend and which followed roughly the frontiers of the former empire. Thus the huge development of oil in these regions, including Iraq, was accompanied by the consequent enrichment of his immense private fortune.

### **3 Great Britain and Northern Ireland**

British oil companies have a very different background to those of the USA. Oil was being extracted from shale at Pumpherston, near Bathgate, in Scotland by "Paraffin" Young in the last century but, since it was small in quantity and limited in its commercial applications, operations ceased about forty years ago.

Two major oil companies are British in origin. One is Shell which has always been different from the other Seven Sisters in that it has been essentially a trader in the commodity rather than a producer. It was founded by Marcus Samuel, later Lord Bearsted, whose father had imported sea shells in the middle of the nineteenth century when they were in vogue as decorative material on boxes. Samuel was quick to see the importance of oil as a source of energy in the future and founded the " Shell Transport and Trading Company ", the name under which the company continues to trade. He bought

oil, mainly from Baku in what is now the independent nation of Ajerbaijan, had it delivered to his tankers in the Black Sea and sold it on the open market. The company amalgamated with Royal Dutch Oil in 1906 to form the present main company, Royal Dutch Shell. This introduced the ruthless figure of Henri Deterding, who had managed the Dutch company extracting oil in its colony, the Dutch East Indies ( now Indonesia ). He outmanoeuvred Samuel in the negotiations and the British company was left with only a 40% share of the organization. One is inevitably reminded of Canning's quip about Dutch methods of business almost a century before:

*In matters of commerce the fault of the Dutch*

*Is paying too little and asking too much.*

Samuel gradually withdrew from business into public life and Deterding, whose approach to the industry could be described as that of a European Rockefeller, stamped his own imprint on the oil industry. He became a British citizen, was an object of fascination to Winston Churchill and received a knighthood. In 1919 he bought from Weetman Pearson, later Lord Cowdray, the latter's Mexican oil business where the appalling conditions of employment eventually drove the workers to strike in 1936. Following the usual uncompromising attitude of the oil companies there was an unexpected and dramatic response by the Mexican government: in 1938 President Cardenas nationalised all 17 oil companies in his country, a solution to be followed, probably unconsciously, in later years by Middle East nations beginning with Iran in 1951. Shell, no longer under Deterding<sup>14</sup>, took notice of this resentment at the exclusion of any indigenous involvement in the management of an operation in a foreign country and developed a scheme to train local managers but no other oil company followed suit.

Britain's other main oil company is BP. The Royal Navy realised about 1910 that it must convert its source of energy from coal to oil . Fisher, the First Sea Lord, was friendly with Samuel and when Churchill, another friend, became First Lord of the Admiralty<sup>15</sup> in 1911, he urged Churchill to collaborate with Shell. Churchill, however, preferred to deal with Anglo-Persian, an offshoot of Burmah Oil. The official reason for this decision is that Churchill saw the advantage of an oil supplier based on the Persian Gulf, which was easily accessible to the Royal Navy in the event of war with Germany. In addition, he feared that Shell might charge too high a price. To ensure that the Government had some control over the supply and the price of the fuel, Churchill persuaded the British Government to buy a controlling share (51%) of equity in the Anglo-Persian enterprise.<sup>16</sup> The company later became known as British Petroleum and eventually BP. *The allies floated to victory on a wave*

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<sup>14</sup> Deterding, becoming autocratic to the point of madness, was eased out of the post of Director General in 1936 and went to live in Germany. He had become an admirer of National Socialism and Hitler sent a wreath to his funeral in 1939.

<sup>15</sup> Sadly, this historic title and position is no more.

<sup>16</sup> From 1977 the government gradually divested itself of its holding and at June 1994 it owned 1.85%.



*of oil* said Lord Curzon but curiously most of that oil had been supplied by Shell.

Churchill's decision to choose Anglo-Persian has been interpreted by some as being rooted in other causes including anti - semitism, which was perfectly respectable in the early years of the century. Samuel was a Jew and it is claimed that Churchill distrusted him. He is alleged to have said that *You can never be sure of Shell* but this, like the anti-semitism, is pure speculation and no documentary evidence exists. It is, however, of more than passing interest that for decades Shell used advertisements with the caption *You can be sure of Shell*, almost as if the company was seeking to erase a slur on its reputation.

By the 1920s both Shell and BP were established as major oil companies and along with their American "sisters" were supplying oil to the world on terms and conditions which they laid down in concert. Exxon, Shell and BP met secretly at Achnacarry Castle in Scotland in August 1928 where they established a cartel which outlawed price cutting. Twenty four years were to pass before this meeting became public knowledge and was then justified by Bill Farish, chairman of Exxon, on the grounds that stabilisation of prices was necessary for conservation of the commodity. "Oildom" had been established and was to conduct its affairs as a powerful independent organization for which the policies at home or abroad of internationally recognised nations could be ignored if judged to be contrary to the interests of the industry. This is well illustrated in the following excerpt from a memorandum sent by Kenneth Younger, Minister of State at the Foreign Office to Herbert Morrison, Foreign Secretary, in October 1951:

*He ( Sir William Fraser, Chairman of BP ) on many occasions explicitly stated in my presence that he does not think politics concern him at all. He appears to have all the contempt of a Glasgow accountant for anything which cannot be shown on a balance sheet. This is an attitude quite incompatible with the responsibilities of a company like A.I.O.C. operating in so complex and unsettled an area as the Middle East.*

#### **4 The Nature of Employment in the Industry**

If oil companies can confront a British prime minister<sup>17</sup>, it is unlikely that they will be afraid to "mix it " with their employees. The first point to realise in any attempt to understand employment in the North Sea, at least in British waters, is that the operators are, in the main, very powerful transnational organizations who have been accustomed to operate with little concern for what may have been the accepted patterns of industrial relations within the territories of the host nations. This is not to say that they are callous or indifferent towards employees but simply that they wish to manage their organizations with the minimum of interference from third parties whether it be Her Majesty's Government or a trade union. The most obvious departure from the traditional pattern of British industrial relations is that trade unions are not recognised as having any legitimate role in the establishment of

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<sup>17</sup> v. supra p. 23



conditions of work offshore, despite the fact that the same trade union which is being denied negotiating rights for its members offshore may have enjoyed full recognition from the same company for decades onshore. For example, distribution of their product is very important for oil companies and so they negotiate with the T.G.W.U. on the pay and conditions of tanker drivers. The employers are therefore adopting a pragmatic position: they may not like to negotiate but the alternative will be disruption of their distribution. Offshore, by contrast, the opportunities for effective industrial action are limited and the simple expedient of refusing to recognise a trade union for bargaining purposes removes a vital element in the consideration of any action taken to deal with a dispute. In recent years there has been an added factor. Fewer persons are now directly employed by the operators of platforms while an increasing number of workers on the platforms are employed by contracting firms. In the 1980s the terms and conditions of employment on installations varied widely according to whether employees were operators' or contractors' men. This could be interpreted as a "divide and rule" policy but the increasing employment of contractors was simply the consequence of technical and financial decisions and in any case current policy is to reduce to a minimum the differences between the two types of employee. This matter will be dealt with in greater detail later in the thesis.

The second point which must be appreciated is that employment offshore in the quest for oil is utterly different from land based employment because of its environmental hazards. These hazards alone are sometimes used by the oil companies to justify their style of management because an indifferent attitude to weather and the problems it can cause would be injurious to the safety of both the platforms and those who work on them. Fishing - and to a limited extent marine transport- are the only other activities, where any real comparison can be drawn with employment in offshore oil. There is the obvious common factor of the sea, which can become life-threatening in stormy weather to all who are exposed to its fury. Fishermen have had to cope with this for centuries and on the whole they are recruited from families who have adapted to the life style which the nature of their job demands. There is the added danger that the modern technology of fishing involves machinery which must be operated with care e.g. trawl machinery. Employees in marine transport have no other element than the sea to fear in the conduct of their livelihood and apart from that their work does not differ in any essential way from work onshore.

Oil installations are far out to sea and consequently those who work on them have to be flown to and from their employment and at some installations to and from their sleeping accommodation ( the "flotel" ). Offshore oil must be the only industry which has to transport its employees to and from work by air and there have been accidents with loss of life, when helicopters have crashed. On 6th November, 1986 a Chinook helicopter dropped into the sea off Sumburgh in Shetland when its rotor arm sheared and 45 oilmen died. There have been other accidents with fatalities.

Air accidents, however, pale into significance before the horror of the disaster which befell Piper-Alpha platform on 6th July, 1988 when 167 men perished

after fire had broken out. Unlike establishments on land which can and do erupt on occasion, such as ICI's plant at Flixborough in 1974, there is no escape on foot from an oil installation, when its personnel have to be evacuated and this is an ever-present and immovable factor in offshore oil employment.

The whole question of accident prevention and the method of employee representation on the bodies set up to reduce or eliminate accidents will be investigated later. All that will be said at this point is that the trade unions have always approached the issue from two different but closely related points of view: the right of all employees to have as safe a working environment as possible and the right of trade unions to represent that concern on behalf of their members.

As is the case with almost all industries, the culture is paramount and it is unlikely that attitudes and practices built up over decades of experience will change when an industry starts to operate in a different part of the world. This is especially so in the case of oil which has for almost a century operated on a global basis and found success with its *modus operandi* in places as far apart as Saudi-Arabia and Venezuela. Oil as a business has cultivated a " get up and go " philosophy among its managers and they find it difficult to operate in any different manner. The following crude comment may be an extreme example but it gives a flavour of the point being made.

*To hell with the law, I'm the law around here. We break your f..... law every f..... day; if we didn't, you wouldn't have one f..... hole drilled in your f..... North Sea.*<sup>18</sup>

Less crude but surprisingly insensitive to the atmosphere offshore in the immediate aftermath of Piper Alpha was the response on 22nd September, 1988 of John Browne, drilling supervisor of the rig Ocean Odyssey, to a warning about a possible influx of gas from a rogue well. He dismissed as paranoia the concern of the senior employee who had raised the matter adding *Let's get on with the job. You are scared of a little bit of gas.*<sup>19</sup> He then told the installation manager, who was in charge of safety, to do nothing until he authorised any action. Three hours later a blowout occurred and the rig was engulfed in flames.

Managerial attitudes are very different now. Nevertheless, the memories of Piper Alpha and Ocean Odyssey remain and, justifiably or not, oil companies are still regarded in many quarters as organizations which put productivity above accident prevention.

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<sup>18</sup> Carson, W. G. 1982 *The Other Price of Britain's Oil*. Martin Robertson, Oxford (Statement by an American oil official to W.G.Carson).

<sup>19</sup> Report in the Scotsman, 11th August, 1993 on the prosecution of the rig owner, Odeco Drilling, for breaches of health and safety regulations. The firm was fined £250,000. One employee, a radio operator, died under particularly tragic circumstances, having been ordered back to the burning rig.

## CHAPTER THREE



## THE INTER-RELATIONSHIP OF ECONOMICS AND INDUSTRIAL RELATIONS IN THE NORTH SEA OIL AND GAS INDUSTRY

William Brown, Professor of Industrial Relations at Cambridge University, advises that an organization's industrial relations are, in the last analysis, a reflection of the economic milieu within which it operates and that consequently an understanding of economics is an essential ingredient of any research into an industrial relations theme.<sup>1</sup> Brief reference has been made in the previous chapter to micro-economic theories within the oil industry. However, in accordance with Brown's dictum, the economics of the industry must be analysed in greater depth in order that the industrial relations policies of the oil operating companies can be understood, if not necessarily condoned.

One constant threat is woven throughout the tapestry of industrial relations in the North Sea oil and gas industry. This is the resolute refusal of the operators on the UK Continental Shelf to accept that trade unions should be consulted on pay and conditions of employment once a platform is in production. The costs of production in an environment as hostile as the North Sea are enormous and, in addition, do not conform to as regular a pattern as is the case with land-based locations. Accordingly, the employers have been determined to reduce to a minimum all impediments to their unfettered management of offshore installations. Trade unions are perceived as such an impediment and, unlike weather and geological formations, a factor which they can control. This attitude of refusal has its roots in the economics of the oil industry and it is thus relevant to discuss trade union recognition, or rather the lack of it, in this context.

During the 1960s the major oil operators, especially BP and Shell, had become alarmed at the nascent nationalism of the Gulf States. As early as 1951 Iran had suddenly nationalised all the assets of the Anglo-Iranian Oil Company (soon to be renamed BP) and although an acceptable compromise had been reached it seemed certain that foreign technological and economic control of the industry would be challenged sooner or later by the sovereign governments in the Middle East and Gulf States. Shell and BP therefore decided to seek other sources of oil in politically stable areas, where there would be no dispute over the prime ownership of the reservoirs. Accordingly they inaugurated exploration in Alaska and the North Sea and by 1970 they had identified vast reserves in these areas, although, as far as the North Sea was concerned, exploitation would entail enormous capital expenditure on account of the technological difficulties posed by a hostile physical environment. The Middle East had to remain, for the time being at least, their principal source of supply.

Crude oil is priced internationally. Whatever the currency cost of extracting crude oil - and it is obviously much less expensive to extract from a desert in Arabia than from the depths of the North Sea - its revenue value to the operator is always

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<sup>1</sup> Comment made to the author when discussing a thesis of which they were joint supervisors.

expressed in terms of US dollars per barrel.<sup>2</sup> The \$ price level and the \$ exchange rate against national currencies both fluctuate and this volatility exerts a considerable measure of influence not only on the forward planning, which all oil operators carry out, but also on any current exploration and production. For many decades these fluctuations were so small that they could be virtually ignored but by the early 1970s there was soon to be a dramatic change in this comfortable economic climate. Two unrelated but contemporary events, the collapse of the international currency system and political upheaval in the Middle East, brought about this change.

By the time that the Second World War was drawing to its close, the USA had become the dominant political and economic power in the world. It was, in addition, financially stable and under the Bretton Woods Agreement of 1944 it allowed other nations to use dollars as their reserve currency and offered unconditional conversion into gold at a fixed rate of \$35 per fine ounce. Indirectly, the dollar had become a medium of international exchange and all currencies were pegged to the dollar, which, in its turn, was pegged to gold at a constant value of \$35 per ounce. This system, however, depended upon there being limited and stable inflation in the USA and, after about two decades, low but creeping inflation in the USA began to undermine the Bretton Woods mechanism. Since the quantity of dollars was increasing as a result of American military expenditure in Vietnam, the US dollar/gold fixed exchange rate was under increasing pressure and there was a risk that either the US reserves of gold would run out or the world economy would decelerate, creating world-wide slump. Inevitably, other countries began to convert their dollars into gold and even other currencies. In 1970 Canada allowed its dollar to float and the following year President Nixon ended gold convertibility of the US dollar, thus abrogating the Bretton Woods Agreement. The world currency system went into free-fall.

This by itself might have had only scant effect on the price of oil had it not coincided with political turbulence in the Middle East, which the oil companies had foreseen. First, in 1969, an army colonel, Muammar Quadaffi, staged a successful coup d'état in Libya, which replaced the constitutional Senussi monarchy of King Idris.<sup>3</sup> Quadaffi demanded an immediate increase in the posted price of Zelten (i. e. Libyan) oil, which was valued on account of its low sulphur content and he successfully encouraged the other OPEC<sup>4</sup> countries to demand similar increases. By September 1973 the price paid to the oil companies had risen to \$2.90 per barrel in comparison with the previous figure of \$2.26, an increase with which the companies were, nevertheless, able to bear without difficulty. Then in October 1973 another Arab-Israeli war erupted.<sup>5</sup> The Arab nations cut oil supplies by 25%

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<sup>2</sup> The traditional unit of measure of volume is the barrel, which has a capacity of 42 US gallons This equates to approximately 35 imperial gallons.

<sup>3</sup> He established a fundamentalist Islamic régime and has remained head of state for almost 30 years.

<sup>4</sup> The Organization of Petroleum Exporting Countries had been founded in 1960, largely at the instigation of Venezuela, which subsequently played so small a rôle in its decisions that OPEC appeared to the general public to be a Middle Eastern cartel.

<sup>5</sup> Known as the Yom Kippur war since hostilities began on the Jewish Day of Attonement.



and this pushed up the price which by January 1974 had risen to \$11.65 per barrel and to over \$22 on the cash wholesale market in Rotterdam. The price eventually stabilized around \$13 but this was a figure more than five times greater than the level a few months previously.

This steep rise in the price of oil and the political instability of the Middle East must be seen against a third factor, a world-wide recession, which had been set in train by the oil price "hike". There had been a huge transfer in funds from USA, Japan and Western Europe during 1972- 1974 to OPEC countries and they were unable to recycle their purchasing power through the normal channels of international trade. Thus the demand for goods world-wide fell and there began a world recession from which Britain was not immune; for the last time Britain had to receive assistance from the International Monetary Fund in 1976.

Rampant inflation at home and political turmoil in the area of the world where it obtained 80% of its supplies initially persuaded one British operator, Shell, to think of new areas of business. Serious consideration was given to investment in tourism and in a chain of hotels in Iran, although these ideas were slightly less bizarre than Gulf Oil's attempt to buy Barnum and Bailey's Circus.<sup>6</sup> However, the fundamental core business of the two major UK operators, Shell and BP, still remained crude oil, petroleum, natural gas and chemicals and the decision was made to invest in the United Kingdom Continental Shelf. The cost of this would be immense because *the exploration and production investment in the region was estimated at £1,200 - £1,500 per barrel per day; yet in the Middle East, the comparable figure was a mere £100.*<sup>7</sup> There were two reasons why they were able to fund this investment; the price of oil had reached a height that made such investment an economically viable prospect and the funding for this investment quickly emerged from co-operation between the City of London and American banks, the USA being as eager as the UK to secure sources of oil outside OPEC countries.

Since the late 1940s all public utilities in the United Kingdom had been nationalised and in its manifesto for the general election of early 1974<sup>8</sup> the Labour Party had pledged to nationalise North Sea oil, an objective which, once in government, it reinterpreted more realistically as 51% participation in all oil production rather than 51% control of the equity of all North Sea oil operating companies. The government purchased at prevailing prices just over half the oil produced by North Sea operators through the British National Oil Corporation (BNOC) which it established in January 1976. BNOC also operated three platforms<sup>9</sup> and participated in new rounds of licences. When the price of oil tumbled in the mid-1980s the commitment to buy 51% of all North Sea oil became more and more costly and the government (now Conservative and not well disposed to nationalisation) withdrew from its participation agreements. It

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<sup>6</sup> Howarth, S., (1997) *A Century of Oil*, p. 310. Weidenfeld and Nicolson, London.

<sup>7</sup> Howarth, S. op cit p. 317.

<sup>8</sup> 1974 was the year of two general elections. Labour did not win an overall majority in the House of Commons in the March election but achieved this in a second election late in the same year.

<sup>9</sup> Beatrice, Clyde and Thistle; it also owned a gas platform in Morecambe Bay.



sold its operational arm, which had a short existence as Britoil, until BP bought it over, principally to secure the large number of licences that came with the purchase.<sup>10</sup>

In 1975 the first oil was produced from the North Sea but it was a veritable trickle in relation to world production and even by 1982, when Britain was producing more oil than it consumed, it represented less than 4% of total world production. The price of oil seemed to be on a permanent upward spiral which rose even more steeply in 1979 when the events of 1973 were repeated. OPEC raised the price of its oil by 5% just before a revolution in Iran replaced the rule of the Shah with a religious fundamentalist régime. With Iran in turmoil its output fell first by 6 million barrels per day and then in September four million barrels per day vanished from the world's daily supply when Iraq attacked Iran, the oil production capacity of which was close to its border. The price of oil doubled that year to \$26. There were further OPEC - instigated rises of \$7 in 1980 and \$4 in 1981 and thus within eight years the price of a barrel of oil had jumped from less than \$3 to \$37 at one point. Immense funds flowed into OPEC countries and again there was a world recession (1980-1982) since OPEC reserves were withdrawn from, and not returned as purchasing power to, the industrialised economies of the world.

This combination of the high cost of oil and another world-wide recession had the inevitable effect of energy consumers seeking to reduce their consumption and this did not exclude oil producing nations such as USA or UK, although the latter had become self-sufficient in oil by 1981. The USA improved its energy efficiency overall by 25% and its oil efficiency by 32% during the seven years of 1978-1985 and over the same period Japan, which had no indigenous oil, followed suit by 31% and 51% respectively. It took just over a year for business to recover the costs of converting to another source of energy- coal, electricity, natural gas or nuclear power. For the oil companies it had become not only financially feasible to explore in difficult areas but now strategically essential as Sir Peter Baxendell, Chairman of Shell was to comment later. *No longer were we just searching for very large reserves but also small accumulations. It became a question not so much of finding giant fields as finding the right sort of oil in the right places.*<sup>11</sup> Consequently a record number of wells were drilled in the North Sea in 1982, the first year that non-OPEC companies produced more oil than OPEC.<sup>12</sup> Yet heavy investment and greater production at a time of reduced consumption could have only one eventual outcome, the replacement of a seller's by a buyer's market.

At the start of 1983 oil was still (officially at any rate) selling at \$34 per barrel but in February of that year BNOOC intervened, reducing its price by \$4 per barrel. The BNOOC reduction evoked an immediate response from OPEC which cut the price of its oil and curtailed its production to 17.5 million barrels per day, 44% less than it had produced in 1979. The steep increase of 1974-1982 was followed by the steady and precipitous decline of 1983-1986 which saw, by Spring 1986, oil

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<sup>10</sup> As a result of its Britoil purchase BP now held more "acreage" of the North Sea than did Shell.

<sup>11</sup> Howarth, S. op cit p. 343.

<sup>12</sup> Howarth, S. op cit p. 345.

available at \$10 per barrel and spot prices reaching a nadir of \$6. Later in 1986 oil stabilized at \$15-\$18 but production in the North Sea had to be reviewed and further development postponed.

There followed a period of very slow recovery, which was hindered by yet another recession, this time peculiar to UK. It was induced by the government's decision in 1990 to enter the Exchange Rate Mechanism (ERM), whereby sterling's exchange rate was set at fixed limits against the other currencies in the European Monetary System (EMS), principally the Deutschmark. This new exchange rate level for sterling meant the pound was overpriced on the world money market, exports suffered, interest rates were forced up to above 12% and investment was stifled. The United Kingdom pulled out of the ERM at considerable cost in 1992.

The price of oil has oscillated between the \$12 to \$18 limits since 1986 and, in addition, production, and therefore revenue, declined significantly from 1986 to 1991. The Cullen Report on the Piper Alpha disaster of 1988 was followed by legislation on accident prevention measures that cost the industry £5 billion, just at the time of the recession mentioned immediately above. The result has been that oil companies have had to pay far greater attention to their costs than was once necessary. With government encouragement and support the CRINE (Cost Reduction in the New Era) Initiative<sup>13</sup> was launched to encourage oil companies to identify and investigate areas where reductions in operational costs might be achieved.

Throughout the 1980s three new factors affected the control of the British economy. To some extent they were the result of a change in political philosophy associated with the premiership of Margaret Thatcher (1979-1990) but there were also developments affecting the economies of all the industrialised democracies, which the United Kingdom could not ignore. These factors - the privatisation of British industry, the liberalisation of the financial system and the advent of modern communication technology - naturally had implications for the North Sea oil and gas industry as well.

The first factor was a virtual revolution within British industry that saw the privatisation of the nationalised utilities, which had been brought under public control, mainly in the 1940s. The enterprises which emerged from this abandonment of state ownership could not depend on government subsidies if they failed to sustain their profitability and this led to a decrease in the number and size of establishments together with consequent manpower reductions. Between 1982 and 1991 the number of employees in nationalised industries fell from 1,850,000 to 660,000. Steel, in particular, demonstrated this trend. In the mid 1970s it employed almost 250,000 but began to suffer heavy losses (which the government was subsidising at over £3m per week) on account of low productivity associated with over-capacity and by 1990 its employees had fallen to 51,200, many units such as Ravenscraig and Shotton having been closed down at great social cost.

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<sup>13</sup> The CRINE Initiative is discussed in greater detail in chapter 12.



There is a direct link between the demand for steel and the demand for oil. Until about ten years ago the steel industry could be taken as an indicator of the general level of economic activity within the United Kingdom because when it was progressing the nation progressed with it. An increase in the production and usage of steel, which is a major input into industrial activity, would suggest a rising level of industrial production and hence economic growth. An implication of higher levels of economic activity is an increased consumption of energy in general and it consequently follows that this relationship between steel production, economic growth and energy consumption could be taken as a reliable barometer of all forms of energy production. Oil is a major component of the energy sector and thus benefited when economic activity levels were high but experienced reduction in demand when activity levels declined. Examples of this phenomenon are the recessions first in 1974-1975, when pressure to reduce national capacity of steel production was first mounted, and then in 1980-1982, when demand was so low that the opportunity to close many uneconomic units was too good to be missed, and then the relatively prosperous years of the late 1980s, when the slimmer and therefore more productive British steel industry could respond to, and satisfy the demand for, increasing quantities of its product.

The nationalised industries had represented for the trade unions vast swathes of membership concentrated in vulnerable areas of the British economy but this powerful weapon was now dissipated. In the private sector also there had been reductions in the number of employees in other industries such as motor vehicle manufacture. Many displaced employees probably carried their trade union membership into new employment but there was a parallel revolution taking place in the industrial relations structure of the United Kingdom. Legislation was introduced at intervals of two years which gradually reduced the power of trade unions to confront employers, significant examples being the illegality of strikes called without secret ballots and the abolition of enforced closed shop membership. Trade union membership declined from 13,289,000 in 1979 to 10,043,000 in 1989 and to 8,031,000 in 1995.

This decline in trade union influence removed some of the restraints which had formerly impeded management's ability to deploy their human resources in the most effective manner but this was as nothing compared with the liberalisation of the financial system. All restraints on the movement of capital in and out of the United Kingdom were removed from 1979 onwards and throughout North America, Western Europe and, to a lesser extent, Japan funds were transferred at will. Moreover, just as modern technology was now playing a huge part in the achievement of higher productivity in the manufacturing sector<sup>14</sup> the advent of electronic transfer and similar advanced communication technology had revolutionised the modus operandi of international trade and finance. For the oil industry the effect was monumental. The price of oil could change within a few

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<sup>14</sup> There is also a reverse side to technological advance. It removed employment opportunities from people of modest intellectual attainment who had always found work as labourers and helpers. A comparison of photographs of any manufacturing establishment taken in 1980 and today demonstrates this.



minutes and traders in company offices could sell or purchase entire shiploads of crude oil without the oil tankers ever having to discharge their cargo ashore.

This added a new dimension to the risks which the oil industry had to bear. There had always been the risk that capital expended on exploration could not be recovered on account of geological problems which were not foreseen or that production could be curtailed on account of environmental, technological or manpower problems. There was now currency risk as the relationship of a particular currency to the US dollar could change without warning. If, for example, the current dollar/sterling exchange rate of \$1.64 to £1 moved to \$1.30 to £1 and the price of a barrel of oil remained steady at \$15, the value of receipts in sterling would rise to about £11.50 from £9.14 per barrel. Since output is usually measured in millions of barrels per day the difference in value to the UK of its oil would have risen very significantly; and that (hypothetical) example was based on a steady price for the commodity.

An actual case - BP's report on its performance in the first half of 1998<sup>15</sup> - demonstrates the difficulties which have been argued above. Operating profits from exploration and production have fallen from £695m to £447m as higher oil output volumes - up 8% - and cost reductions have failed to compensate for steep falling prices. The average price realised by BP in the last six months of 1997 had been \$19.90 per barrel and this has now dropped to below \$13. A recent OPEC production agreement means that it will take a long time for oil stocks to unwind and BP foresees problems with its high cost Alaskan fields if the price of oil continues its downward drift towards \$10 per barrel. This concern may have been one reason for the proposed merger in August 1998 of BP and Amoco making it the largest oil company after Exxon and Royal Dutch Shell. If, as some economists suggest, this merger provokes a spate of similar amalgamations (there has been speculation concerning a possible link-up between the French oil company ELF and Dupont-owned Conoco), there will be fewer but even larger oil companies competing on the world energy market.

At the time of writing even more factors must be taken into consideration, when British oil company directors make decisions bearing on the future of their business. Currently, share prices are falling on both the London and the New York Stock Exchanges, partly in response to problems in the economies of Russia and several Far East nations. In 1999 the European Monetary Union will be launched and, although Britain is, at present, undecided when, or even if, it will join,<sup>16</sup> it will increasingly become a de facto member of the new monetary system as UK companies begin to invoice sales to, and purchases from, EU countries in Euros. In addition, Japanese and United States companies which trade with European Union nations may have to invoice in Euros. Another important factor in the determination of an oil company's forward planning is the interest rate but one of Gordon Brown's first decisions on appointment as Chancellor of the Exchequer was to remove formally Treasury influence over interest rate policy and give full

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<sup>15</sup> Published 4th August, 1998 and commented upon in all major newspapers the following day.

<sup>16</sup> William Hague, Leader of the Conservative Party, said in 1997 that he believed that ten years should pass before Britain contemplated membership seriously.

and independent responsibility for it to the Bank of England. Finally, the continuance of the United Kingdom as an integrated state cannot be assumed as long as there is a Scottish National Party, which continues to attract over 20% support at parliamentary elections.<sup>17</sup>

With their operations increasingly dependent on funding from international capital markets and a host of variable factors jostling for attention, it is now more incumbent than ever upon the oil companies to avoid unnecessary extra expenditure and to take such measures which will ensure that they run their operations with the minimum of interference, which may provoke cost increases. UK governments have been content to allow the combination of international bankers and oil company directors, representatives of which sit on each others' boards,<sup>18</sup> to influence the nation's energy policy and so there has been the minimum of interference from that quarter. On the other hand there has always been a single threat which has exercised the minds of the oil companies and this has been the power of organized labour. It was for this reason that they were determined from the outset of exploration in the North Sea that no interference in the running of their operations would be tolerated from this quarter. This leads on to the question of recognition of trade unions.

The refusal of almost every oil operating company to recognise trade unions for collective bargaining purposes and, in most cases, also for joint consultation was a total rejection of what may be called the macro-recognition culture of British industrial relations. There was no room even for micro-recognition, which might allow for exceptions in certain cases. While other inwardly investing organizations from North America and Japan adopted the macro-recognition culture of British industrial relations<sup>19</sup> - the attitude of the majority of American companies being described as "relaxed" by one authority<sup>20</sup> - opposition by the oil operators to trade unions was and remains total. This can be explained from two different aspects.

The first is that in the early days of North Sea oil the expertise in exploration and production lay largely with North American companies which did not recognise trade unions in their own country and had no intention of altering this practice in British waters. They regarded trade unions as impediments to the operation of their business and if British trade unions were not corrupt like some of the larger unions in the USA they were addicted to restrictive practices that were anathema to any oil company, which sought to operate with the minimum of restraint from any quarter. The second reason is that it was simply a decision based upon the need to avoid any addition to operational costs. This argument was put succinctly by two industrial relations academics: *For employers, the issue is essentially practical: the saving in unit labour costs, the cost of disruption to markets or*

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<sup>17</sup> The author refuses to speculate on the possible voting patterns in the first election to the Scottish Parliament in May 1999.

<sup>18</sup> A similar situation prevails in the USA to-day with the directors of the US automobile industries sitting on the boards of American banks.

<sup>19</sup> IBM and Kodak were notable exceptions.

<sup>20</sup> Kessler, S and Bayliss, F., (1992) *Contemporary British Industrial Relations*, p.180. Macmillan, London.



*service provision, the changes in personnel necessary to implement the policy, and the resources required to overcome union collective power.*<sup>21</sup> For the first time the industry was about to operate in a physical environment very much harsher than it had experienced elsewhere and this demanded huge expenditure on specialist technology, quite apart from all the other costs of extracting oil from the North Sea, including the transfer of employees to and from installations and their accommodation offshore. Labour costs would inevitably be high and so the oil companies wanted to be free to decide the terms of employment in relation to other demands on their resources without the intervention of some third party.

The quest for recognition became a permanent factor in the relationships between the trade unions and the oil industry. At one point trade union leaders believed that the tragedy of Piper Alpha, where a major operator was found to have been negligent in its approach to accident prevention, would be followed by government pressure upon employers to recognise unions, even if only for the purposes of joint consultation on accident prevention.<sup>22</sup> This did not happen and oil companies continue to manage their industry without recognising trade unions.

Recognition of trade unions was one of the matters which concerned the Royal Commission on Trade Unions and Employers' Associations. In 1962 William McCarthy wrote *The outlook facing the leaders of the British trade union movement today is uncertain, impossible to predict, and potentially disastrous.*<sup>23</sup> One of these leaders was George Woodcock, who, addressing the Trades Union Congress of which he was General Secretary, had posed the rhetorical question: *What are unions for?*

It was a time when, although there were over 600 independent unions, union growth had almost ceased because even traditional industries were beginning to become capital rather than labour intensive. McCarthy saw that the solution lay in wider recognition of trade unions in the emerging industries and in persuading clerical workers to see the value of trade unionism, especially those within private industry, only 5% of whom were unionised. By the early 1960s there was also growing concern about the prevalence of labour disputes in certain sectors of British industry.

The government set up a Commission, usually referred to as the Donovan Commission after its chairman, Lord Donovan, in 1965 - just at the time when oil exploration began in the North Sea - with the remit that it should (inter alia) *consider relations between managements and employees and the rôle of trade unions and employers' associations.*<sup>24</sup> To assist its members to reach their conclusions and recommendations, which were published three years later, it

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<sup>21</sup> Smith, P. and Morton, G., (1993) Union Exclusion and the Decollectivization of Industrial Relations in Contemporary Britain. *British Journal of Industrial Relations*, 31, p.101.

<sup>22</sup> This is dealt with at some length in Chapter 11.

<sup>23</sup> McCarthy, W. (1962) *The Future of the Unions*, p. 1. Fabian Tract No 339. Fabian Society, London.

<sup>24</sup> The Report of the Royal Commission on Trade Unions and Employers' Associations. Cmnd 3623, 1968.



commissioned eleven research papers. One of these was "Trade Union Growth and Recognition" by G. S. Bain, which may be used as a starting point in considering trade union recognition and derecognition over the last thirty years.

Bain outlined his basic theme in the opening paragraph of his introductory chapter. Manual workers, the power base of the trade union movement, were declining in numbers in contrast with white collar workers whose numbers were in rapid ascent but few of whom, outside the public sector, were trade union members. If trade unions were to continue to have an effective rôle within the British industrial relations system they would have to recruit a far higher proportion of these workers. This itself presented a major problem because the majority of employers refused to recognise those trade unions which organized white collar workers. Consequently *the continued growth and effectiveness of the trade union movement largely depend upon government action to encourage union recognition.*<sup>25</sup>

In subsequent chapters Bain stressed the importance of density as well as size of union membership in any industry, a characteristic which was generally lacking in white collar unionism despite its numerical growth. He discussed the reasons given by employers for refusing to recognize white collar unions and demonstrated why they were spurious. He also rejected social status as a factor impeding white collar employee membership of trade unions. From the evidence that he had brought forward he concluded that the survival of the trade union movement as an effective force would depend upon its expansion among the white collar section of the workforce and that assistance to do so must be provided through government action since many employers were determined to obstruct this process by refusing to recognize trade unions prepared to represent junior managerial staff.

Bain used his research to produce a book,<sup>26</sup> which dealt in greater detail with the issues he had raised in his paper for the Donovan Commission. In its conclusion he claimed that the model he used to describe the growth of white-collar trade unionism *can be adequately explained by three strategic variables- employment concentration, union recognition and government action*<sup>27</sup>.

A few years later other academics criticised aspects of Bain's research. R. J. Adams argued that the three strategic variables which Bain offered as an explanation of white collar growth was *a very parsimonious theory, which he at least implied to have universal validity.*<sup>28</sup> This model was deficient because it did not provide an independent mechanism for the achievement of density. As Adams pointed out, Bain stated that *a certain density of membership is a necessary condition for any degree of recognition to be granted* because government action

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<sup>25</sup> Bain, G. S., (1967) *Trade Union Growth and Recognition*, para 1. Research Paper 6 prepared for the Royal Commission on Trade Unions and Employers' Associations. HMSO. London.

<sup>26</sup> Bain, G. S. (1970) *The Growth of White-Collar Unionism*. Clarendon Press, Oxford.

<sup>27</sup> *idem* p.187.

<sup>28</sup> Adams, R. J., (1977) *Bain's Theory of White Collar Growth: a Conceptual Critique*. *British Journal of Industrial Relations*, XV, pp. 317-322.

alone could not be justified as a reason for recognition and therefore unions would have to recruit members in the first place. Yet Bain had said earlier that union recruitment was of negligible importance and so his argument was circular. R. Richardson criticised Bain's apparent assumption that additions to the workforce of women, white collar workers and public sector employees over the past 75 years had been steady across all sectors of employment whereas it had occurred at different levels of intensity among different sectors at different times. He had failed to take into consideration the large compositional changes which had happened over that period. *It may be that compositional variations are not related to union growth but elementary reasoning and an examination of the raw data both suggest that they should be considered at greater length than was done in the book.*<sup>29</sup>

Bain's critics, nevertheless, praised his research as a major achievement in comparison with anything that had preceded it. Moreover, the members of the Donovan Commission accepted his findings on the problems of recognition faced by trade unions in general and by white collar unions in particular and these were incorporated in their Report,<sup>30</sup> although they did not go so far as to propose penalties on employers who refused to recognize trade unions.<sup>31</sup> Both Bain and Allan Flanders<sup>32</sup> had favoured an independent tribunal to which recognition disputes might be referred but the Commission advised that these could be delegated to an Industrial Relations Commission, whose establishment it advocated<sup>33</sup> and which *will be able to approach its task in the spirit of the tribunal proposed by Mr Flanders.*<sup>34</sup>

North Sea oil companies operating above the UK Continental Shelf have never accorded full recognition to trade unions except in very exceptional cases. The reasons which they advance for justifying their anti-trade union stance have a remarkable similarity to those found by Bain, although he was interested almost exclusively with the problems of white collar unions. Since these reasons are still advanced by oil operating companies to vindicate their exclusion of trade unions they deserve some attention.

The first reason given by employers for refusing recognition is that trade unions are unnecessary in their industry. They claim, as Bain found over thirty years ago, *that the terms and conditions of employment being observed by the firm---are equal to, if not superior to, those negotiated by the trade unions.*<sup>35</sup> This may be so but, as Fox argued in his research paper,<sup>36</sup> unions have functions other than that of looking after the economic well-being of their members. Managements may make

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<sup>29</sup> Richardson, R. (1978) Trade Union Growth: a Rejoinder. *British Journal of Industrial Relations* XVI pp. 103-105.

<sup>30</sup> Paras 216-224.

<sup>31</sup> Para 204.

<sup>32</sup> Flanders had sent a written submission to the Commission.

<sup>33</sup> The government did set up the Commission on Industrial Relations in 1969 and its functions were subsumed by the Advisory, Conciliation and Arbitration Service in 1974.

<sup>34</sup> Para 256.

<sup>35</sup> Bain, G. S., (1967) op cit. Para 168.

<sup>36</sup> v. Chapter 1, pp. 7 & 8 supra.



decisions which employees feel are unjust and prejudicial to their interests and the absence of a trade union deprives them of a channel of communication through which their view can be presented. This is the distinction between the unitarist and pluralist frames of reference, which has already been dealt with in the chapter on methodology.

A second reason is that trade unions impede decision-making. Trade union recognition, argue the employers, leads to conflict and divided loyalties with consequent lowering of morale. This brings us again to unitarist and pluralist frames of reference with the oil companies almost entirely within the unitarist frame. The industrial philosophy of oil companies appears to suggest that trade unions have no function other than that of agitators for increased financial rewards whereas trade unions may well consider other issues to have greater importance. This is certainly the case with the Offshore Industry Liaison Committee which places improved accident prevention at the summit of its priorities and does not see increased remuneration offshore as a pressing issue.

Bain found that employers offered two further arguments against recognition of trade unions. One was that the particular trade union which sought recognition was inappropriate, a euphemism for undesirable. In Bain's research this circumstance normally arose when the employer already recognized a manual worker trade union but did not wish to extend that recognition to the union's white collar section, but the oil companies, once an offshore installation was in production, usually treated all trade unions as "inappropriate". Bain quoted the Labour Correspondent of the "Times", who had made the reasonable point that it was the employees and not the employer who should decide the appropriateness of their representatives.<sup>37</sup> The final reason which Bain found for refusal of recognition has, however, particular relevance for the oil industry.

Employers often claimed that the principal criterion for recognition should be the extent to which the membership of a particular trade union was representative of their employees. Had his research paper been written a decade later, Bain's discussion on this matter could well have applied to the North Sea oil industry, as is demonstrated by the following two paragraphs:

*A much more complex problem than defining or measuring representativeness is defining the area over which the union is expected to demonstrate its representativeness. Should the area of representativeness cover a single plant, a whole company or the whole industry? Should there be separate areas of representation for manual and non-manual workers, plant clericals and office clericals etc? Employers who claim that they will recognise a representative union, often choose an area over which it will be most difficult for the union to demonstrate its effectiveness. Sometimes the firm may have an organisational reason for the choice of this area. But generally it is designed merely to keep the union out.<sup>38</sup>*

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<sup>37</sup> "Times", 2nd December, 1963. Bain, G. S., (1967) op cit para 197.

<sup>38</sup> Bain, G. S., (1967) op cit para 204.



Bain gave as an example of this stratagem a company employing over 40,000 white-collar employees in 75 establishments, which agreed to recognize a union *but only if the union has majority membership among this grade across the company as a whole.*<sup>39</sup>

The term used by the oil operators for Bain's somewhat clumsy "representativeness" is "common interest group". It is very easy to avoid discussions on recognition by insisting that a trade union has first to show that it has recruited a membership among a "common interest group", especially since there is no definition of the term. The employers are like Humpty Dumpty in "Alice Through the Looking Glass" when he said that a word meant just what he chose it to mean. The "Guidelines Through Which Recognition May Be Achieved" which were agreed in June 1977 are a triumph of obfuscation, wherein the term occurs in three of the seven very short clauses.<sup>40</sup>

Whether as a result of the recommendations of the Donovan Commission or through a gradual acceptance by employers that white-collar unions could assist in the determination of terms and conditions of employment, recognition disputes did not feature highly in British industrial relations throughout the 1970s.<sup>41</sup> Between 1969 and 1979 trade union membership increased by almost three million and recognition of white collar unionism became widely accepted in the private sector. ACAS must have had a positive effect because the statutory basis upon which it was established stated that it had a general duty to promote the improvement of industrial relations and in particular to encourage the extension of collective bargaining, a process which could not take place without trade unions. One statutory ACAS function was to examine and make recommendations following a submission by a trade union that it had been refused recognition by an employer. If the employer failed to comply with the ACAS findings, the union could refer the matter to the Central Arbitration Committee<sup>42</sup> (established under the Employment Protection Act of 1975) which was empowered to make an award through unilateral arbitration. Enforcement, however, was possible only through actions by individuals for breach of contract.<sup>43</sup> Representational rights might be included in an arbitration award on terms and conditions of employment, as in the case of Uniroyal Ltd and ASTMS.<sup>44</sup> Recommendations for recognition were made in 158 of the 247 cases submitted to the CAC but of these only 55 were known by ACAS to have been implemented.<sup>45</sup>

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<sup>39</sup> *ibid.* para 205.

<sup>40</sup> The acceptance of this agreement by the trade unions is dealt with fully at Chapter Seven.

<sup>41</sup> The dispute which figured most prominently occurred in 1976 at the photographic processing company, Grunwick, in London. It had many curious elements and is remembered as a *cause célèbre*.

<sup>42</sup> The CAC replaced the Industrial Arbitration Board which had itself replaced the Industrial Court in 1971, the latter having been established in 1919 following the recommendations of the Whitley Report.

<sup>43</sup> Lewis, R. (1986) *Labour Law in Britain*, p. 7. Basil Blackwell, Oxford.

<sup>44</sup> Central Arbitration Committee case number 1979/27.

<sup>45</sup> Lewis, R. *op cit.* p. 91.

Although the Employment Act (1980) included abolition of this mechanism for securing recognition, this was less an anti-trade union move than an acknowledgment of an ACAS difficulty. Claims for recognition which it investigated were too often inter-union recognition disputes, which disrupted the neutral stance that ACAS wished to retain in these matters.

Throughout the 1980s the government mounted a legislative assault on trade union power and influence although it did not inhibit trade unions from continuing to seek and retain recognition from employers. Indeed, very little altered in this respect. By the end of the decade, however, when unions were wilting under the combined drawbacks of a huge decline in the number of manual workers and a political philosophy which stressed the importance of voluntarism in all aspects of relationships between employer and employed, they became concerned about derecognition. It should be said at the outset that the degree of derecognition has been very small in relation to the number of recognition agreements which have continued to exist but it has been large enough to attract the attention of some researchers.

Snape and Bamber considered the case of managerial and professional employee trade unions.<sup>46</sup> These unions had always been small in membership<sup>47</sup> and concerned more with their professional standing than with collective bargaining and were, in the words of the authors, *employer friendly*. There were a few cases of derecognition but these were confined to cases where interest and commitment to trade unionism was in severe decline. In 1987 for example, British Rail discovered that only 49 of its 800 senior managers in the British Transport Officers' Guild wanted the Transport Salaried Staff Association (to which the Guild was affiliated) to continue to negotiate on their behalf and so ceased to recognize TSSA at this level of bargaining. This was partial exclusion rather than derecognition, a development investigated by Smith and Morton four years later.

Smith and Morton argued that straightforward derecognition was perceived by employers as too blunt an instrument for the reduction of trade union influence in their establishments. It would immediately arouse the ire of trade unions and attract unwelcome attention. Instead, some employers continued to recognize trade unions but marginalized them through joint consultation and direct communication with their employees. This form of partial exclusion is different and more subtle than any unilateral withdrawal from a collective bargaining arrangement in respect of a poorly supported segment of a union because employees may gradually come to regard the union as superfluous to their needs. However, like all who have looked at derecognition, Smith and Morton judged that it *has remained uncommon outside weakly organized workers or those whose skills have been made redundant by technological development.*<sup>48</sup>

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<sup>46</sup> Snape, E. and Bamber, G., (1989) Managerial and Professional Employees: Conceptualising Union Strategies and Structures. *British Journal of Industrial Relations*, 27, pp. 93-110.

<sup>47</sup> The British Medical and Dental Associations are obvious exceptions.

<sup>48</sup> Smith, G. and Morton, G. (1993) op cit p. 101.



Writing only a few months later, Dunn and Wright<sup>49</sup> also found that recognition agreements remained largely intact but suggested that there could be cases where this had ceased to have any real effect. They quoted an oil company manager who told them that *Although an agreement with ASTMS existed on paper, there was no contact with the union at all.*<sup>50</sup> The authors do not imply that this is common although unscrupulous employers will have seen the opportunity it offered to operate in a unitarist fashion within an ostensibly pluralist frame of reference.

The earliest research had been carried out by Claydon, writing at almost the same time as Snape and Bamber, but working on a wider canvas. His research<sup>51</sup> covered the period 1980 to 1988 and he calculated that the average annual rate of trade union derecognition was about 35, mainly affecting non-manual workers. Building upon Claydon's research and that of Gregg and Yates,<sup>52</sup> who found that complete derecognition and company-wide derecognition were rare, Gall and Mackay's paper<sup>53</sup> covering the period 1988 to 1994 demonstrated that the incidence of derecognition was on the increase. Nevertheless they concluded that *as yet there is no stampede and our conclusion is that the scale of derecognition to date is still fairly small.*<sup>54</sup> Gall and McKay provided sharper, and therefore more useful, definitions of different types of recognition than Claydon had done, partial derecognition being defined as where *recognition remains for the purposes of consultation, individual representation and grievances only.*<sup>55</sup> Including derecognition cases where single-union deals had been negotiated, they calculated that the average annual rate of derecognition was now about 70, of which the majority could be classed as partial. That Gall and McKay were writing no polemic on the subject is demonstrated by their comment that *Despite the new and significant developments identified, derecognition must be seen in context, remaining mainly insignificant and marginal outside a few sectors. It still represents an extreme in industrial relations; at most, some 150,000 workers have been affected since 1988.*<sup>56</sup> Nor had trade unions ceased to negotiate collective agreements with employers. They had continued to win recognition agreements and Gall and McKay point out that 390 agreements covering 70,000 employees counter-balance the 150,000 who were subject to derecognition during the period under review. Moreover, in 1992 the third WIRS<sup>57</sup> investigation indicated that there had been no decline in union membership or collective bargaining in the largest workplaces (200 or more employees) and the "Financial Times" published

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<sup>49</sup> Dunn, S. and Wright, M., (1994) Maintaining the Status Quo? An Analysis of the Contents of British Collective Agreements. *British Journal of Industrial Relations*, 32 No 1.

<sup>50</sup> *ibid* p. 39. It would have been interesting to know if the recognition agreement referred to onshore or offshore employees. ASTMS (now MSF) did extract a few recognition agreements for offshore workers.

<sup>51</sup> Claydon, T., (1989) Union Derecognition in Britain in the 1980s. *British Journal of Industrial Relations*, 27, pp.214-224.

<sup>52</sup> Gregg, P. A. and Yates, A., (1992) Changes in Trade Union and Wage Setting Arrangements in the 1990s. *British Journal of Industrial Relations*, 29, pp. 361-376.

<sup>53</sup> Gall, G. and McKay, S., (1994) *British Journal of Industrial Relations*, 32, pp.433-448.

<sup>54</sup> *ibid* p. 434.

<sup>55</sup> *ibid* p. 439.

<sup>56</sup> *ibid* p. 443.

<sup>57</sup> Millward, N. et al (1992) *Workplace Industrial Relations in Transition*. Aldershot, Dartmouth.



a survey which showed that 70% of these workplaces still negotiated fully with trade unions.<sup>58</sup>

Rose was another who looked into derecognition and came up with similar conclusions.<sup>59</sup> He made a particular study of industry in Swindon, which had attracted in 1981-83 a growing number of new firms specialising in the manufacture of electronics and other “sunrise” technical products. Direct worker/employee contacts and staff status were part of the philosophy of these organizations and with traditional trade unionism in decline it might have seemed an unlikely area for unions to flourish. Yet by the end of the 1980s it was clear that managers did not see trade unions as necessarily obstructive towards their company objectives of higher productivity, greater flexibility in working practices and increased employee commitment. Trade union authority may have been less than it had been in the previous decade, but only marginally so, and this was offset by their closer involvement in training and in planning technical change.

Rose also comments on one derecognition case which unsurprisingly attracted a great deal of attention nationally. This was the decision in 1984 by the government that trade union membership by employees of the GCHQ operations at Cheltenham was incompatible with the security rôle of the establishment.<sup>60</sup> What was in effect derecognition by government decree was interpreted by some as a prelude to a general attack on the Whitley system of collective bargaining within the civil service but this did not follow, probably, as Rose argues, *because union influence in the Civil Service was no longer a government preoccupation since its former influence had visibly diminished.*<sup>61</sup> Shortly after the general election of 1997 the new Labour Government restored to GCHQ staff their right to membership of trade unions.

In 1996 Claydon returned to the discussion on trade union derecognition.<sup>62</sup> He supported the findings of others who had followed his earlier research, believed that the WIRS 3 survey of 1992 had *produced somewhat ambiguous evidence on the extent of derecognition*<sup>63</sup> and suggested that Warwick University’s CLIRS 2<sup>64</sup> was more reliable since it found examples of derecognition across a wider range of employment. He attempted an interpretation of both surveys. While both found derecognition in the private sector was associated with low union density and was, therefore, *primarily an opportunist response to union weakness,*<sup>65</sup> WIRS 3 considered that it had been the smaller establishments which had been most affected while CLIRS 2 suggested that it had, for the most part, been limited to a minority of sites or plants within large organizations. Claydon supported this

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<sup>58</sup> 19th September, 1992.

<sup>59</sup> Gallie, D., Penn, R. and Rose M. (1996) *Trade Unionism in Recession*. Oxford University Press.

<sup>60</sup> GCHQ (Government Communications Headquarters) monitors radio communications between foreign intelligence services.

<sup>61</sup> Gallie, D., Penn, R. and Rose, M. (1996) *op cit* p. 118.

<sup>62</sup> Claydon, T., (1996) *Union Derecognition: a Re-examination*. Chapter 7 of *Contemporary Industrial Relations: a Critical Analysis* (edited by I Beardwell). Oxford University Press.

<sup>63</sup> *ibid.* p.153

<sup>64</sup> Company Level Industrial Relations Survey 1992/3.

<sup>65</sup> Claydon, T., (1996) *op cit* p. 155.

conclusion with reference to four large oil companies - Shell, Esso, BP and Mobil - which had been carrying out what he described as *gradualist strategies of union exclusion leading ultimately to general derecognition of unions*.<sup>66</sup> Most interestingly, Claydon drew attention to the research of Ahlstrand on Esso's Fawley refinery.<sup>67</sup> In a widely acclaimed publication twenty-eight years earlier, Flanders had described how Esso had negotiated with trade unions a mutually satisfactory productivity agreement.<sup>68</sup> Ahlstrand's research demonstrated that although the agreement was hailed at the time as a good example of pluralist industrial relations in practice it was in reality the initial step of a company-wide strategy to dismantle collective bargaining.

Claydon prefaced his conclusions with the proviso that the significance of derecognition is difficult to assess but that two general approaches to derecognition can be discerned. One is that it is "reactive", an opportunist managerial response to weakening trade union presence in the establishment. The other is that it is "purposive", part of a long term objective by management to reduce trade union influence or even remove it entirely. The "reactive" approach is more likely to happen at the margins of the trade union movement where membership is small, declining or reducing in density. The "purposive" choice is described by Claydon as *a hollowing-out of unionized industrial relations at the centre as the hard core of union organisation is itself undermined*.<sup>69</sup> This is exemplified by what has been happening in the petro-chemical sector and is currently being attempted at CoSteel Sheerness.<sup>70</sup> Within this category of derecognition can be placed the employer policy of introducing individual contracts. In some cases this has been accepted by employees with little or no demur but Aberdeen was the locus of a dispute which erupted when Aberdeen Journals sought to enforce this policy upon their journalists, many of whom preferred their union, the National Union of Journalists, to continue to negotiate collectively on their behalf. After a bitter and protracted strike, journalists employed by Aberdeen Journals were told to accept individual contracts or lose their jobs<sup>71</sup> and the National Union of Journalists was, in effect, derecognised.

Claydon rejects as unwise the advice of Metcalf<sup>72</sup> that trade unions might be able to avert derecognition by offering local bargaining, when employers decide to end national bargaining or by moving to single table bargaining. The evidence of Ahlstrand's study and his own research into the petro-chemical industry suggest that trade unions which co-operate too closely with companies could be paving the way for their derecognition.

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<sup>66</sup> *ibid* p. 163.

<sup>67</sup> Ahlstrand, B., (1990) *The Quest for Productivity: a Case Study of Fawley after Flanders*. Cambridge University Press.

<sup>68</sup> Flanders, A., (1964) *The Fawley Productivity Agreements*. Faber, London.

<sup>69</sup> Claydon, T. (1996) *op cit* p. 170.

<sup>70</sup> Row escalates as CoSteel digs in over recognition. *People Management* 4 No 16, August 1998.

<sup>71</sup> One national official believed it was part of a concerted campaign to make the industry union free. v. Kessler, S. and Baylis, F., (1992), *op cit* p.180.

<sup>72</sup> Metcalf, D., (1991) *British Unions: Dissolution or Resurgence?*. *Oxford Review of Economic Policy* 7, pp. 18-32.

Since the return to power of the Labour Party in May 1997, trade unions have regained some support at government level though rather less than they had hoped. The government has already put forward proposals for a new statutory trade union recognition procedure, which is almost bound to put into reverse the gradual increase in derecognition that had been taking place over the previous two decades. Derecognition, however, was never a matter of great consequence upon the industrial relations scene during these years. It should be seen as a small by-product of something much more significant, the huge decline in trade union membership, itself associated with the reduction of labour intensive employment, and the statutory impediments placed upon industrial action by trade unions, not all of which the present government has promised to restore.



## CHAPTER FOUR

## BRITISH INDUSTRIAL RELATIONS FROM 1960 AND THE OFFSHORE OIL OPERATING COMPANIES

As stated in the previous chapter, the North Sea oil operating companies, for reasons which were principally financial / economic, refused to recognize trade unions and thus rejected the prevalent macro-recognition culture of British industrial relations. Industrial relations policies were implemented according to their own rules and not to those rules so widely accepted by other employers. These had been practised so widely that that Hugh Clegg, Professor of Industrial Relations at the University of Warwick, could refer to them as a system. In 1970 Clegg, a member of the Royal Commission on Trade Unions and Employer Associations, which two years previously had published its report,<sup>1</sup> described British industrial relations as a system of rules designed and administered in three ways: collective bargaining, employer regulation and statutory regulation.<sup>2</sup> He regarded employer imposed industrial relations, the unitarist approach condemned by Fox,<sup>3</sup> as a thing of the past, and statutory control as a necessary safeguard for certain aspects of employment such as accident prevention with collective bargaining now the norm. Consequently the employer- employee relationship offshore was atypical of the British industrial relations structure because collective bargaining between recognized trade unions and employers just did not take place and even in some cases statutory regulations were modified to meet the special circumstances of the industry.

The trade unions at national and local level have never accepted that the oil operators' stance on industrial relations is justified. They have always protested that the oil companies have not played according to the rules, which other employers accept, and they have persisted in their attempts to bring the oil operators "on-side". Accordingly it is necessary to look at this system which the offshore oil employers find unacceptable but which the trade unions regard as necessary for the proper conduct of industrial relations within the United Kingdom.

The economist Peter Nolan believes that what he calls the *standard characterization* of British industrial relations over the entire post-war period is based upon a mis-reading of the evidence. He believes that this has arisen out of *the enduring influence of the system's perspective, which treats industrial relations as a more or less autonomous set of social relations*<sup>4</sup> and that, compared with European countries and America, *there has been a sharp demarcation line in Britain between the study of the institutions of job regulation and the study of their economic consequences.*<sup>5</sup> A prime example of this were three research surveys carried out in the 1950s by the British

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<sup>1</sup> Report of the Royal Commission on Trade Unions and Employer Associations, Cmnd 3623.

<sup>2</sup> Clegg, H. A., (1970) *The System of Industrial Relations in Great Britain* p. 1. Basil Blackwell, Oxford.

<sup>3</sup> v. chapter 1, p. 7.

<sup>4</sup> Nolan, P. (1996) *Industrial Relations since 1945*, pp. 115-116. Chapter 5 of *Contemporary Industrial Relations: a Critical Analysis* (edited by I. Beardwell). Oxford University Press.

<sup>5</sup> *ibid* p. 100.

Employers' Confederation<sup>6</sup> which demonstrated that there was little employee resistance to new technology<sup>7</sup> and that consequently failures to improve productivity lay elsewhere. Yet received opinion continued to assert that restrictive practices impeded manufacturing industry's contribution to national prosperity and that trade unions were powerful bodies whose leaders in the eyes of government and management were too often seen as *mainly managers of discontent*.<sup>8</sup>

Many, if not most, people will now accept Nolan's main criticism of the post-1945 industrial relations system: that its structure arose from the work of academics who were working in isolation from contemporary research in labour economics which could have modified their perspective. Interesting although it would be to discuss further Nolan's thesis (which does have some, but not all, of the advantages of hindsight), attention must be paid to the system which he has criticised because it was the one that prevailed during and after the establishment of the North Sea oil and gas industry. It was a system which survived for about three decades from the early 1950s mainly because academics of the Oxford School - Hugh Clegg, Allan Flanders, Alan Fox, Alan Marsh and William McCarthy - had established a dominance in the field of industrial relations research through their published work. They and their research had consequently exerted a strong influence on the recommendations of the Donovan Commission, principal among which was that greater order should be brought into the collective bargaining practices of industrial relations, including acceptance of a defined role for shop stewards. The report established collective bargaining at the centre of British industrial relations *and in its most acute form this emphasis has focused on the trade union as the agent of collective bargaining requiring better management by means of more comprehensive or tougher public policy interventions by government*.<sup>9</sup>

Industrial relations policy was, therefore, carried out within an institutional framework wherein government, management and trade unions were the participants with management and trade unions being represented by middle managers and shop stewards at plant and equivalent levels in service industries. This framework was made up of four components: general acceptance of collective bargaining, legal immunity for trade unions in industrial disputes, legal support for union membership and entitlement of unions to membership of tripartite institutions at national level (e. g. Health and Safety Commission). This was the system that the oil operating companies refused to accept. They could do nothing about the legal position of trade unions under British law and their representation on public bodies but that did not concern them overmuch since they were able to exclude collective bargaining from their industry with impunity. The British industrial relations

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<sup>6</sup> *ibid* p. 114.

<sup>7</sup> One obvious exception was newspaper printing.

<sup>8</sup> Taylor, R. (1978) *The Fifth Estate*, p.452. Taylor is quoting Flanders here but gives no reference.

<sup>9</sup> Beardwell, I. (1996) "How do we know how it really is?". An Analysis of the new Industrial Relations" p. 3. Chapter 1 of *Contemporary Industrial Relations: a Critical Analysis* (edited by I. Beardwell). Oxford University Press.



system was, and remains, voluntarist and there were no legal sanctions available to trade unions if employers chose to ignore them.

Industrial relations in the offshore oil and gas industry were, therefore, conducted in a mode that was contrary to established theory and practice onshore. The enormous extent to which this mode deviated from that commonly practised by almost all the other major British employing organizations can be measured only when it is seen within the context of contemporary British political and industrial history. Thus, in accord with Nolan's admonition that industrial relations research should not be conducted as if it were an entirely autonomous activity, it will be appropriate to provide a short account of that political and industrial history with particular emphasis on the influence which the trade unions exerted upon national life at the time when the offshore industry was establishing itself.

The influential social, economic and political issues of one decade inevitably affect the next and history can never be approached as if it is an aggregation of discrete periods. Very conveniently, however, the history of British industrial relations from 1960 can be divided into three periods which coincide with the decades and consequently each period will receive separate attention although every effort will be made to present a comprehensive picture of these thirty years.

## **2 Industrial Relations in the 1960s**

There are two reasons for examining the 1960s in a thesis on industrial relations in the North Sea oil industry. The first is that Britain had become aware from the success of Dutch exploitation of natural gas off their coast that there was also a possibility of mineral wealth off British shores. In 1964 the UK government passed the Continental Shelf Act which vested in the Crown the hydrocarbon reserves of the British part of the continental shelf. This act empowered the government to license and to control any exploration and production. The second reason is that the industrial relations system to which the incoming oil operators took exception had already become established.

Sir Winston Churchill, who had been instrumental in the government's purchase of BP shares almost fifty years previously, was still a member of parliament. Industrial relations were quiescent outside what came to be known as the strike-prone industries of coal mining, dock work, shipbuilding and vehicle manufacture. The trade unions had emerged from the Second World War with their reputation and their power enhanced. Ernest Bevin, the leader of the TGWU, and whom Churchill had brought into his government in 1940 as Minister of Labour, had imposed a system of national arbitration to facilitate peaceful settlement of labour disputes. The trade unions had been accepted as full partners in national arbitration and, although the system naturally changed to meet the requirements of a peacetime as distinct from a wartime economy, its basic tri-partite form remained. Employers negotiated either independently or through their federations with the appropriate trade unions or their confederations and the state assisted when required through institutions established specifically for that purpose. As stated earlier, a macro-recognition culture prevailed.

Typical of these institutions was the Industrial Court. Set up in 1919 following the Whitley reports, it was a permanent independent tribunal to which parties could refer an issue, usually about payment, which had failed to be settled through the normal process of collective bargaining. It had a permanent chairman but its members were appointed on an ad hoc basis from panels supplied by employers and unions. In practice an issue would be considered by three members, the chairman and a member from each panel, and an award recommended although it was not binding on the parties. Its name was later changed to the more appropriate Industrial Arbitration Board.

There were disputes, particularly in the motor vehicle construction industry, but the trade union leaders were aware of the great improvements in pay and conditions of work and acted as a restraining force on what they saw as wilder elements in their organizations. Management, trade unions and government knew that disputes would arise and that they might escalate into strikes but it was widely, perhaps universally accepted, that all management-union disagreements could and should be resolved through collective bargaining. In contrast with the practice in other industrialised democracies, collective agreements in the United Kingdom were not legally binding in any way and it was this anomaly which provided scope for shop stewards to act almost independently of their full time union officers within the place of work. While the vast majority of shop stewards played an honourable role as the unpaid union representatives within the factories and other establishments, there were some who abused their position. Indeed, the full-time convenors of shop stewards in the vehicle construction industry were better known to their members - and to the general public - than their union's full-time officers because they were so often interviewed on television to explain the reasons why there had been a sudden withdrawal of labour: and because collective agreements were not legally binding (and remain so) there was no statutory body from which an employer could seek redress for non-compliance with an agreement

The industrial relations scene changed as the decade advanced, to some degree on account of the emergence of new trade union leaders. Frank Cousins had taken over the general secretaryship of the TGWU in 1956 and was eager to reverse what he saw as the overmoderate objectives of his predecessors in control of Britain's largest union. In 1968 Hugh Scanlon, who had a similar outlook, was elected President of the AEU. Moreover, the number of strikes had been increasing, many of them unofficial, a term used to describe a withdrawal of labour which did not have the sanction of the appropriate trade union. This was the perception rather than the reality because, although the number of days lost in strikes in 1962 were almost double those of 1961, this was exceptional and days lost through strikes during the next six years of the decade approached nowhere near the figures which would be recorded for the 1970s. These disputes, nevertheless, were, in part, responsible for the establishment in 1965 of the Royal Commission on Trade Unions and Employers' Associations to which reference has already been made. The Commission was charged with considering *relations between management and employees and the role of trade unions and employers' associations in*



*promoting the interests of their members and in accelerating the social and economic advance of the nation, with particular reference to the Law affecting the activities of these bodies.*<sup>10</sup>

Although the report was recognised by its more perceptive analysts to be a valuable social document rather than a prescription for any improvement in industrial relations, it had two important consequences. The first, as stated above,<sup>11</sup> was that it confirmed collective bargaining at the central mechanism of the British industrial relation system. One of the larger chapters of the report was headed "The Extension of Collective Bargaining"<sup>12</sup> and when the Advisory, Conciliation and Arbitration Service was established on a statutory basis in 1975 the first clause of the act stated that its general duty was to promote the improvement of industrial relations and in particular to encourage the extension of collective bargaining. Good industrial relations were therefore equated with the practice of collective bargaining.

The second consequence was that the government decided to introduce legislation allegedly based on the report's recommendations. In doing so it was seeking to curb what it saw as the untrammelled power of shop stewards and other militants to disrupt industry and the white paper "In Place of Strife" proposed significant amendments to the position enjoyed in law by the trade unions. The objective of the government was clearly to inject some order into the conduct of collective bargaining but the reaction of the trade unions was explosive. Among the proposals was one which would lead to the imposition of financial penalties upon members who breached any order of the Secretary of State for Employment to defer strike action or to require a ballot before industrial action could be taken. There were other proposals to which no union objected but "penal clauses" became virtually the sole issue and for only the second time in British political history a Labour government had a serious difference of opinion with its natural constituency, the trade union movement.<sup>13</sup> In a famous confrontation with Hugh Scanlon, the Prime Minister, Harold Wilson, is reported to have said *Hughie, get your tanks off my lawn*. When Wilson called a general election in 1970 no new industrial relations legislation had been enacted but the scars of the dispute were still there and contributed to the defeat of the government. To the oil majors, which now knew that there was oil under the North Sea,<sup>14</sup> this was another example of the power of British trade unions to oppose successfully any effort to reduce their ability to disrupt legitimate economic activity.

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<sup>10</sup> op cit p. iii.

<sup>11</sup> v. supra p. 49.

<sup>12</sup> op cit pp. 54-73.

<sup>13</sup> The first was in 1931 when the minority Labour government of Ramsay Macdonald reduced unemployment pay as part of its strategy to deal with the economic slump.

<sup>14</sup> By 1969 geological reports had confirmed beyond reasonable doubt that there were significant reserves of oil under the United Kingdom continental shelf.



### 3 Industrial Relations in the 1970s

The premiership of Edward Heath (1970-1974) was a troubled period on account of economic difficulties. The deflationary budgets of the late 1960s had been designed to transfer resources in an effort to accommodate opportunities presented by the devaluation of sterling from \$2:80 to \$2:40 in November 1967 but the British economy had moved into the 1970s with a balance of payments surplus, faltering growth and signs of rising inflation coupled with increasing unemployment. This was the era of "stagflation", a term coined to describe a condition where rising prices are accompanied by little or no economic growth. The economic policy of the Heath government was a drive for growth associated with the reflationary policies of the Chancellor of the Exchequer, Anthony Barber, but it was adversely affected by a prolonged miners' strike (1972) which ended with a 20% pay award. The abrogation of the Bretton-Woods Agreement<sup>15</sup> in the early 1970s and the decision of the OPEC nations in late 1973 to quadruple the price of their oil<sup>16</sup> caused further problems because they set in train a trade recession marked in the United Kingdom by even greater inflation and, when sterling came under pressure, an application in 1976 for assistance from the International Monetary Fund.

The Conservative government's attempt to reform industrial relations simply added to its problems. Labour costs across manufacturing were rising and the government, believing, as the previous government had done, that productivity would be improved by making the conduct of industrial relations more orderly, introduced the Industrial Relations Act (1971) which imposed legal constraints on the conduct of collective bargaining. This legislation caused general dissatisfaction to both trade unions and employers and so succeeded only in creating further difficulties. Almost a quarter of a century has passed since the act's repeal in 1974 and consequently there is little point in examining it in detail. Unions were offered certain fundamental and traditional rights in the operation of their organizations and in the conduct of collective bargaining provided that they registered with the Registrar of Trade Unions but all the major trade unions refused to register. Employers (and trade unions) had the right to refer unfair industrial relations practices to the National Industrial Relations Court which had been set up under the act but very few employers and no unions used the N.I.R.C. since they preferred to rely on established collective bargaining channels. Even the government did not make use of its own legislation in 1972 when the miners were on strike, although the N.I.R.C. was empowered to order a "cooling off" period to assist the resolution of a dispute without the pressure of an on-going strike. Indeed, Campbell Adamson, Director of the C.B.I., remarked just before the February 1974 general election that the act was a disaster.<sup>17</sup>

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<sup>15</sup> v. Chapter Three p. 31 supra.

<sup>16</sup> v. Chapter Three pp. 31-32 supra.

<sup>17</sup> Adamson thought, incorrectly, that his words were "off the record". Edward Heath, somewhat unreasonably, has always believed that this was a major cause of his defeat.

Resistance to the Industrial Relations Act (1971) may have been successful but it diverted the attention of trade unions to what was happening in their movement. William McCarthy had forecast in 1962 that trade unionism would survive only if greater numbers of white-collar workers were recruited to take the place of manual workers whose numbers would inevitably decline as industry became less labour intensive.<sup>18</sup> Although correct in his assessment of future events, the full impact of a more capital intensive industrial structure upon employment was delayed until the early 1980s. The membership of two trade unions, catering mainly for manual workers, the TGWU and the AEU, demonstrate this. Membership of the former, which had increased from 1,302,000 in 1960 to 1,639,000 by 1970, was to continue its growth in the decade that followed, while AEU membership, 973,000 in 1960, increased to 1,202,000 in 1970 and continued to grow throughout the 1970s. Nevertheless white-collar unions such as the newly formed Association of Scientific, Technical and Managerial Staffs (ASTMS) had begun to make an impact within industry and were recruiting steadily, if unspectacularly, sometimes among employees whom other, longer established, unions believed would be more appropriately represented by them.

Recruitment by white-collar unions in the tertiary sector of employment was much more significant. Even McCarthy could not have foreseen the growth in public employment which occurred in the 1970s. NALGO members totalled 274,000 in 1960, 440,000 in 1970 and 782,000 in 1980. The National Union of Public Employees (NUPE), a mere 200,000 in 1960, had grown to 373,000 by 1970 and had practically doubled that by 1980. National Health Service workers seemed almost to rush headlong into trade unions, with membership of the Confederation of Health Service Employees rising from 90,000 in 1970 to 216,000 ten years later, when the Royal College of Nursing (admittedly a professional rather than a white-collar union, although the difference was to become almost semantic) claimed a total of 116,000. The many unions representing teachers also attracted greater support and most of them, certainly the larger ones such as the National Union of Teachers, affiliated themselves to the TUC. The reason for this surge of interest among white-collar/professional employees and the steady if less spectacular recruitment of manual workers, who had previously seen no value in union membership, was rising inflation.

The word "rampant" is commonly used in reference to the inflation suffered by the British economy in the period just before, during and immediately after the Conservative government of 1970-1974. The table which appears overleaf shows the rise in retail prices, a common method of measuring inflation.

The cause of the inflation was the "wage explosion" which occurred in 1970 as a result of a general increase of militancy among trade unionists, who had experienced no increase in their real earnings and disposable incomes for about three years and, once it had begun, it was sustained by the expectations of employees that prices would continue their rapid rise. A rise in the price of goods affects every citizen and, since trade unions were seen to be active and

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<sup>18</sup> v. chapter 3 p. 38.



successful in the defence of their members' interests, it was not unnatural that they became attractive to workers who had previously taken little interest in what they had to offer.

#### INFLATION 1969-1975

Year	Rise in Retail Prices
1969-1970	6%
1970-1971	9.5%
1971-1972	7%
1972-1973	9%
1973-1974	16%
1974-1975	24%

There was another reason specifically in relation to white-collar union growth. The social distinction between manual and white-collar employment had begun to break down during the 1960s when companies yielded to the not unreasonable demands of trade unions for equality of treatment concerning holiday entitlement and superannuation and sick-pay schemes. Now with the advent of rising inflation and the trade union response to it on behalf of their members, it was not at all uncommon for manual workers' earnings to have surpassed those of white-collar workers, who might have accepted this state of affairs had their other conditions of service remained more favourable. Even some professional associations who had never regarded themselves as trade unions became restless when anomalies arose such as when a report to the Scottish Office in 1974 revealed that the basic salary of an unqualified social worker was greater than that of a registered general nurse after several years of service.

The number of trade union members rose by over two million in the decade 1970-1979, the largest increase taking place over the period 1973-1978 when inflation was at its height. As already stated, both manual worker and white-collar trade unions shared in this growth and largely for the same reason but white-collar union growth was the more significant. Tens of thousands who had no background in traditional trade unionism had come into the movement and, liking what they found, retained membership for the duration of their working life. By contrast, manual worker unions were to suffer in the next decade a haemorrhage of membership on account of the investment by manufacturing industries in modern technology. This, together with the corresponding growth of white-collar unionism, was soon to create within the trade union movement a new balance of power, where manual workers had minority representation.

Labour's return to power in 1974 saw the immediate and complete abolition of the legal structure which its predecessor had introduced in order to reform the



industrial relations process. The dislike, not to say the hatred, of the trade union movement towards the Industrial Relations Act 1971 was so great that one Labour member of parliament even suggested that it be repealed immediately by royal decree rather than by the introduction of appropriate legislation to achieve the same purpose. The end came soon enough with two successive Trade Union and Labour Relations Acts in 1974 and 1976 which restored the legal immunities that the trade unions had enjoyed since 1906. Lord Scarman put it simply thus: *the law is now back to what Parliament had intended when it enacted the Act of 1906 - but stronger and clearer than it was then.*<sup>19</sup>

## MANUAL AND WHITE COLLAR MEMBERSHIP OF TRADE UNIONS

1970 - 1979

Year	Manual Union Membership	Union Density (percentage)	White Collar Union Membership	Union Density (percentage)	Manual/white-collar Union Density (percentage)
1968	6,636,900	49.8	3,056,000	32.6	65.5
1970	7,095,000	55.2	3,533,000	36.5	66.1
1973	6,968,900	55.9	3,966,300	38.6	69.1
1974	7,082,300	57.3	4,130,800	39.5	68.9
1975	7,112,100	57.7	4,488,800	41.9	72.6
1976	7,321,600	59.4	4,632,300	42.1	70.9
1977	7,445,300	60.7	4,837,900	43.0	70.8
1978	7,549,700	62.0	5,029,100	43.9	70.8
1979	7,577,500	63.0	5,124,700	44.0	69.8

*Source:* Industrial Relations in Britain (ed. Bain) 1983, p. 9.

Further legislation added power to trade unionism. The Health and Safety at Work Act (1974) included provision for *the appointment in prescribed cases by recognised trade unions of safety representatives from amongst the employees* whom the employers would be obliged to consult on safety matters. Then the Employment Protection Act 1975 and its successor the Employment Protection (Consolidation) Act 1978 extended even further trade union and individual workers rights but the Trade Union and Labour Relations (Amendment) Act (1976) removed from an employee the right to claim unfair dismissal if dismissed by an employer for non-membership of a union closed shop other than in the rare case of union membership being contrary to religious belief.

<sup>19</sup> Lewis, R. and Simpson, B., (1981) *Striking a Balance? Employment Law after the 1980 Act*, p.5. Martin Robertson, Oxford.

Before introducing the parliamentary bills, which led to the Trade Union and Labour Relations Act (1976) and the Trade Union and Labour Relations (Amendment) Act (1976), the government had published the terms of reference of the Committee of Inquiry on Industrial Democracy, more commonly known as the Bullock Committee after its chairman Sir Alan (later Lord) Bullock. The terms were advised to the House of Commons on 5th August, 1975 by the Trade Secretary and they were as follows :

*Accepting the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors, and accepting the essential role of trade union organisations in this process, to consider how such extension can best be achieved, taking into account the proposals of the TUC report on industrial democracy as well as experience in Britain, the EEC and other countries. Having regard to the interests of the national economy, employees, investors and consumers, to analyse the implications for the efficient management of companies and for company law.*

The terms themselves suggested that the principle of industrial democracy was self-evident. The government was agreeing at the outset that boards of companies should include a large proportion of employee representatives, that trade unions should be instrumental in providing these representatives and that the proposals of the TUC in this respect should receive special attention. The TUC had already demanded 50% as an appropriate proportion of employee representation<sup>20</sup> and there were three trade union leaders on the Committee as well as two sympathisers who held that view. The fact that the report submitted by the Committee<sup>21</sup> two years later was too radical even for a Labour government is immaterial but the terms of reference demonstrated that trade unions and trade unionism wielded such power in 1975 that the government felt obliged to accept the principle of industrial democracy as interpreted by the unions and set up what some critics saw as a " loaded " committee to examine how it should be introduced.

During 1976 the government proposed the Dock Work Regulation Bill. Its objective was to extend the regulations of the National Dock Labour Scheme to every port in the United Kingdom in order that the privileged terms of employment provided under this scheme could be enjoyed by all dock workers in the United Kingdom. Although the bill failed to obtain a second reading in the Commons <sup>22</sup> it was widely interpreted as a sop to the TGWU and its leader, Jack Jones, in return for the union's continued support of the Social Contract.<sup>23</sup> It was, perhaps, the clearest signal yet received by the oil operators that the trade unions could demand the legislation that they wanted and this seemed to be confirmed by no less a person than the Secretary of State for Energy. Tony Benn, at precisely the time when he was seeking to persuade the

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<sup>20</sup> TUC Interim Report on Industrial Democracy 1972

<sup>21</sup> The three business managers on the Committee refused to sign it and issued their own report.

<sup>22</sup> The defeat of the bill was by the smallest margin, a tie: two Labour Party members abstained and every other MP outside the Labour Party voted to defeat the bill. Some claim that this was the beginning of Labour's slide to defeat in 1979.

<sup>23</sup> v. infra.



oil companies to allow trade union officers access to offshore installations,<sup>24</sup> said that *trade unions should be prepared to extend their traditional collective bargaining role so that their views could be injected into central areas of Government policy.*<sup>25</sup>

The oil companies would certainly have approved Lord Diplock's comment that the Trade Union and Labour Relations Acts were *intrinsically repugnant.*<sup>26</sup> and would have extended his criticism to all the industrial relations legislation passed by the Labour government; possibly the Conservative government's Industrial Relations Act (1971) was equally abhorrent. British employment legislation, in their opinion, fully justified their decision to operate an industrial relations policy where trade unions had, at most, a minor consultative role.

In his study of trade union power<sup>27</sup> David Marsh expresses surprise that no-one has looked in depth at the history of the Trade Union - Labour Party Liaison Committee, which was formed in January 1972. Marsh asserts that the industrial relations policy of the early years of the Labour government of 1974-79 was in accord with decisions made by that body. An agreement, which came to be known as the Social Contract, was reached whereby the trade unions, in return for legislation which met their wishes, would support the government in its economic strategy. The Trade Union and Labour Relations Acts and the Employment Protection Acts were the parts of the agreement which the government was able to honour but legislation to impose trade union representation on the boards of private companies did not reach the statute book. The severe financial problems which beset the nation as a result of the quadrupling of oil prices by OPEC<sup>28</sup> found the government looking to the unions to deliver their side of the bargain and initially this support was given. With inflation at one point as high as 25% per annum, some restraint on incomes was obviously required and unions agreed to limitations in wage settlements. However, by 1976 sterling had come under such great pressure that an International Monetary Fund loan had to be negotiated at the cost of a considerable reduction in public expenditure. This, together with low economic growth and consequent small increase in incomes led to rising unemployment. It also stimulated further interest in trade unionism as a shield against loss of jobs.

The trade unions, especially those in the public sector, could not restrain their members' demands for wage increases and the Social Contract simply ceased to have any relevance. James Callaghan, who had succeeded Harold Wilson as Prime Minister in 1976, decided to allow parliament to run its full statutory period of five years and saw the industrial relations position worsen as the

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<sup>24</sup> v. Chapter 9 infra.

<sup>25</sup> Address to the Electrical Power Engineers' Conference on 7th April, 1976. (Quoted in Financial Times 8th April, 1976.)

<sup>26</sup> Lewis, R. and Simpson, B. (1981) op cit p.6.

<sup>27</sup> Marsh, D., (1992) *The New Politics of British Trade Unionism*, p. 41. Macmillan, London.

<sup>28</sup> v. Chapter 3 pp. 31-32 supra.



months passed. The consensus between employee and employer which the government had sought to foster finally evaporated during the winter of 1978-79 when by January 1,469,000 employees were on strike (compared with 118,000 in 1978) and 2,585,000 working days were lost (compared with 865,000 in 1978). The term "Winter of Discontent"<sup>29</sup> was applied to this period on account of the bitterness with which much of the industrial action was prosecuted.

The North Sea oil industry, now established with Aberdeen as the oil capital of Europe, was unaffected by the industrial relations malaise. There was an industrial dispute in 1979 in the offshore catering industry but this had nothing to do with any dispute onshore. Incomes were high and the employment prospects were sound. The oil companies experienced no industrial relations problems which could not be resolved quickly after their own fashion. In February 1979 the government sought to bring some order out of the ruins of its industrial relations strategy by a Concordat with the trade unions. In general terms the Concordat stated that unions would seek to follow the guidance of the TUC in the conduct of their industrial relations, that there would be talks with the public service workers to negotiate pay and conditions without any resort to industrial action and that the government would set an inflation target of 5% per annum by 1982. The Concordat had little or no effect although to managers in the oil industry it represented yet another example of the influence wielded at national level by trade unions. They questioned why the government seemed unable to act independently and felt it necessary to seek an agreement from the TUC, which had no statutory authority within the nation. There appeared, and not just in the eyes of the oil companies, to have been an incorporation of trade unions into the economic policy making process of the nation. As with the example given immediately above, the TUC (which in reality meant its General Council with its over-representation of manual workers<sup>30</sup>) was consulted so regularly that it appeared virtually an organ of state. Even by informal means trade unions had access to the corridors of power when both Labour prime ministers invited delegations to Downing Street to settle disputes over beer and sandwiches. At the other end of the scale, the power and influence of shop stewards was often highlighted during workplace disputes as in the case of Derek Robinson, full time convenor of the shop stewards at the Longbridge, Birmingham plant of BL. In 1979 his determination to bring out employees on a spurious grievance led to his dismissal and he failed to secure the support of his own union executive. This was a single incident but it can be interpreted as a turning point in union - shop steward relationships when unions, many now under new and less militant leadership than at the start of the decade,<sup>31</sup> began to regain direct control of their memberships.

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<sup>29</sup> Taken from the opening lines of Shakespeare's King Richard III: *Now is the winter of our discontent Made glorious summer by this son of York.*

<sup>30</sup> In 1983 the TUC reformed the method of election to its General Council. Union nominees, almost invariably general secretaries and/or other top officials, were appointed in proportion to a union's total affiliated membership.

<sup>31</sup> A good example here was the election in 1978 of Terry Duffy to succeed Hugh Scanlon as President of the AUEW.

Reality and current perception of phenomena are seldom identical or even just slightly out of step. The reality of the position in 1979 was that trade union membership had already entered a period of considerable change both as regards its total and its nature. Membership of trade unions had risen continually throughout the 1960s and 1970s to reach a peak of 13,289,000 by the end of 1979. This, coupled with the fact that trade unions were perceived by an increasing percentage of the nation to have the government in their thrall, convinced even close observers of the scene that their power would extend further. In the first paragraph of a book on this subject G. Dorfman writes -:

*The disruptive power of unions in Britain has been painfully obvious in recent years. Strikes have had an impact throughout the society, stopping trains, darkening whole cities and even bringing down governments in dramatic political confrontations. The union movement has seemed at times an impregnable fortress of pressure group power, immune to the legal and political counter-force which Britain's elected leaders have attempted to bring against it.*<sup>32</sup>

With all the benefit of hindsight we can see today that such a conclusion was incorrect because trade union membership and power were about to enter a period of rapid decline not least because the membership growth in the 1970s was essentially in the white-collar and professional areas of employment with their different outlook and less traditional adherence to trade unionism. Moreover, new technology was already beginning to have its effect upon employment within manufacturing although the dramatic decline in employment in this sector of the economy (described by James M'Farlane, Director-General of the Engineering Employers Federation as the "*bastion of the trade unions*")<sup>33</sup> had yet to take place. Few people foresaw the 1980s with any accuracy and most agreed with the interpretation of one of the most eminent authorities, Keith Middlemas, who wrote in 1979:

*however negatively the General Council (of the TUC) may transmit the inchoate will of its membership trade union hegemony has broadened out further than in any comparable Western nation, profoundly to alter the nature of the state.*<sup>34</sup>

and

*It is hard to see trade unions' economic political power confined to the old, negative formulation. ... the movement's representative function has increased, over a wider area of state policy, as a result of the "social contract" and the powers granted by legislation after 1974; and it is unlikely that a future government will make the mistake of treating the TUC as a mere agent.*<sup>35</sup>

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<sup>32</sup> Dorfman, G., (1983) *British Trade Unionism against the TUC*. Macmillan, London.

<sup>33</sup> Lecture attended by author at Templeton College, Oxford University, 1986.

<sup>34</sup> Middlemas, K., (1979) *Politics in Industrial Society*, p. 452. André Deutsch, London.

<sup>35</sup> *ibid* p. 454.



Other authorities wrote in a similar vein. Samuel Brittan referred to the unions as *the robber barons of the system*<sup>36</sup> and Paul Johnson noted that *British trade unionism has become a formula for national misery*.<sup>37</sup> Robert Taylor, the labour correspondent of the "Observer", opined gloomily in 1978 that *It will be a miracle if we display enough realism and determination to transform Britain into a high wage/high productivity country like all our major competitors in the industrialised West*.<sup>38</sup> As stated above the oil industry had, earlier in the decade, come to much the same conclusions about industrial relations in Great Britain and from the outset had determined to operate offshore in a manner which would deny to trade unionism any effective role.

The degree to which researchers and other industrial relations authorities were mistaken about the revolution in British industrial relations which was about to take place was monumental. The result of the 1979 general election suggests that a majority of the nation perceived the influence of the trade union movement to be malign and returned a government of a political complexion which would deal with that issue. Moreover, it now appears that a large proportion of the country's trade unionists went to the ballot boxes with the same impression. In the opinion of Kessler and Bayliss *It was the trade unionists' reaction to the events of the last decade that put the Conservative government of 1979 in power*.<sup>39</sup>

#### 4 Industrial Relations in the 1980s

The 1980s will always be the decade of Margaret Thatcher. This remarkable woman, who has the curious ability to attract respect and execration in equal proportions, bestrode British politics like a colossus for the eleven years of her premiership, enjoying the longest period of continuous office since Lord Liverpool (1812 - 1827). She resigned in 1990 not as a result of a general election or of a defeat in parliament but through a rebellion within her own Conservative Parliamentary Party and it could be claimed that her political legacy contributed in part to the Conservative Party winning an unprecedented fourth successive general election two years after she had left office.

Apparently still powerful and influential at her accession to political power, the trade unions suffered a series of setbacks from which they have never recovered. Indeed, it can be asserted that the British trade union movement today has had a *modus operandi* imposed upon it as a result of a series of statutes enacted over the years 1980 to 1993. No-one, least of all the trade union leaders, could have envisaged in 1979 the extent to which their power would be reduced within ten years. Yet this industrial relations legislation from 1980 onwards could not have been possible without the general assent of the electorate. In this respect a comparison with Henry VIII is relevant. This monarch changed the entire religious outlook and structure of England and this

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<sup>36</sup> Brittan, S. (1974) *Inflation: Causes, Consequences and Cures* p. 14. Institute of Economic Affairs.

<sup>37</sup> "New Statesman" May 1975.

<sup>38</sup> Taylor, R., (1978) *The Fifth Estate*, p. 457. Pan Books, London.

<sup>39</sup> Kessler, S. and Bayliss, R. op. cit. p. 39.



he could not have achieved without the general consent of his subjects. Likewise, Margaret Thatcher sensed the mood of the nation towards trade unionism as it had been practised in the United Kingdom and won support at the polls for the legislation enacted. Ironically, the manner in which Arthur Scargill called and conducted the lengthy miners' strike in 1984-85 offered the government an opportunity to justify its legislation.

Memories of the disastrous Industrial Relations Act 1971 were still fresh in the minds of the prime minister and of James Prior, her Secretary of State for Employment, and consequently a more cautious strategy was adopted. One of the first decisions of Prior was to state that the term "employee participation" would be used in preference to "industrial democracy" with its overtones of organized labour representation on the boards of public and private companies. The preferred term was both unspecific and innocuous and the interpretation of its meaning could vary from collective bargaining with senior trade union leaders to joint consultation at the level of canteen committees. The term was also useful in the sense that it was directed at employees as individuals rather than members of an organization; in short, it made a distinction between the terms "employee" and "trade unionist".

A brief description of the legislation is necessary for a full understanding of the transformation of industrial relations over the decade since by 1990 the *battle-zone mentality of the 1960s and 1970s* had become *an unpleasant and distant memory*.<sup>40</sup> The Employment Acts of 1980 and 1982 repealed some of the provisions of the Employment Protection (Consolidation) Act, outlawed secondary industrial action (and made unions liable to be sued for organizing any unlawful industrial action) and provided protection for non-unionists in closed shops. The 1982 Act also encouraged the development of employee participation practices by requiring companies with over 250 employees to give a statement in their annual reports describing the action taken during the year to introduce employee involvement schemes. Thus the direction of industrial relations was clarified in favour of a more individualist and less collective approach to employment relations and a greater flexibility for management in the use of its workforce. One positive result of this was that some restrictive practices,<sup>41</sup> ceased to be observed. These had been acceptable in the 1930s and subsequently during other periods of severe unemployment and were often still defended as sound trade union policy even although their rationale had vanished. There also began a movement within organizations to consult directly with their employees instead of using trade unions as single channels of workplace communication.

Having gone to the country in 1983 and been returned with an even greater majority, the government then focused its attention on trade unions. The Trade Union Act 1984 required all trade unions to have their national officers elected by secret ballot (some such as the AUEW already did so) and to seek

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<sup>40</sup> Taylor, R., (1994) *The Future of Trade Unions*. Andre Deutsch, London.

<sup>41</sup> Examples of these are job demarcation, insistence on manning levels agreed at an earlier period and refusal to work with "dilutees", people capable of doing the work but not trained under the rigid apprenticeship system.

members' approval by secret ballot to retain political funds. Perhaps the most radical alteration in the law introduced by this act was that the legal immunity of a trade union would be removed if it took industrial action without first obtaining the approval of its members through a secret ballot. A Wages Act in 1986 reduced the powers of Wages Councils as a forerunner to their abolition seven years later. Three more Employment Acts in 1988, 1989 and 1990 gave union members further rights over their officials, effectively abolished the pre-entry closed shop and established a Commissioner for the Rights of Union Members. The Trade Union and Labour Relations (Consolidation) Act 1992 brought together all the legislation which concerned trade unions and the following year the Trade Union Reform and Employment Rights Act added yet more protection for employees including the right of not being unreasonably excluded from a union. The government claimed that it "had given the unions back to their members" and in so doing had removed the power of coercion on individuals without destroying the ability of trade unions to continue to carry out their legitimate functions. Collective bargaining, the most obvious of these functions, was unaffected and any settlements reached through that process remained unenforceable in law unless both parties agreed otherwise.

This industrial relations strategy, which the more leftward leaning commentators described as "an assault on trade unionism" or "anti-trade union legislation", had some inevitable consequences. The demise of the closed shop together with the associated protection of non-unionists from discrimination in employment played some part in the drop in the number of trade union members.<sup>42</sup> Where union membership was small, there was often derecognition of the trade union concerned<sup>43</sup> and, within workplaces where unions were recognised, there was sometimes a fall in the proportion of employees covered by collective bargaining. In the middle of the decade there was a great deal of interest in single union agreements negotiated mainly by inward-investing Japanese companies but the number of such agreements was considerably lower than the heat which they engendered. It should, however, be noted that the Electrical and Plumbing Trade Union was expelled from the TUC for a period on account of its fiercely independent line on this issue.<sup>44</sup> Instead of presenting a united front to the government, the unions were too often engaged in internecine feuds, a situation which was reflected at local level in North East Scotland and thus weakened the impact of the Inter Union Offshore Oil Committee.

The trade unions did not lack the will to oppose the Conservative government's torrent of legislation on industrial relations. What they did lack were resources and in 1980 there began a decline in the number of trade unionists that has continued to the present day. The warning of McCarthy almost twenty years earlier that investment in modern technology would be

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<sup>42</sup> v. Appendix III.

<sup>43</sup> Derecognition of trade unions has already been dealt with in Chapter 3 at pages 43-47.

<sup>44</sup> It had refused to withdraw from a single union agreement which had involved the loss to another union of the negotiating rights that union had previously held.



associated with reduced demand for manual workers was felt suddenly and uncomfortably for employees in manufacturing. Between 1980 and 1995 an average of about 300,000 members have been lost to the trade union movement. Moreover, those losses in the mid 1980s were mainly in manufacturing where the density of manual worker trade unionism had been high. It was not surprising, therefore, that trade union leaders sought to concentrate their efforts in stemming this loss of membership and, where possible, avoided serious confrontations with employers; job preservation, for example, became more important than the level of annual pay increases. "New Realism" was a popular interpretation of a changed situation which was simply the acceptance of the old Scottish saying that "facts are chieils that winna ding" or, in the words of the New Testament, that it was no good kicking against the pricks.<sup>45</sup>

On the other hand, it must not be thought that trade unions had been rendered powerless in the face of all managerial initiatives. Where sound industrial relations had been established over the years through collective bargaining procedures there was little change. Union officers and managers who had built up a rapport between themselves were not going to lose the mutual advantages that this brought to employer and employee. Collective bargaining remained the usual and mutually acceptable way of establishing procedures for the avoidance of disputes and reaching agreement on terms and conditions of employment. Again, unions are law-abiding institutions, and while they were unhappy about much of the new legislation, they realised that they had to work within it. The pendulum of power had swung in the direction of the employers and the government certainly did not see the TUC as its social partner. Managers sought to introduce performance related pay and greater flexibility of working practices. On the whole they were successful because direct communications with employees helped to secure their commitment much more easily than when the sole communication channel open to managers was the trade union. Employees became more involved in the objectives of their companies and understood why their companies had to be competitive in order to survive.

Industrial disputes declined significantly and were confined in the main to the public sector: civil servants, teachers, NHS workers, water service workers. The year long strike of miners in 1984-85 was a disaster for the National Union of Miners because a large number of pits were closed permanently and the Nottinghamshire and Derbyshire section first refused its support and then founded a separate union.<sup>46</sup> After a year all that Arthur Scargill had achieved was a massive haemorrhage of his union's membership. The strike was notorious for the ferocity with which it was conducted but it had little effect on the rest of the nation which went about its business as usual. One of the main reasons for the failure of the strike was that the General Council of the TUC refused to support the NUM by a substantial majority. White-collar trade

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<sup>45</sup> The New Testament (Authorised Version) Acts of the Apostles, Chapter 9 v. 5.

<sup>46</sup> The Union of Democratic Miners.



unions with different traditions from those of manual workers now had a majority on the General Council.

By the 1990s industrial relations in many organizations had become marginalised<sup>47</sup> and had ceased to be a preoccupation with top managers, who could now concentrate on matters such as planning and productivity which were more important for the long-term survival of their companies. There were dangers for the future here as Douglas Smith, Chairman of the Advisory, Conciliation and Arbitration Service, warned in an address to the National Conference of the Institute of Personnel Management at Harrogate in 1990.<sup>48</sup> Middle managers now approaching their fortieth year and being considered for promotion had not had sufficient experience of industrial disputes or tough negotiations with trade union leaders. Some day the pendulum of influence will swing back in the unions' favour<sup>49</sup> and these managers will be exposed to a type of pressure for which they will not have been prepared.

During the decade of Margaret Thatcher's premiership, the oil industry became firmly established in N. E. Scotland. Oil and gas were flowing from over fifty installations in the North Sea and the prospects of discovering further reserves in commercial quantities were high. There was a downturn in the price of oil in 1986 but its effects were soon overcome during the following year. The oil majors viewed the national scene in industrial relations as one which had come into line with the approach that they had adopted when they had first recruited men to work offshore in the 1970s. Oil was very costly to extract from below the continental shelf and this reduced the concern managers might have industrial relations problems. Industrial relations were not ignored because each company sought to help its employees gain job satisfaction and had introduced procedures to deal swiftly with grievances and disciplinary issues. The common factor was that trade unions were not recognised for negotiating purposes except in the special circumstances of hook-up<sup>50</sup> and in most cases were even debarred from representing members who had a grievance or were subject to disciplinary action. Just as the TUC no longer enjoyed any partnership status with the government, so trade union confederations continued to be unacceptable to oil companies as institutions which should be consulted on managerial policy. In this aspect of industrial relations, therefore, the offshore oil industry was very different from onshore organizations which, with few exceptions, maintained and developed their relationships with trade unions, including the use of collective bargaining

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<sup>47</sup> It is interesting to compare the amount of newspace accorded to industrial relations in the Financial Times during the 1970s and early 1980s with what has appeared over the last ten years.

<sup>48</sup> Attended by the author.

<sup>49</sup> The author has studied the work of Neil W. Chamberlain who does not see bargaining power as a permanent attribute of union or management because power in industrial relations is relative to different strategies and tactics employed and to what may be described generally as environmental and institutional forces such as economic conditions, public opinion and national policy.

<sup>50</sup> The Bank of Scotland's *Oil and Gas Handbook* (4th edition, 1996) defines hook-up as "the activity following offshore development installation during which all connections and services are made operable for commissioning and start-up".

processes. Towards the end of the decade, however, the industry experienced its first serious industrial relations problems and, much more importantly, suffered a disaster. The destruction by fire of the production platform, Piper Alpha, would have national, even international, repercussions.

## Summary

The purpose of this chapter has been to provide a picture of industrial relations in the United Kingdom, which brings out the contrast between what may be called standard practice of human relations policies and that adopted by the offshore oil operating companies during the thirty or so years since they have been active in the North Sea. It was a period when collective bargaining was generally accepted as the way in which terms and conditions of employment were regulated in British industry and therefore involved the acceptance by employers of the right of trade unions to negotiate on behalf of their members. This system was not acceptable to the offshore industry. The employers *took a decision - not in any way formalised - not to encourage trade unions*<sup>51</sup> and refused to countenance any recognition of trade unions aboard their drilling rigs or production platforms, whether the workers were direct employees or employed by contractors. In this respect the oil operators were atypical of the rest of British employers and therefore the question of recognition became almost the sole objective of the trade unions which considered that they had rights to negotiate on behalf of offshore employees.

Particular prominence has been paid to the effect upon trade union recruitment of the inflationary pressure under which governments laboured in the 1970s since the nature and practice of trade unionism was significantly altered by the change in membership which resulted from that recruitment and, a few years later, by the determination of the manufacturing industry to address the problem of high labour costs with increased investment in advanced technology. Attention has been paid also to trade union activity in the 1970s which was a prominent in a way not experienced either before or since.

During the 1939-45 war a system of compulsory national arbitration had been imposed in order that settlement of disputes could be reached without resort to industrial action. Government, employers and trade unions contributed to this tri-partite system and after 1945 the mutual respect, which had developed between employers and trade unions, was extended into their relationships as a peace-time economy was gradually restored. Agreements on pay and other conditions of work were reached through collective bargaining which depended on trade unions being recognized by the employers as legitimate partners in the process. Collective bargaining had become the bed-rock of the British industrial relations system and this was confirmed by the Report (in 1968) of the Royal Commission on Trade Unions and Employers' Associations, which equated the extension of collective bargaining with improvements in industrial relations.

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<sup>51</sup> Comment to the author by a former chief executive of a large oil operating company.



Although other inward investors had been prepared to work within the industrial relations system of the host country, this was not acceptable to the oil operators. They rejected the macro-recognition culture towards trade unions and refused to negotiate employee pay and conditions of service, except in the very special case of "hook-up". This decision to distance themselves from the onshore industrial relations system was, in their eyes, confirmed by the hostile reaction of the trade unions to government attempts to legislate for a more orderly conduct of industrial relations. This occurred during 1969-1974, which was a period that co-incided with the establishment of oil operations on the UK continental shelf. Subsequent legislation introduced by the Labour government of 1974-1979 and the government's close relationship with organized labour over these years evoked even stronger hostility from the oil operators towards any recognition of trade unions.

Behind the activities of governments and trade unions lay two interconnecting factors. One was the inflationary pressure which increased in intensity towards the end of the 1960s and the other was the expansion of white-collar trade unionism fuelled to a large degree by this pressure. Inflation reduces the real value of earnings and creates problems for employers. Since unions were perceived to be active in protecting their members' interests, recruitment flourished. Some of these new adherents of trade unionism were manual workers but the greater increase came from white-collar workers who had previously viewed trade unions as essentially manual worker organizations. Now experiencing serious erosion of their earnings and other differentials in comparison with manual workers, they flocked into trade unions as if they were safe havens which would protect them from the storm. Thus, while membership of trade unions increased throughout the 1970s, the growth came mainly from a sector of employment which shared few of the traditions of the older manual worker unions.

By 1979 there were already clear indications that the constituent membership of British trade unionism was changing and, by implication, the way it would and could conduct its relationships with the government and employers. Nevertheless, writers on industrial relations believed that the power and influence which the trade unions had long been able to exercise would continue as a permanent factor in British political and industrial life. Keith Middlemas, for example, wrote that *it is unlikely that a future government will make the mistake of treating the TUC as a mere agent.*<sup>52</sup>

The extent to which many respected industrial relations authorities had totally misread the signs was demonstrated by the return in 1979 of a Conservative government, which would retain power for eighteen years. While leaving untouched the voluntarist nature of British industrial relations and ignoring suggestions that agreements reached through collective bargaining should become enforceable at law, the government enacted a series of statutes (such as the need to have a ballot of members before bringing them out on strike) which severely reduced the capacity of trade unions to carry out sanctions where industrial disputes had not been settled through other means. In

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<sup>52</sup> Middlemas, K. (1979) op cit p. 454.



addition, McCarthy's forecast of 1962 that manual worker trade unionism would decline in proportion to the investment of British industry in advanced technology was realised and the continual decrease of trade union membership and unemployment in the manufacturing industries reduced further the power once exercised by organized labour. Trade union membership fell steadily from over 13 million at the beginning of 1980 to just over 8 million in 1995 with most of the losses borne by the manual worker unions.

For the oil operators this merely indicated that the trade unions now had more important issues with which to concern themselves than recognition from offshore employers. It must, however, be remembered that, despite the industrial relations legislation of the post 1979 years, collective bargaining remained the most common method whereby terms and conditions of employment were agreed and that this could be achieved only when trade unions were recognised by employers as legitimate representatives of the employees' interests. The offshore industry therefore remains, at it has been from the start of its operations in the United Kingdom, atypical of British employers as a whole.

## CHAPTER FIVE

## NORWAY AND HER INDUSTRIAL RELATIONS

The waters above the European continental shelf are shared by several other nations with a coastal littoral but only two concern us. One is The Netherlands where reserves of natural gas were first discovered offshore in the 1960s and the other is Norway which, together with Scotland, has been able to exploit the oil fields of the North Sea since the early 1970s.

### **1 Norwegian History : a Brief Summary**

The links between Scotland and Norway go back to Viking times when the sovereignty of the Hebrides, Sutherland, Caithness, Orkney and Shetland lay with the Norwegian crown. Gradually Scotland acquired these territories over the centuries by conquest, treaty and dynastic alliance. The death in 1290 of the infant Maid of Norway, not long after her grandfather Alexander III had been killed in a dramatic riding accident,<sup>1</sup> precipitated the war of independence with England which was not settled until after Bannockburn in 1314. Some remnants of old Norse law remain in Shetland in regard to land tenure (Udal law) and the cession to Scotland of Orkney and Shetland as part of the marriage settlement of James III (1460-88) can still be disputed on the grounds that the Scots never paid over the agreed sum of money.

Thereafter, however, Norway has had a history very different from Scotland. For many years Norway was part first of Denmark and later of Sweden until she regained her total independence as late as 1905. The German attack on Norway in April 1940 and the subsequent occupation for five years served to unite the nation in a common purpose and to stimulate even further the feeling of nationhood. Military resistance was inevitably brief but it was effective enough to allow King Haakon VII with his principal ministers to escape to Scotland and to continue the legitimate government, albeit in exile. The attempt by Germany to establish a Norwegian government in Oslo under Vidkun Quisling<sup>2</sup> was derided by the people. After the war the nation concentrated upon regenerating the economy under the social-democratic governments which, with brief interludes, have ruled Norway since 1935. Until the coming of oil the economy relied upon the export of primary products, tourism and the long established shipping industry.

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<sup>1</sup> Presumably missing the way in pitch darkness horse and rider plunged over the steep cliffs at Kinghorn in Fife. (1286).

<sup>2</sup> Quisling was tried and sentenced to death, a special exception having to be made in the law to carry this out. His name has entered the vocabulary of other nations (including UK) as an example of utter perfidy.



## 2 From Turbulence to Co-determination

The economic historian Fritz Hodne<sup>3</sup> claims that emigration alone prevented the rise of insurrectionary working class movements in Norway during the last century and certainly the early years of the twentieth century witnessed considerable turbulence in industrial relations. Norway was not the only nation to experience industrial unrest at this time; the United Kingdom too had its problems in this respect.<sup>4</sup> Nevertheless, the nascent trade unions, which in 1899 had formed themselves into a national federation, Landsorganisasjonen i Norge (always referred to LO) negotiated as early as 1907 their first nation-wide contract with the Norwegian Employers' Association (Norsk Arbeidsgiverforening or NAF)<sup>5</sup>

LO, almost from its foundation, has had a very close relationship with the Norwegian Labour Party (Den Norske Arbeiderpartei, more commonly known as DNA), which was founded in 1887. This *integration has been so close at all levels of the organization that the two systems have been fittingly described as Siamese twins.*<sup>6</sup> While the constitution of the kingdom has from the outset implicitly granted freedom of association to workers, this relationship of the LO with DNA is another reason why, Norway, alone of all industrialised democracies, has never experienced any legal harassment of trade unions.

For Norway the 1920s were years of depression during which her trade unions were in sharp conflict with the employers. From 1930, however, LO *appeared to change from an agent in class conflict to a domesticated collaborator in macro-economic planning.*<sup>7</sup> Despite a DNA resolution in 1930 that it was *opposed to all class co-operation,*<sup>8</sup> LO began quietly to have discussions with the employers. These culminated in the Basic Agreement (Hovedavtalen) of 1935 which covered all the earlier disputed issues, both wage and non-wage, and was to be valid for five years. Unofficial strikes and other industrial disputes did not vanish immediately but the Basic Agreement soon came to be accepted nationally as a social contract parallel with the Constitution. As the State Mediator remarked in 1939: *whereas organizations met earlier as enemies at the bargaining table, the situation has changed. They do not meet as enemies, but as opponents with a will to peace.*<sup>9</sup> Freedom of association both in practice and in theory was now established on a firmer footing. The question of regulating by

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<sup>3</sup>Hodne, F. (1975) *Economic History of Norway 1815-1970*, Tapir.

<sup>4</sup> It should be remembered that the decade before 1914 was a troublesome time for British industrial relations as well as Norwegian. The South Wales coalminers had adopted a syndicalist approach and strikes there and in other parts of the UK were conducted in a manner that brought out the military in aid of the civil authorities.

<sup>5</sup> In 1986 NAF merged with NIF (Norges Industriforbund, which was concerned mainly with industrial policy) to form NHO (Næringslivets Hovedorganisasjon, the Confederation of Norwegian Business and Industry).

<sup>6</sup> Fivelsdal, E. (1965) White Collar Unions and the Norwegian Labour Movement. *Industrial Relations*, Vol 5 Part 1, p. 81.

<sup>7</sup> Schwerin, D. S. (1981) *Corporatism and Protest: Organizational Politics in the Norwegian Trade Unions*, p. 17. Kent Popular Press, Kent, Ohio.

<sup>8</sup> *ibid* p. 17.

<sup>9</sup> Galenson, W. (1949) *Labor in Norway*, p. 176. Harvard University Press, Cambridge, Massachusetts.

law these basic labour rights has been subsequently discussed from time to time but the trade unions and the employers' organizations have always opposed this since they find the legal situation satisfactory and prefer as few regulations as possible.

By the early 1960s Norway was a pleasant European backwater with a stable society, full employment<sup>10</sup> and a more than adequate GNP per capita. Its trade unions remained strong and there was little in the way of industrial unrest since in common with the other Scandinavian countries there was total acceptance of the negotiation procedures whereby terms and conditions of employment were agreed and, in contrast to Britain, of the dispute resolution procedures which were operated at national level through courts established for that purpose. During any contract period there is an obligation to resolve any dispute solely through negotiation or by referral to the Labour Court. Norway had become, as she remains, a societal-corporatist nation with co-operation between government and national organizations such as the trade union federations<sup>11</sup> and the employer associations widely accepted as the appropriate method whereby the kingdom's interest is best served. As the historian T. K. Derry puts it: *The Norwegians are great worshippers of law and system in their public business.*<sup>12</sup> It was this sense of the conduct of business operations in Norway, foreign as well as indigenous, which the oil majors failed to appreciate when they started to drill under the Norwegian continental shelf.

### 3 Norwegian Institutions

It is appropriate at this point to look at the nature of Norwegian institutions. This is done most easily by discussing briefly the ethos of the nation and then explaining how the industrial relations system functions virtually as part of the apparatus of state.

#### (a) The Ethos of the Nation

Professor Geir Lundestad, Director of the Nobel Institute in Oslo, believes that Norway is *probably more unified than any country in Europe and certainly equality is a belief stronger here than anywhere else.*<sup>13</sup>

While patriotism has always been and remains strong as indicated by the unofficial national motto "Alle for Norge" (all for Norway), the ethos of the nation is equality. This word is sometimes confused with egalitarianism, which the Concise Oxford Dictionary defines as the attitude or belief of a person who holds the principle of the equality of mankind. In recent years egalitarianism has often been expressed in terms more redolent of envy than of honest search for

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<sup>10</sup> On account of its small population and the opportunities created by the discovery of oil, Norway continued to enjoy full employment much longer than most European nations. It was not until the winter of 1988-89 that unemployment became a serious problem. v. Gjerde, B. (July 1992) *The Labour Market in Norway. Norinform* (produced by the Ministry of Foreign Affairs).

<sup>11</sup> Compared with UK which has in its TUC one federation of all trade unions, Norway has three separate federations representing employees of different status.

<sup>12</sup> Derry, T. K. (1957) *A Short History of Norway*, p. 252. G. Allen and Unwin, London.

<sup>13</sup> Ledgard, J. *Booming Norway basks in its go-it-alone golden age.* (Scotsman, 7th July, 1995).



equality of treatment. Equality, by contrast, reflects more accurately the outlook of Norwegian society, which the then Prime Minister, Gro Harlem Brundtland, described as a *compassionate form of capitalism which returns comprehensive welfare benefits in exchange for brutal taxation*.<sup>14</sup> A synthesis of national norms of social responsibility and conceptions of equality have attained for Norway its objective of a classless society and this is the foundation of the political consensus so vital for the way in which the nation conducts its affairs.

To a certain extent this has been achieved through a combination of two factors. One is that the population of only 4.3 million allows Norwegians, in the words of their King Harald V, *to know each other personally*.<sup>15</sup> The other is the tremendous wealth generated by the oil industry. Norway is second only to Saudi-Arabia<sup>16</sup> in the export of crude oil and has natural gas in superabundance as well; the Troll platform, for example, has recently come on stream and is expected to produce 84 million cubic metres of natural gas each day over the next seventy years. The fiscal system distributes this wealth among Norwegians through, in the words of the Prime Minister mentioned immediately above, *brutal taxation*.

An equal society was the goal which Norway set for herself almost from the formation of the state and she sought to work towards this through the establishment of institutions appropriate for a country of her size. Oil revenue has simply meant that Norway has achieved this goal earlier than she could ever have expected. The institutions preceded the discovery of oil and were therefore in place when the oil majors arrived. All trade unions of any size were already affiliated to LO, by far the biggest confederation of trade unions or to the Federation of Professional Unions (Akademikernes Fellesorganisasjon) or to very much smaller confederations. Employing organizations were members of NAF and they surrendered full negotiating powers to it. As a counterweight to over-centralisation there is also a considerable amount of delegation to all organizations at local level. LO, by Article 13 of its constitution,<sup>17</sup> allows autonomy to member unions when new collective bargains are being negotiated and will intervene only if a new agreement has a possible financial effect upon another union. It may not even propose amendments to any agreement reached between a member union and an employer unless it has first discussed the matter with the union concerned. The government too promotes local decision making by devolving a great deal of power to the 17 counties and to main cities such as Oslo and Stavanger. It was not until 1958 that collective bargaining arrangements for public servants were permitted by law and they are modelled on practices which industry had developed over decades. Recent legislation increased the already considerable autonomy of some local authorities to include

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<sup>14</sup> *ibid.*

<sup>15</sup> *ibid.*

<sup>16</sup> Lynghaug, E. (1995) *Positive Power by Team Management. Fourth Offshore Installation Management Conference*, The Robert Gordon University, Aberdeen.

<sup>17</sup> Constitution of The Norwegian Confederation of Trade Unions (LO) as amended 1993.



the right to depart from any collective agreement obtained through the machinery set up to reach a national bargain for all local government servants.<sup>18</sup>

### **(b) The Industrial Relations System**

The industrial relations system of Norway conforms to the Nordic Model. This means that it operates through a strong trade union movement co-operating with a centralised employers' organization within a tradition of political consensus. This definition of the Nordic Model and therefore of the Norwegian Model may be broadened by identifying four principal features which are central to its continuing success: a unified trade union movement with a much higher degree of organization than in most industrialised nations, a long tradition of collective bargaining, tripartite regulation of disputes through co-operation of state, trade unions and employers and consultation by the government of trade unions and employers on economic policy.

In comparison with many nations such as Germany, Italy and France, where legislation provides basic rights in labour relations, Norway, like Great Britain, gives less legal protection to individual and collective rights. The United Kingdom, for example, did not implement the European Social Chapter of the Maastricht Treaty, (although the current government intends to reverse that decision). Norway, not a member of the European Union, sees no need for further legislation on individual rights, partly since trade unions have such a high membership of the working population (at the start of 1992 there were 1,299,955 members of associations of wage earners out of a working population of about 1,700,000) but mainly because the system works to the satisfaction of the nation as a whole.

Both NHO and LO have highly centralised mechanisms and together *constitute a bipolar power system without rival in the Norwegian economy.*<sup>19</sup> Thus the industrial relations system is intertwined with decision-making on national economic policy to a degree unknown outside other Nordic nations. LO with around 800,000 members from its constituent unions is the largest association of wage-earners and is consulted along with NHO by the government on all issues affecting the national economy. LO also represents a considerable number of public servants and negotiates on their behalf with their employer, the government.

A good example of this tripartite approach is what at the time (1976) was referred to as the "Kleppe Package". Per Kleppe, the Finance Minister, reached a comprehensive agreement on wages and salaries after submitting his proposals to trade union and employer associations. He had discussions also with the LO-affiliated public service associations and the agricultural industry. The outcome was that an agreement on earnings and conditions of work was settled at national level for about 750,000 employees. Kleppe was obviously an astute and

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<sup>18</sup> Smart, P. J. (1992) *The Rôle of the Convention of Scottish Local Authorities as an Employers' Organization with an International Comparison*, p. 146. Unpublished thesis, The Robert Gordon University and Albæk, E. et al (1996) *Nordic Local Government*. pp. 205 - 218. Association of Finnish Local Authorities, Helsinki.

<sup>19</sup> Fivelsdal, E. op. cit. p. 81.

competent statesman but his involvement of trade union and employer organizations marked no innovative policy on the part of a government minister.

All industrialised democracies have institutions devised to resolve disputes, when direct negotiations between employers and trade unions reach an impasse. In Norway these institutions are supported in equal degree by managements and trade unions and third party resolutions are accepted almost without question. It would, nevertheless, be incorrect to state that there is no industrial conflict at all; for example, between 1981 and 1991 there were 143 strikes involving 315,978 workers leading to 1,772,007 working days lost.<sup>20</sup> Since this represents fewer than 60,000 working days lost per annum it is scarcely a statistic to cause concern, even to a nation with a working population of under 2 million.

Another aspect of the system is compulsory mediation, which was first agreed as far back as 1915. Government intervention is accepted as desirable by both employee and employer organizations because disputes introduce disorder into the system which they have negotiated with the government over the years. Mediation has become so much part of the industrial relations system that direct bargaining between employer and trade union is sometimes just a preliminary to the real bargaining where the parties argue their case before a mediator.

Norway's industrial relations system has, however, been constructed in such a way that organizations outside the official trade union and employer associations can feel disadvantaged. This was certainly the case when OFS, an oil trade union outside LO, found its strategy of selective striking negated by an immediate employer lockout and government interpretation of this as a reason for using its power to intervene and to impose a settlement.<sup>21</sup>

To what extent will a system devised essentially in the first half of the twentieth century meet the challenge of change in working practices and organization? In a recent publication<sup>22</sup> Hans-Gorän Myrdal of the Swedish Employers Confederation raises some questions about the future of the Nordic and therefore of the Norwegian Model. He challenges as arrogant the claim by his compatriot Bernt Schiller that *the Nordic experiences of labour relations are morally superior to other less democratic forms of labour organization and therefore represent the most attractive means of handling future challenges.*<sup>23</sup> Myrdal asserts that the future almost certainly involves an increasing use of information technology and thus an associated decentralisation of organizations. This in its turn will pose a conflict between the traditional centralist institutions and small groups with their own particular objectives. Schiller, on the other hand, believes that the model is strong enough to retain its characteristic features through the self reliance which the system has developed among its participants. This will allow amendments to be grafted upon the model and thus meet the problems Myrdal foresees.

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<sup>20</sup> Statistisk Sentralbyrå. Oslo 1994.

<sup>21</sup> This is given in greater detail later in this chapter.

<sup>22</sup> Myrdal, H. G. (1995) Labour Relations - the Nordic Experience. *European Foundation for the Improvement of Living and Working Conditions*, Dublin. Vol 10, pp.12 - 14.

<sup>23</sup> Schiller, B. (1994) *The Future of the Nordic Model of Labour Relations*, pp. 73-74. The Nordic Council of Ministers, Copenhagen.



#### 4 The Coming of Oil

Who first referred to the Norwegians as "white Arabs" and when is unknown; but the term is clearly pejorative and refers to the distaste felt towards the nations of the Persian Gulf when they sought, successfully, to control the industry which was extracting so lucrative a commodity from their territories. In the early years of the oil industry in the Middle East all the expertise was held by the big oil companies and it was inevitable that the indigenous inhabitants could contribute only at the lower skill levels of employment. This they did docilely in the early days but gradually, as a greater understanding of the technology spread, increasing numbers of them became capable of accepting posts of greater responsibility. By the 1970s there was a sudden surge of patriotic fervour and the oil rich nations formed themselves into OPEC with all the consequences which have flowed from the formation of that body. The oil majors were less than enthusiastic about the Arab nations taking control of their own economic destiny and when the Norwegians sought to do the same after a considerably shorter gestation period, the operating companies reacted with the same initial resentment. Had they troubled to study the history of Norway in the twentieth century they would have made fewer assumptions about the host nation's willingness to adopt a disinterested approach to events off its shores. This sheer political ineptitude was exhibited at its worst when the first oil major on the scene, Phillips, gave employment to the Norwegian monarch's secretary under the impression that this would buy political influence at the highest level.

In 1993 the Vice-President of the Norwegian Oil and Petrochemical Workers Union, Ketil Karlsen said - *unions are a bit slow to react to changes. It is in their nature to hold back and the nature of this new industry took the unions by surprise.*<sup>24</sup> Perhaps the Norwegians had themselves been somewhat lax in their historical research for it would not have been difficult to make realistic assumptions about the nature of the oil industry's conduct of operations in their waters. Exploration drilling began in 1966 and the companies involved were all from the USA since Norway, like Saudi Arabia before it, had no indigenous expertise in this industry. Obviously there was employment at the lower skill levels of the industry and this was carried out by Norwegians who soon learned the basic techniques that were required to perform the jobs competently. The industry, however, treated its locally recruited labour similarly to its treatment of the population of less developed nations, paying insufficient attention to the working environment and operating a "hire and fire" policy as labour requirements dictated. There was no redress for an employee who felt that he had been unfairly dismissed and any suggestion of a collective agreement between a drilling company and a representative body of the employees was brushed aside because the idea of a trade union presence anywhere in the industry was abhorrent. In short, the local people were not accorded the respect to which they believed that they were entitled, both as employees and as

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<sup>24</sup> Karlsen, K. (1993) *The Norwegian Experience* p. 53. Proceedings of an international conference entitled "Workforce Involvement and Health and Safety Offshore" sponsored by STUC and others at Glasgow in March 1993 and published by STUC et al in November 1993.



Norwegians. Orjan Bergflodt, Deputy Leader of the Federation of Oil Workers Trade Unions, adds the interesting comment that the industry's culture was based on values completely different from what Norwegians had been taught at school.<sup>25</sup> As far as the companies were concerned they were operating as they had done in other parts of the world and the locals should understand that the industry was one which had neither the time nor the inclination to seek recognition as model employers. Thus the fifteen year period from 1966 when drilling first began to 1981 when the Willoch Doctrine was formulated constitutes a period of discontinuity in the Norwegian political and social system.<sup>26</sup>

Some Norwegians have labelled these early years of oil and gas exploration "The Wild West Period"<sup>27</sup> although even at this early stage some political regulatory machinery had been introduced through the establishment of an oil sector in the Department of Industry; thus the challenge of the new industry to Norway and her institutions was recognised at official level to some extent. In general terms, however, it can be described as a clash of cultures between an industry which had always operated with the minimum of accountability even within the USA and a people who had long been accustomed to governing themselves through a system of institutions which, they believed, served them well. Where employment was concerned this meant that terms and conditions of work were regulated through collective bargaining processes which were particular to Norway.<sup>28</sup> Moreover, employee participation in the day to day operation of an enterprise was the norm, especially in accident prevention, which went back to 1910 when a Workers' Protection Act guaranteed employee membership on mandatory safety committees. A later Workers' Protection Act of 1956 did state that its provisions were applicable for offshore as well as onshore employment but because it was drawn up with fishing and marine transport rather than oil exploration in mind the drilling companies were able to claim that the act was not operable on their installations.

LO soon realised that it had a battle on its hands and that it was dealing with a less scrupulous and tougher opponent than it had previously confronted. The LO strategy was immeasurably superior to that of the British TUC which left the issue to its affiliated unions, when a similar situation arose on installations in British waters. The sorry tale of ineptitude and internecine squabbling which made it easy for the oil industry to defeat the British trade unions will be told in later chapters. The LO designated four trade unions which it considered to be appropriate to represent oil company employees and charged them with recruiting these employees into membership. In this they were unsuccessful and several reasons can be advanced to account for this.

The first was physical access to the installations which, combined with the industry's scarcely disguised hostility to the whole concept of trade unionism,

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<sup>25</sup> Bergflodt, O. (March 1993) *A Story of Neglect*. Occasional paper published by Hylo House, Wigan.

<sup>26</sup> This point was made by Professor Jan-Erik Karlsen, when the author visited Rogaland Research Institute, Stavanger in May 1995.

<sup>27</sup> Bergflodt, O. *op. cit.*

<sup>28</sup> These processes were broadly similar across all five Nordic nations.

made it difficult to discuss with employees the benefits of representation by unions. Then there was the determination of the employers to resist any intrusion of a third party into the settlement of the terms and conditions of work which they were prepared to offer to their workers. In these, of course, the LO was facing the same difficulties which UK unions were to experience. There, however, the similarity ends. Karlsen suggests another reason for the failure, namely that the designated unions did not take the oil industry seriously.<sup>29</sup> Either they did not believe that there was much of a future for the industry or they preferred to devote their energies to maintaining their presence where they had been operating successfully over the decades. They may also have judged that the membership accretion which they could obtain offshore was too small for the expenditure on the efforts that were required. Another reason is that they just did not have sufficient knowledge of the industry to mount a credible campaign. At all events, after a few years, the LO decided that a totally different strategy was necessary and formed a new union specifically designed for all workers employed in the oil industry. Thus in 1977 there was founded Norske Olje og Petrokjemiforbund (NOPEF) - the Norwegian Oil and Petrochemical Workers Union.

There was another very different cause behind the birth of a new trade union within LO. This was the emergence of another union, the Federation of Oil Workers or OFS (Oljearbeidernesfellesammenslutning), which was not a member of LO and has remained independent since its foundation. It is of particular interest in any study of industrial relations in the North Sea oil industry on account of its curious origin, its militancy and its later influence within the British sector, when the OILC made its appearance.

Workers in the earliest days of the offshore oil industry had to rely mainly on the Norwegian Seafarers' Union. This proved unsatisfactory and the other three LO-designated unions were considered equally ineffectual on account of their lack of experience of the industry as well as the hostility of the employers. In 1973 Employees of the Phillips Petroleum Company Norway (PPCoN) formed an in-house union, which the company recognised. It seems unlikely that PPCoN had suddenly been converted to the gospel of full employee participation together with trade union recognition and a more probable explanation is that the company thought that a "sweetheart" union had been born, an innocuous staff association which it could manipulate with ease. The Norwegian industrial sociologist, S. V. Andersen, believes the company was simply following a formula which had been successful in the past and quotes from an ICEF<sup>30</sup> bulletin of 1980/81.

*No industry has been subject to more employer control and manipulation of unions than petroleum, from state owned as well as private companies. In reality the oil companies created the in-house unions, this way they managed to keep the industry free from of independent unions. In-house unions, personnel*

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<sup>29</sup> Karlsen, K. op. cit.

<sup>30</sup> International Federation of Chemical, Energy and General Workers' Unions (est. 1907).



*associations, independent and free from real democratic institutions are the rule rather than the exception.*<sup>31</sup>

Whatever the reason the company soon found that it had a wildcat by the tail for the union immediately adopted safety measures as its the top priority. Soon after this Mobil and Elf began to explore in Norwegian waters and the Phillips workers assisted in the formation of similar in-house unions. Amalgamation of these and similar associations on other installations followed and thus OFS was founded, a union specifically for workers in the oil industry. To what extent the outcome of PPCoN's decision to recognise the in- house union has been interpreted by oil companies on the UKCS as a major error of judgment which they have no intention of repeating can be no more than speculation.

OFS was concerned, initially at any rate, with direct employees of the oil companies. Contractors' men, who were offshore usually for short periods, had less interest in OFS and were broadly content to be represented by their LO unions which were based onshore. Ignoring the blandishments of LO this newly formed federation of workers adamantly refused to compromise its independence and set out on a course of strong and, at times, militant action to attain what it saw as legitimate demands. The following quotation gives a clear distinction between the philosophies of the two rival unions - NOPEF and OFS.

*You might have the impression that oil workers in Norway are on strike each and every year. Our own track record when it comes to industrial action, or rather lack of it, shows that we take our responsibilities very seriously indeed. NOPEF has had to lead just one strike in its fifteen year history. I will not say who it is that is being forced to take industrial action, but I have mentioned the name of the union.*<sup>32</sup>

## **5 Organized Labour Asserts its Traditional Rôle**

It is always difficult and sometimes misleading if any particular event or year is used to mark an important change in the historical development of a theme. Nevertheless, 1977 is widely recognised as a significant date in the history of the Norwegian offshore oil industry because it serves as a watershed, separating the years when the employers in that industry exercised almost total autonomy in their *modus operandi* from the period when they were gradually brought into conformity with other Norwegian-based employers.

There are several reasons which make 1977 significant but most important of these is that the Storting<sup>33</sup> passed the Working Environment Act. In its 1992 Annual Report the Norwegian Petroleum Directorate made this comment:

*The introduction of the Working Environment Act in 1977 is a crucial element in the process towards the institutionalization of the Norwegian oil industry. The act not only protected the workers' rights, but also forced a general process of*

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<sup>31</sup> Quoted in Anderson, S. V. (1988) *British and Norwegian Offshore Industrial Relations*, p. 46. Gower Publishing, Avebury.

<sup>32</sup> Karlsen, K. op. cit.

<sup>33</sup> The Norwegian parliament.



*co-operation between the supervising authorities, the oil companies and the unions.*

T.V. Quale made a similar point, when he argued that the act required conditions of work offshore to be improved continuously *in tune with technological possibilities and social development* and that employee participation must be a central measure *both in assessing the quality of the work environment and in planning/implementing changes.*<sup>34</sup>

An official statement about the act is given below not just to confirm the interpretations quoted immediately above but to demonstrate the extent of the statutory obligation upon all employers to implement an employee relations policy very much in line with what the Norwegian trade unions had asked their government to enact. This 1977 act entitled Norwegian trade unions to a measure of power within the offshore oil industry, that was far beyond any realistic hopes of British trade unions which, by that year, had still to recruit sufficient members offshore to make a claim, even for the simplest of representational rights, a credible proposition.

*Solution of an enterprise's working environment problems shall be reached through close co-operation between the management and the employees. A number of the Act's provisions expressly stipulate co-operation in questions, concerning, for example, technology, the organization of work, planning systems, building work etc.* There follows a comment on the importance which the act lays upon individual judgment and professional responsibility and the text takes up again. *Through their shop stewards the employees are also ensured influence over such questions as work on Sundays and public holidays etc. By virtue of the Working Environment Act formal institutions/bodies shall be established to ensure that the employees can exercise influence in working issues.*

*In every enterprise covered by the Act (basically every enterprise that employs labour), one or more protection officers shall be elected, depending on the size and nature of the enterprise. It is the protection officer's duty to take care of the employees' interests in matters concerning the working environment and to see that the work can be carried out in a thoroughly safe and sound manner.*<sup>35</sup>

Another reason for recognising 1977 as a useful date to divide earlier from later developments in the industrial scene offshore is the more positive interest taken by LO. As already stated,<sup>36</sup> LO had realised that its policy of expecting existing trade unions to expand into the offshore oil industry had failed lamentably and, moreover, a non LO union, OFS was, by contrast, successfully recruiting members. Accordingly, it founded that year a new trade union, NOPEF, which was designated to cater for all employees in the oil industry.

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<sup>34</sup> Quale, T. V. (1986) *Safety and Offshore Working Conditions: the Quality of Work Life in the North Sea* p. 37. Norwegian University Press (distributed outside Scandinavia by Oxford University Press).

<sup>35</sup> The Royal Norwegian Ministry of Foreign Affairs. (1983) *Industrial Democracy in Norway* UDA 167/83 ENG.

<sup>36</sup> v. p. 77 supra.

A third reason which was to become increasingly associated with the drive for union membership - and thereby greater participation of non-managers in the operation of offshore installations - was accident prevention. The very name of the act meant that safety was implicit in its prime objectives. Three years were to pass before the dreadful tragedy of the Alexander Kielland, which capsized with the death of 123 persons. However, public and political concern had already been growing as a consequence of the number of serious accidents offshore. Justifiably or not, the oil companies were accused of attaching too low a priority to the provision of a safe working environment and their hostility to employee participation, especially through trade unionism, was suggested, if not asserted, as a contributory factor to these accidents. In 1975 there was a fire on the Ekofisk Alpha platform and three workmen died. Two years later a blow-out occurred on Ekofisk Bravo and, although no deaths resulted the pollution was immense leading the International Labour Organization to include it among the five offshore oil disasters which have had major repercussions on safety policies and regulations.<sup>37</sup>

For a full understanding of the position in 1977, however, an analysis of the reasons for the Working Environment Act is necessary. In the early years of oil exploration few Norwegians were employed and the industry did not attract much attention from the government nor, must it be said, from the trade unions. Then rumours, followed by more substantiated allegations about the methods of work on installations such as uncontrolled hours of work, unsafe working practices and unprotected security of employment, began to attract comments. Once the government had decided that the rumours and allegations deserved its attention it found that it did not possess sufficiently reliable information upon which it could base any action.

It was known that Spanish and Portuguese workers were employed offshore in Norwegian waters and that many were accepting tours of duty that were as long as six months. The Norwegian inland revenue was the first national institution to become involved in employment offshore because expatriate workers requested that, although located in Norwegian waters and consequently paid in Norwegian currency, they should be taxed at the much lower rate prevailing in their own countries. This concession was not permitted but the case did draw public attention to the fact that there was a growing industry offshore. The government lacked the information necessary to introduce legislation because the drilling companies had claimed that the Workers Protection Act of 1956 referred to fishing and to marine transport but not to offshore installations.<sup>38</sup> As a result the Labour Inspectorate (the Norwegian equivalent of the UK Health and Safety Executive) which was charged with ensuring the proper implementation of the 1956 act did not include any comment or statistical data about offshore installations in its annual reports.

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<sup>37</sup> International Labour Organization, *Safety and Related Issues pertaining to Work on Offshore Petroleum Installations*. TMOPI/ 1993. The other disasters were the Sea Gem ( 1965: 13 lives lost), the Alexander Kielland (1980: 123 lives lost), the Ocean Ranger ( 1982: 84 lives lost) and the Piper Alpha( 1988: 228 lives lost). The Ocean Ranger was a Canadian installation.

<sup>38</sup> v. p. 76 supra.



To remedy this situation the government carried out a public inquiry into employment offshore and its report (NOU 1975:38<sup>39</sup>) found that the bulk of the allegations were correct, not least that there was overt hostility towards the trade unions by the managements. This report allowed the government to proceed with legislation aimed at remedying problems which had developed in Norwegian employment practices as a whole since the 1956 Workers' Protection Act when there had been no offshore oil industry. The 1977 act applied to all employment, onshore and offshore (although mobile units were not brought within its scope until 1992) and so employment legislation was applied to the bulk of the offshore oil industry for the first time. Quale expressed the sentiments of the offshore installation managers at the passing of the act thus: *There is nothing we can do, we just accept what we are being told to do by the government and unions etc, - it is very expensive, - but if this is the way they want it, they can get it.*<sup>40</sup>

At this point it must be remembered that Norway is a societal-corporatist nation. Much of the pressure on the government to force the offshore oil industry to conduct its business inside the same legal parameters as other enterprises operating within the nation had come from the trade unions or, more precisely, from LO. The Norwegian trade union confederation had its own agenda - statutory rights to engage in collective bargaining and other traditional representative rôles offshore, which in turn would smooth the path to increased membership of NOPEF and take the wind out of the sails of the upstart OFS. Nor was the government averse to this objective. Most importantly, it was seeking to tread a middle path between conciliating its electorate, which clearly disliked what it interpreted as the deliberate flouting of traditional Norwegian employment practice, and retaining the co-operation of the oil industry, which was now pouring capital into the economy and providing Norwegians with a higher standard of living than they could have envisaged a few years earlier. A significant contribution towards retention of the industry's co-operation could be gained by ensuring an orderly state of employee relations within the industry. The OFS was regarded as a loose cannon making life more difficult than it need be for oil companies and the growth of an LO union offshore, preferably associated with a decline in OFS influence, would restore greater order to the conduct of industrial relations. Just as LO could bring pressure on the government, so, in its turn, could the government bring pressure on LO if it believed this was required in the national interest. Although not by nature a compliant creature, the LO was committed to a form of collective bargaining and dispute resolution which had been long established and was widely acceptable to the nation as a whole. No such commitment could be expected from OFS. This argument was put succinctly by Andersen as follows:

*The recent interventions by the Government, parliament and LO have been motivated by macro-economic considerations, not by violations of workers' rights. OFS, rather than the international oil companies, is perceived to be the*

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<sup>39</sup> NOU is the abbreviation of Norsk Offentlig Utredningen, which translates as "Norwegian Official Publication". An NOU is a report carried out by the government when specific facts are needed on an issue of national importance.

<sup>40</sup> Quale, T. V. op. cit. p. 33.



*key source of the problem. Further success for this union is regarded as a major threat to the corporatist system for wage settlements, which is under pressure already.*<sup>41</sup>

There was no sudden surge of worker empowerment aboard offshore installations following the 1977 Working Environment Act for the simple reason that it was not possible for a new industry to transform its work practices immediately into the patterns of participation that had been common for decades among enterprises onshore. Moreover, although there was gradual modification of previous employment practices, a host of interconnected problems impeded the process. To begin with, according to Andersen,<sup>42</sup> both government and established unions persisted with their previous strategies for about another three years, and were reluctant to demand instant adherence to those parts of the act which the oil companies found most unwelcome. This could be interpreted as a sensible approach allowing the oil industry time to adjust to what was a totally new relationship with a host nation and their employees, its citizens. There were other more specific and certainly more complicating factors. For example, a fair proportion of the workers offshore did not come from union backgrounds and even those who did sometimes dropped their membership, not least because the salaries were high enough for them to adopt middle class attitudes and values. Many workers in any case did not reflect the political attitudes of LO and its close relationship with the Social Democratic Party, which is so dominant in Norwegian politics. Quale believes that *the Norwegian offshore worker, so far is not a typical labour movement affiliated member of the proletariat, - if such exist anywhere in the country any longer.*<sup>43</sup> Another factor was the shift system with workers being flown to and from the installations at regular intervals and thus not experiencing a settled or routine work environment. Continuous work periods were and remain long, with twelve hours not being unusual, and the physical effort left only the most dedicated of trade unionists willing to surrender free time to worker-employee relationships.

The immediate operation of the act was impeded in the main by another matter, which was also to have considerable bearing on industrial relations on the UK continental shelf about a decade later. This was the presence on installations of contractors' and sub-contractors' employees of whom Bergflodt has this to say:

*.. the overwhelming problem was rooted in an age-old peculiarity of the oil business; the contractor and the sub-contractor systems.*

*In the seventies and eighties, contract workers swarmed the North Sea, many of them without approved time systems which would have indicated periods offshore/onshore. More often than not, they were subject to minimal rates of pay and inferior working conditions, "employed" as they were by dubious and obscure companies, address unknown.*<sup>44</sup>

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<sup>41</sup> Andersen, S. V. (1984) *Conflict over Labor Relations in the Norwegian Petroleum Sector: Report 3/84*. p. 90. The Norwegian School of Management, Oslo.

<sup>42</sup> *ibid.* p. 88.

<sup>43</sup> Quale, T. V. , *op. cit.* p. 23.

<sup>44</sup> Bergflodt, O. *op. cit.*

From the very beginning contractors' employees muddied the field of employee representation offshore and, to some extent, have continued to do so, although Bergflodt, in the excerpt quoted immediately above, suggests a more chaotic situation than was really the case. Nevertheless, the operators, in both Norwegian and British waters, have always tried to distance themselves from the requirements of employment legislation by reducing, to the maximum extent possible, the number of direct workers on their installations. The building of the oil installations on the Frigg and Statfjord fields in the late 1970s was carried out in the main by experienced shipbuilding employees, who were already organized in the Iron and Metal Workers Union and within which they preferred to remain. Their leaders were accustomed to dealing with onshore employers and had difficulty in adjusting to the demands of offshore work. In addition, in these earlier days of the Norwegian offshore oil industry, the main contractors were often foreign companies. The construction of the Statfjord "A" installation, for example, was shared between three companies - Brown and Root, MME and Condeep, the last from Oslo and the two others from London. Even Norwegian contractors found it difficult to influence the operators because the oil companies did not join the Norwegian Employers Association until 1981 and in many cases did not feel inclined to take issue with the operators with whom they were involved for a limited time only. Pelion was heaped on Ossa when the contractors devolved work to their sub-contractors and working conditions were seen as secondary to the intricacies of the contract patterns.

When it is recalled that there was also conflict between unions over the right to organize employees, it is perhaps not surprising that there was no immediate harmonisation of conditions of employment offshore and onshore. This had been a principal objective of the Working Environment Act. Chapter V11 of the act stipulated that all enterprises, which regularly employed at least 50 persons, had to establish working environment committees with equal membership between employer and employees. Safety delegates also had to be elected and were accorded considerable powers, including the right to require operations to cease, pending a visit by the Safety Inspectorate, if they considered them to be dangerous. Although the act makes no specific reference to trade unions, it was envisaged by its framers that the employee members of the environment committees would be trade unionists, preferably from NOPEF and that, likewise, the safety delegates (there had to be one for each separate shift and for different workstations) would be union members. This did not occur as quickly as had been expected because of the fragmentation of the trade union presence offshore, the control of the installations by employers who were less than enthusiastic about union power and the complex composition of the workforce arising out of the contractor system of work. The act did, nevertheless, permit the government to establish at a later date the rules concerning the composition of working environment committees and the right of local trade unions to appoint safety delegates. Soon it became incumbent upon employers to permit trade unions with 50% membership on an installation to appoint worker representatives on to the working environment committee. By the mid-1980s the act had gradually been moved into full operation offshore and the power of organized labour had been asserted in Norwegian waters to a degree unthinkable in the oil industry but a few years previously.



It will be appropriate to mention here another factor which accounted for the slow absorption of the 1977 act by the oil industry. In 1972 the government had set up the Norwegian State Oil Company or Statoil as it is usually known, the objective of which was *to carry out exploration, exploitation, transportation, refining and marketing of petroleum.*<sup>45</sup> Its other important function was *to encourage rapid development of native expertise in petroleum technology and hence to improve the state's capacity to fully participate in all aspects of the industry.*<sup>46</sup> The government realised that *the best means of getting a full grasp of the petroleum operations is active participation at all levels of the activity. This may only be achieved through direct state involvement.*<sup>47</sup> The state thus became an employer in the industry even if in the initial stages it was dependent on the co-operation of experienced operators such as Mobil with which it was first associated in the Statfjord field. In short, Norway was anxious to become a main player in the exploitation of her lucrative national resource.

Regulatory control of the industry was recognised as essential and soon it became evident that a special agency would have to be created for this purpose. The Norwegian Petroleum Directorate was established in April 1973 with the joint responsibilities of enforcing legislation and planning future developments for Statoil. It was, however, given insufficient resources and its rôle of both regulator and planner was criticised as contradictory. There was thus a curious similarity with the Petroleum Engineering Division of the Department of Energy in the UK which was responsible for the enforcement of safety legislation in British waters from 1980 until 1989.<sup>48</sup> This shortage of resources, especially staff, led to the accusation of weakness on the part of NPD where the interests of Statoil, and by implication of other oil companies, were concerned. There were even assertions that NPD was controlled by Statoil rather than the reverse and certainly NPD in the late 1970s appeared to carry out its duties through dispensations, such as exempting oil companies from legislation when its enforcement (the statutory duty of NPD) might seem to hinder the rate of exploitation. This was admitted some years later by the Director of NPD in 1984 when he said that his organization *had been kept behind in the growth of resources in relation to the growth of activities on the shelf.*<sup>49</sup>

In 1981 the oil companies, under pressure from the government, joined NAF and so became parties to all general agreements between it and LO. This meant that the Basic Agreement, thrashed out over the years 1982 to 1985, became applicable offshore. This is not the place to discuss in detail the Basic Agreement, a direct descendant of that signed in 1935,<sup>50</sup> other than to mention that every enterprise with over 100 employees<sup>51</sup> had to have a works committee with equal representation from management and employees. On offshore

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<sup>45</sup> Visser, M. G. & Remøe, S. O. (1984) *The Rôle of the State in the Norwegian Oil Sector, Politics and Society*, 13, pp. 321 - 341.

<sup>46</sup> *ibid.*

<sup>47</sup> *ibid.*

<sup>48</sup> v. Chapter 11 *infra*.

<sup>49</sup> *ibid.*

<sup>50</sup> v. p. 70 *supra*.

<sup>51</sup> As compared with 50 as stipulated in the act, a figure which still applied onshore.



installations it was accepted that the works committees and the working environment committees could be amalgamated as single bodies. Oil companies had now bowed to the inevitable. They had been driven to recognise trade unions for collective bargaining and other representational purposes, and where membership of working environment committees was involved, they had often to accept the nominees of the trade unions. On the other hand, while the oil companies were now having to operate within and not without the national industrial relations system, neither the government nor the LO had attained all their objectives. The main beneficiary of the legislation was OFS.

## **6 Industrial Action and OFS**

The government and the LO had argued with the oil companies that industrial peace would be the probable outcome if the companies accepted the spirit as well as the letter of the Working Environment Act. It was a reasonable expectation that, once the Norwegian form of industrial democracy was operating offshore, any disputes could be resolved within the system established to deal with them. Norway, in common with other Scandinavian nations, has a Labour Court to which all disputes which arise during a period of a contract must be referred. These are disputes of "right" and the Labour Court will decide in the case of any disagreement how a collective bargain is to be interpreted. Withdrawal of labour may not be used as a form of industrial sanction during the period of the contract. Disputes of "interest" can occur during negotiations for a new contract. If mediation, which is compulsory in this situation, fails, the unions are free to organize a strike.

OFS was not a member of LO but it naturally took advantage of legislation concerning working environment committees and safety delegates as it was perfectly entitled to do; Norway, like Britain, does not disqualify any union outside the principal trade union confederation from the protection of its laws. On the other hand, OFS followed its own objectives and, not sharing the corporatist approach of LO, sought to circumvent government incomes policy which was dependent upon moderation in wage settlements during a national price and wage "freeze" from 1978 to 1980.

The government, nevertheless, did allow national unions to carry out some limited negotiations during this period but OFS, representing considerably fewer than 50% of offshore employees, was not seen to be within this category. Membership statistics, especially of smaller unions, whether in the UK or in Norway, are often of dubious accuracy, not least because it is in the interests of the unions to make themselves appear bigger than they really are. In the United Kingdom, for example, the National Union of Mineworkers in the early 1980s was affiliating far more members to the TUC than were in employment in the industry. OFS in a paper published in May 1993<sup>52</sup> claimed a membership of 6,000 while the *Statistical Year Book 1994*, an official government publication, gives 16,119 as the number of persons employed in 1992 in crude petroleum and natural gas production. Thus, as late as 1993 OFS could claim a membership of

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<sup>52</sup> OFS. (1993) *What is OFS and how did it come about?* p. 2. Stavanger.

no more than 37% of offshore oil employees. A 1991 publication<sup>53</sup> states the OFS membership as low as 4,100. It is, therefore, unlikely that OFS at the end of the 1970s had as high a percentage of offshore employee members as today and that, quite apart from being seen by the government as an irritant, it could not be considered to have national status and so be entitled to negotiate for an entire industry.

Unsurprisingly, OFS realised that the inability to negotiate with the oil industry as a national union would be an admission of failure and so a series of strikes took place accompanied by lobbying on the political front in Oslo. By virtually surrendering to *force majeure* - though small in membership OFS controlled the vital occupations offshore - the government conceded national status to the union. The next aim of OFS was to move from negotiating with individual companies to negotiating a common set of conditions with the three companies operating in Norwegian waters - Elf, Phillips and Mobil. The companies refused and OFS immediately took strike action effectively stopping all oil and gas production. It was almost as if this little union revelled in its power, especially as it enjoyed the benefit of a curious anomaly. While all contractors' men were sent back onshore, legislation made it necessary to retain most of the strikers offshore with pay so that the safety of the installations could be maintained. The government eventually intervened and referred the issue to the National Wage Settling Committee, which was faced with the problem that, for the first time in modern Norwegian history, an approved national union was being denied a collective agreement with an industry. OFS achieved its primary objective of obtaining a framework agreement whereby general conditions of employment such as working hours and duty rotas were to be applied commonly across the industry.

This was seen by OFS as only a first step and soon industrial action was in train again as the union sought a common wage system recognised by all operator companies instead of the existing wide differences in wage levels and payment structures. Wearied by what they saw as continual harassment by the union, the employers surrendered and a common payment structure, which incorporated the most advantageous aspects of the individual systems, was agreed. This was also a break through on the preferred national system of wage negotiation whereby the government, LO and NAF settled payment levels with an eye to the national economy. The person responsible for this was Arne Rettedal, Minister for Municipal Affairs and Labour Relations in the government of Kåre Willoch, Prime Minister of Norway from October 1981 to May 1986. He made it quite clear to the industry that if it did not begin to conform to the Norwegian pattern of reaching agreements between employers and employees there might be problems in the award of the next round of licences to explore for oil in Norwegian waters. It was this threat as much as anything else which brought the oil employers into the NAF as they realised it was no longer in their interests to operate apart from other employers and outside the support of the state.<sup>54</sup>

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<sup>53</sup> OILC. (1991) *Striking Out*, p. 84. OIC, Aberdeen.

<sup>54</sup> For a brief account of the origins of OFS and its philosophy see article by Per Chr Bonde, a board member of the union, in the November 1993 issue of *Blowout*, the OILC publication.



This policy which the government imposed upon the oil companies has come to be known as the "Willoch Doctrine", although the former prime minister has claimed in a letter to the author that he was *not familiar with the expression* and generously acknowledged that *praise for the achievements in bringing order into the bargaining between employers and employees in this industry should, however, be given primarily to the then minister.*<sup>55</sup> The policy did confer some benefits on the offshore employers as well. They now had the support of NAF and the government in any further trials of strength with OFS. The government has the legal power to require any lock-out or strike to cease if it judges the action likely to threaten life, public health or national security. The government has made extensive use of this power and every main wage negotiation has been subsequently referred to the National Wage Settlement Committee. The employers have also begun to use stratagems which the OFS claim to be unfair but which are no less unworthy than those adopted by OFS. Principal among these has been the practice of declaring a lock-out on all remaining installations when OFS has initiated a limited strike on one or two of them. Since this leads to the complete shutdown of all oil and gas production it has invariably meant that the government uses its interventionist powers. OFS has complained to the International Labour Office in Geneva about this, alleging that the practice is tantamount to *ad hoc* anti-trade union legislation and for a period Norway, of all nations, was placed on the ILO list of "less civilised" countries.<sup>56</sup>

OFS finally realised the limitation of its ability to mount successful strikes in 1990, when the government intervened only 36 hours after a legal strike had started. Incensed at what they took to be deliberate provocation by their government, the strikers informed their union that they would defy the government and thus removed themselves from the protection of the law. Employers issued formal warnings to desist from industrial action and dismissals followed when these warnings were ignored. NOPEF threw its weight behind the employers hoping to garner some members from what it hoped would be an OFS débâcle. The strike was over within seven days and OFS had to start to rethink its policy and practice.

Its leadership did not consist of hotheads who had come together as a result of one particular occurrence. It had fifteen years experience of running a trade union and dealing with employers in an industry which it thoroughly understood. It secured reinstatement of all dismissed workers through quiet and sensible bargaining suggesting to the oil companies that these men were, after all, highly trained persons whom it would be expensive to replace with other employees who would need training and greater supervision. Doubtless certain understandings were extracted from the union by the employers as to the future conduct of its members when disputes arose; perhaps the employer

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<sup>55</sup> The author finds the disclaimer by Mr Willoch mildly surprising since the term "Willoch Doctrine" was used by Professor Jan-Erik Karlsen when the author discussed industrial relations in the Norwegian oil and gas industry in 1995 and he has seen it used in some texts. Perhaps it indicates the modesty of the man. Since few research students can have had the honour of a letter direct from a prime minister, Mr Willoch's letter is included in the text of the thesis and not relegated to an appendix.

<sup>56</sup> OFS claimed that government action was in breach of ILO conventions 87 and 98.



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representatives even praised the Norwegian system of collective bargaining which they themselves had once treated with contumely and suggested that it should be adhered to at all times. The union has also been prepared to offer sympathetic action in support of disaffected groups of contractors' employees who have been denied support by their own unions onshore (possibly for good reasons). This in its turn has led to the operators putting pressure on their contractors to "sort things out quickly or lose the contract" and maintenance and construction companies have reached agreements with OFS.

OFS is not like other unions in Norway. It has followed a policy of taking industrial action whenever it has believed that its members will benefit and it will probably continue to do so. This approach justifies the comment of Ronnie McDonald, the former General Secretary of the Offshore Industry Liaison Committee, that it is *economistic* in outlook, *lacks any social dimension* and exists solely for its membership.<sup>57</sup> It remains outside the societal-corporatist framework of Norway but it has one tremendous asset which will ensure its survival for the next few years at least. Offshore oil workers feel strongly that their occupation gives them an identity of their own and OFS responds to this by being a trade union that is specifically for them with no other constituency to compete for attention. This point will be taken up again when analysing the origins and practice of the Offshore Industry Liaison Committee, with which similarities are often made.

As Karlsen stated in his paper, the turbulent industrial relations in the oil industry during the 1980s were certainly not the fault of NOPEF.<sup>58</sup> Such was the ferment in Norwegian offshore industrial relations in the 1980s that the nation seemed highly strike prone and it might have appeared that the "British disease" i. e. the propensity to withdraw labour at the slightest pretext, had been passed on to Norway. Bad weather, accidents and technical problems all occurred but their contribution to production irregularities were minimal compared to industrial disputes. The actions of the OFS could at times be criticised as irresponsible and, indeed, this was often the opinion of most Norwegians. It caused the government to adopt a policy which was untypical in the context of the nation's industrial relations history because oil revenues had become integral to the continuing prosperity of the nation. Yet it cannot be denied that Norwegian employees in the offshore oil and gas industry have much more favourable terms of work than prevail on British installations and that trade unions have secured the right to represent those employees who have taken out membership. To this satisfactory state of affairs OFS has made its own contribution.

## 7 Summary

Over forty years have passed since Christopher Dawson stated that *the essence of history is not to be found in facts but in traditions*.<sup>59</sup> He suggested that a

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<sup>57</sup> Comment to the author in February, 1995. See also Andersen, S. (1984) *op. cit.* p. 71.

<sup>58</sup> v. p. 78 *supra*.

<sup>59</sup> Dawson, C. (1957) *The Dynamics of World History*, p. 273. Sheed and Ward, London.

people's beliefs drive, shape and infuse energy into the societies they form. Their cultures arise out of three main influences : race, environment and occupation or, as alternatively put, genetic, geographical and economic factors. To these must be added a fourth element, thought or the psychological factor. *The formation of a culture is due to the interaction of all these factors; it is a fourfold community - for it involves in varying degrees a community of work and a community of thought as well as a community of place and a community of blood.*<sup>60</sup> Many years later Professor A. D. Smith of the London School of Economics shared Dawson's view when he defined a nation as *a named human population sharing an historic territory, common myths and memories, a mass, public culture, a single territorial economy, and common rights and duties for all members.*<sup>61</sup> A nation racially homogeneous, inhabiting a well defined geographical area of Europe which offered limited economic opportunities had developed a particular social tradition, which was the property of the whole society: this nation was Norway. It was this aspect of history that the oil companies had never felt the need to consider and it explains in large part the reaction of the Norwegians to the initial impact of the offshore oil industry; it was an assault upon their culture.

Quale says much the same although he approaches the matter from the aspect of the oil companies rather than of the Norwegian culture. *Transfer of experience from one part of one international oil company to another, is slow at best - and frequently only by chance.*<sup>62</sup> This is at least one reason, he asserts, for their initial lack of understanding or acceptance of Norwegian traditions and conventions in the employment of its citizens.

Strangely, as Andersen points out, in the earliest formation of its strategy for oil development the Norwegian government was most successful where it had least experience and least successful where it had most experience.<sup>63</sup> It secured vast revenues from the oil companies through its concession policy and the creation of Statoil, a publicly owned commercial company and it established the Norwegian Petroleum Directorate to determine the overall policy for the management of the industry. On the other hand, it allowed employee relations in the industry, as if in a fit of absentmindedness, to drift into a situation where it had to take remedial action or suffer unpopularity from the electorate.

The explanation for this lies partly in the determination of policies and structures which would allow a valuable commodity, oil, to be exploited in the interests of Norway. This required a degree of control over the multi-national companies which were the organizations chosen<sup>64</sup> to develop the resource but it had to be a form of control which did not antagonise them. The great Scottish divine, Dr

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<sup>60</sup> *ibid* p. 5.

<sup>61</sup> Quoted by Edward Mortimer in the *Financial Times* on 31st July, 1996. Unfortunately he gives neither the date nor the publication.

<sup>62</sup> Quale, T. V. *op. cit.* p. 65.

<sup>63</sup> Andersen, S. V. (1984) *op cit* p. 49.

<sup>64</sup> In the UK serious consideration was once given to the establishment of non oil-based consortia as alternatives to the oil majors in the development of oil and gas fields e.g. consortia of enterprises engaged in mechanical engineering, shipbuilding, oil refining together with oil users; Harland and Wolf, Trafalgar House, ICI and PowerGen examined the possibility, but decided that the risk was too great. Norway had not any enterprises sufficiently capitalised to make this a realistic proposition.



Chalmers (1780-1847), preached on the *expulsive power of new affections* by which he meant that new philosophies and interests can shut out from consideration other matters which still retain some validity in the circumstances. Thus, in its enthusiasm to control the oil industry in such a way as to enrich the nation, the government simply assumed that the needs of the employees, who would be operating the installations, would be protected. Such an assumption cannot be criticised too harshly because industrial relations in Norway were so highly institutionalised that little thought was given to the possibility that the national system would not operate as smoothly offshore as it had satisfactorily done for decades onshore. Just as the oil companies had given no thought to Norwegian traditions so had the Norwegians ignored the evidence of the oil companies' methods of doing business.

The recuperative process did not take long and by the mid-1980s trade unions had gained a wide degree of recognition in the offshore oil industry. The government had certainly been of prime assistance through its willingness to legislate and pressure from that quarter as well as from the trade unions themselves brought the oil companies to the position where they saw that they could, in Allan Flanders' aphorism, *only regain control by sharing it*.<sup>65</sup> The government, however, did not quite attain its objectives. The Norwegian approach to industrial relations is based largely on the principle that the fullest involvement of trade unions means that union assistance is obtained in the regulation of costs and wages and in the avoidance of industrial disputes. The trade unions in Norway through LO are regarded as full partners in the corporatist state that has evolved over the past sixty years, a system which would have problems for a more populous democracy but which is appropriate for a nation of 4.3 million. Yet as regards the offshore oil industry, by far the biggest contributor to the nation's GNP, industrial relations presents the curious feature of two trade unions, OFS and NOPEF, both recognised by the employers but with the former outside LO and continuing to operate totally independent of government policy.

### Special Notes

**(a) OFS** The term OFS has been used throughout this chapter. These initials represented the original union when it was first formed by operators but as it attracted other groups of workers such as caterers it divided into divisions each with a separate name. It now consists of four divisions - operators, drillers, caterers and employees on floating installations - and although the name of "The Confederation of Oil Employees" replaced the earlier title which referred solely to operator employees, the new organization has the same initials and acts as an umbrella structure for all the divisions.

**(b) Statfjord Field** Statfjord, discovered in 1974, is the world's largest offshore oil and gas field and in March 1995 it passed the mark of 3 billion cubic metres of oil produced. In November 1979 Statfjord "A" started production, while Statfjord "B" and Statfjord "C" came on stream in 1982 and 1985 respectively. Mobil was the operator for exploration, development and production until 1st

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<sup>65</sup> Flanders, A. D. (1967) *Collective Bargaining : Prescription for Change*, p. 32. Faber, London.

January, 1987, when Statoil assumed operatorship. In 1995 Statoil owned 42% of the field, Mobil 12.5% and ten other companies shared the rest.

**(c) Norwegian GDP** The importance of oil to the Norwegian economy is shown by the following table.

Year	1988	89	90	91	92	93	94
Petroleum Sector % share of GDP	8.6	12.3	14.4	14.0	15.0	15.0	16.06
% share of total export value	24.1	28.9	31.0.	32.2	32.0	33.0	34.0

## CHAPTER SIX



## EARLY DAYS OF EXPLORATION FOR OIL AND GAS AND THE ASSOCIATED INDUSTRIAL RELATIONS ISSUES.

In the early 1950s the government of the United States of America issued what came to be known as the Truman<sup>1</sup> Proclamation. Oil was already being extracted immediately offshore in the shallow waters of the Gulf of Mexico and the USA deemed it prudent to lay title to its continental shelf. The term "continental shelf" is defined by the Bank of Scotland as the *shelving area covered by shallow water around major land masses. It may be 50 - 100 miles in width and merges into the steeper Continental Slope, and yet steeper Continental Rise, which descends to the ocean floor.*<sup>2</sup> Other nations took similar action and the principles of these claims were endorsed in 1958 by the International Convention on the Law of the Sea. In the simplest terms the convention gives title to the geological strata under the seas while the seas themselves remain international. At first little notice was taken of this in Norway or Britain, the two nations which had by far the largest share of the continental shelf under the North Sea. Indeed, a Norwegian geologist, on learning that his country now had first claim to any hydrocarbon reserves under its continental shelf, derided the possibility of the existence of oil to the extent of promising to drink every drop found there.<sup>3</sup> Even twelve years later, the Chairman of BP, Sir Eric Drake, believed *that there will be no major oil fields discovered in the North Sea.*<sup>4</sup> Six months later (November 1970) his company found the prolific Forties Field and the existence of oil in commercial quantities under the North Sea had become a reality.

Some ten years earlier, however, Britain had become aware of the success enjoyed by the Netherlands which had discovered large supplies of natural gas on and just off its northern shores. Similar geological strata stretched from the Dutch into the British part of the continental shelf and it was decided to protect British title to it. This was carried out through the Continental Shelf Act of 1964, which incorporated within British law the general principles of the Convention mentioned above and allowed the government to control, through a system of licences, the exploration activities of the transnational oil companies.

### 1 Early Accident Prevention Measures in Offshore Employment

One of the first operators on the scene was BP which contracted with the owners of an ageing decapodal platform, the Sea Gem, for drilling work 43 miles east of the Humber estuary. On 27th December, 1965 the Sea Gem collapsed and 13 of the 32 men on board perished. Thus very early in the

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<sup>1</sup> Harry S. Truman, President of the United States from 1945 to 1952.

<sup>2</sup> Bank of Scotland International Division, (1996) *Oil and Gas Handbook*, p. 16.

<sup>3</sup> Visher, M. G. & Remøe, S. O. op. cit. p. 325.

<sup>4</sup> In a BP publication (October 1965) on discovery of West Sole gas field. Also quoted in Callow, C., (1973) *Power from the Sea: the Search for North Sea Oil and Gas*. Gollancz, London.

history of the North Sea oil industry there had occurred a spectacular accident with attendant loss of life.

The following day the Minister for Power, Richard Marsh, ordered that a public inquiry in the form of a Tribunal be held into the causes of the accident and the operation of the safety procedures. The Tribunal's report<sup>5</sup> was published in July 1967. The cause of the collapse was shown to be entirely structural because tie bars between some of the legs had fractured but the safety procedures were criticised on account of their inapplicability for a structure based offshore. From the industrial relations point of view two important consequences followed.

Firstly, the Tribunal recommended that as in the USA there should be *statutory provisions for regulating the management of Artificial Islands and Fixed Structures on the Outer Continental Shelf. The Tribunal is of the opinion that a code of similar authority supported by credible sanctions ought to be made applicable to British structures of like kind.*<sup>6</sup> The Tribunal was in effect stating that there was now off British shores a totally new industry for which no current statutory controls were appropriate. New legislation was thus necessary together with a different form of man management. Yet the form of man management which the Tribunal recommended was curiously at odds with the immediately preceding recommendation. *It is unlikely that another drilling rig exactly like the Sea Gem will ever be constructed so the recommendations based upon what the Tribunal may think would have made the Sea Gem a safer structure are little to the purpose.*<sup>7</sup> Despite this the Tribunal stated that the *fact that the Sea Gem was lost in the character of a sinking ship suggests strongly that there ought to be a Master or unquestioned authority on these rigs.*<sup>8</sup> Thus the nature of the power which came to be vested in oil installation managers has its origins in what some writers<sup>9</sup> see as a mistaken similarity between a fixed installation offshore and a vessel, whereas the analogy with an isolated land-based construction site might have been more appropriate.

The second consequence was that at this early stage in the history of the North Sea oil and gas industry accident prevention was recognised as a very important factor in the management and operation of offshore installations. Accident prevention has been a constant theme in the subsequent history of the British North Sea oil and gas industry and one of the significant industrial relations aspects has been the failure of the trade unions, as distinct from the employees, to win acceptance from the oil companies that they have a legitimate rôle in the maintenance of a safe working environment offshore.

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<sup>5</sup> HMSO, 1967 Cmnd 3409.

<sup>6</sup> *ibid* para 10.2(i).

<sup>7</sup> *ibid* para 10.1.

<sup>8</sup> *ibid* para 10.2 (iii).

<sup>9</sup> e. g. Macaulay, D. S. (1985) *The North Sea Offshore Oil and Gas Industry: a Unique Arena for Industrial Relations*. Unpublished thesis, University of Edinburgh.



Several working parties were established to consider the nature of the legislation required for offshore installations. Accident prevention was attracting a great deal of attention at this time and in 1970 a distinguished Labour party politician, Lord Robens, agreed to chair a committee of inquiry into the existing legislation, which was a morass of intricate and ill-assorted detail; for example, there were nine main groups of statutes controlling different industries and supported by over 500 subordinate statutory instruments and yet over 20% of all employees in Britain worked in premises not subject to any occupational health or safety legislation. The future scale of the oil and gas industry offshore was not envisaged and an opportunity to include it within the new comprehensive system of safety legislation was missed. Thus while the Robens Committee was collecting the evidence which was to support its recommendations, separate legislation went through parliament for employment offshore. This was the Mineral Workings (Offshore Installations) Act which received the royal assent in 1971. It empowered the Minister of State for Energy to make such regulations as he considered appropriate to secure a safe working environment on installations exploiting fuel and mineral deposits on the UK continental shelf and for a radius of 500 metres around such installations.

The Robens Report was published in 1972.<sup>10</sup> It was the basis of the Health and Safety at Work Act 1974 which remains the principal legislation on the subject more than twenty years later. A basic tenet of its philosophy was that persuasion of employers to act reasonably on accident prevention was preferable to compulsion and that there was *no legitimate scope for collective bargaining* on health and safety. As was commented upon at the time, this latter assertion was somewhat unusual from a committee which had a Labour politician as its chairman and it was to prove a problem which the trade unions were never to overcome offshore. If the principle of voluntarism in the achievement of safe working environments was to apply to all land-based establishments with their millions of employees it was always going to be unlikely that any exception would be made for a few thousand offshore workers, especially when it had been specifically stated that collective bargaining had no legitimacy in this context.<sup>11</sup> Three years after the passing of the Health and Safety at Work Act, the Safety Representatives and Safety Committee Regulations 1977 gave to trade unions recognised by employers the right to appoint safety representatives empowered to demand the creation of safety committees. In every case the representatives were obviously trade union members and so in many onshore companies some elements of collective bargaining entered the provisions for accident prevention.

This was never to be the case offshore in British waters. The position in Norway is quite different because legislation has enabled trade unions to

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<sup>10</sup> HMSO, 1972 Cmnd 5034 (3 volumes).

<sup>11</sup> The question of voluntarism in accident prevention and the effect of the Health and Safety at Work Act 1974 is well argued in Foster, J. and Woolfson, C. (1992) *Trade Unionism and Health and Safety Rights in Britain's Offshore Oil Industry*, passim. International Centre for Trade Union Rights, London.



secure a prominent rôle in the maintenance of safe working environments in establishments on its continental shelf.<sup>12</sup> In even starker contrast the trade unions which represent British seafarers are recognised by the employers and their inclusion on joint safety committees was recommended specifically in the Holland-Martin Report<sup>13</sup> which was published in 1969, an interesting date in this context, coming as it does between the findings of the Tribunal on the Sea Gem collapse and the Robens Report. The legitimacy of the trade unions as joint participants in the determination of safety policies has never been accepted by the employers in the offshore oil and gas industry. Perhaps the scale of the industry was not realised until after the flurry of interest in accident prevention which ended with the Robens Report but, whatever the reason, the British trade unions still do not exercise any representative rôle in collective bargaining or accident prevention in the offshore oil and gas industry.

## 2 Early Industrial Relations Issues

The West Sole gas field was discovered off the Humber estuary in 1965 and production began in March 1967. It was followed by further discoveries in the southern part of the North Sea mainly off the Norfolk coast. The discovery of oil, however, remained the principal goal, not least because the monopoly purchasing position of the British Gas corporation allowed that body to decree a low contract price, which discouraged further development. The Danes had found a small offshore oil field in 1966 but the significant find was made in Norwegian waters where the large Ekofisk field was discovered in November 1969. Although one month later oil was discovered at the Arbroath<sup>14</sup> field about 125 miles east of Peterhead it was the Ekofisk find which was the more significant because it attracted towards that part of the North Sea the exploration activity which culminated in the discovery of the Forties field in November 1970. Intense exploration of the UK continental shelf followed in what the geologists term the Central Graben, the area between the 56th and 62nd parallels of latitude and the first two degrees of longitude east of the Greenwich meridian. From this time it has been common to refer to the Southern Basin which provides natural gas and to the Northern Basin which provides mainly but not exclusively oil.<sup>15</sup>

The discovery of vast reserves of oil under the North Sea was one matter but its extraction was a daunting prospect. In the Middle East oil is located under the surface of the earth and the climate is conducive to its extraction. In Texas and Azerbaijan there are oil fields offshore but since the waters are shallow and the climate benign their exploitation had not posed technical problems of

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<sup>12</sup> v. Chapter Five supra.

<sup>13</sup> HMSO, 1969 Command Paper, 4114. Committee of Inquiry into Trawler Safety.

<sup>14</sup> Some authorities say that it was the adjacent Montrose field that was discovered first but the DTI annual publication *Oil and Gas Resources of the United Kingdom* gives December 1969 as the date when Arbroath was discovered with Montrose as November 1971.

<sup>15</sup> It was from this time that the Scottish National Party has argued that a Scottish nation separated from the United Kingdom is economically viable because "it's Scotland's oil".

the magnitude faced above the 56th parallel of latitude and consequently there were no lessons to be learned from operations in these locations. The North Sea with its deep water and harsh climate required offshore installations of a type and structure that would meet virtually any challenge that the most severe weather could offer. Accordingly there was a sudden demand for such structures, mainly semi-submersible platforms which incorporate legs that are not driven into the sea-bed but which terminate in pontoons filled with air as well as water allowing the whole structure to float at a draught of about 80 feet. The platform is retained in the desired position by using eight or more enormous anchors weighing up to 20 tons. Shipbuilding and other large structural engineering firms won contracts to produce these behemoths and the history of industrial relations in the British offshore oil industry was thus begun.

Nigg, situated on the beautiful Cromarty Firth in Easter Ross, was the unlikely location of the earliest industrial relations episodes in the history of the British offshore oil industry. Highland Fabricators had won a contract to build a jacket for the Forties field with mid-1973 as the target date for the float-out. Nigg offered to the constructors three advantages. It was located on the same latitude as the Forties field, it was in a development area within the terms of the Industry Act 1972 which meant that the company was entitled to considerable taxation advantages and it was virtually a "greenfield" site with no history of organized labour and its associated history of restrictive practices. However, the company soon had to surrender its hope of training sufficient numbers of local people to the engineering standards required by the nature of the task. Welding skills, for example, were so poor that one equipment supplier flew from the USA to find out why Brown and Root (the main contractor<sup>16</sup>) was purchasing so many of his company's machines for gouging out faulty welds.<sup>17</sup> Brown and Root, which elsewhere in the world did not recognise or work with trade unions and which deliberately avoided Clydeside on account of its intransigent trade unionism, found itself with no option but to recruit skilled labour from that area. Since the Clydesiders lived up to their reputation as hard bargainers and Brown and Root fought every concession that was demanded, it was inevitable that the original target date was not met. It was 17th August, 1974, almost the last period of the year when a weather window is available for this operation, before the jacket was eventually floated out. Moreover, the company had expended over £1 million in bonus payments during 1974 in order to achieve this. The oil companies could not but be aware of the fabricators' difficulties in man management and their contribution towards the failure to meet the original target date by over a year.

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<sup>16</sup> Brown and Root were attracted to Nigg by a remarkable local councillor, Isobel Rhind (1924-96). She wrote *I read an article about Brown and Root planning to build oil-rigs in Spain. I phoned (Councillor) John Robertson. Why not Nigg? Then we flew down south to see Sir Philip Southwell, head of Brown and Root, in London.* Obituary in *Scotsman*, 21st May, 1996. v. Appendix BBB.

<sup>17</sup> Rosie, G., (1974) *Cromarty, the Scramble for Oil*, p. 24. Canongate Publishing, Edinburgh.



Nor would the oil companies have failed to notice the power of organized labour in the long and complicated negotiations which dragged on for two years from mid-1974 when there was an attempt to obtain planning permission for the construction of an oil refinery at Cromarty. This curious tale<sup>18</sup> falls outside the scope of this thesis but the significant issue was the ability of the Nigg based workers, who supported the proposed development, to bring pressure on the Secretary of State for Scotland through their trade union leaders and one in particular, Tommy Lafferty of the Amalgamated Union of Engineering Workers, who was to have a prominent and subsequently tragic rôle in the aftermath of the Piper Alpha disaster. Although the Reporter<sup>19</sup> who conducted the Public Inquiry advised against the project, the Secretary of State for Scotland, William Ross, rejected this view after being lobbied by the Scottish TUC which was anxious to retain job prospects in the Cromarty area. Eventually no oil refinery was built but when the Beatrice field was discovered in 1976 about 40 miles north east of Nigg a terminal was constructed to receive the oil and natural gas liquids.

1974 also saw the first negotiations on offshore pay and conditions for employment in Scottish waters and the earliest evidence of the problems which the trade unions in Scotland were to face in their relationship with the oil majors offshore. BP had contracted with GEC Electrical Projects, Rugby for approximately 30 commissioning engineers to carry out electrical work on four Forties field rigs using company equipment manufactured at Rugby and GEC had negotiated an agreement for pay and conditions through their own engineers' trade union (ASTMS) representative at Rugby, Geoffrey Gilliatt.<sup>20</sup> This agreement was signed on 17th September, 1974 and Gilliatt sent a copy to the union's area officer in the west of Scotland, Campbell Reid, who from that date has been a prominent player on the offshore industrial relations scene. In acknowledging receipt of the document Reid congratulated Gilliatt on achieving the agreement and stated that there were three factors which were inhibiting the establishment of normal relationships with oil companies: the refusal by managements, as a matter of policy, to tolerate trade unionism offshore, the reluctance of managements to establish contact with trade union officials and the difficulty of recruiting members. These three factors have remained permanent features of offshore industrial relations

There is a further significant comment in Reid's letter to Gilliatt; he asks Gilliatt for information on the offshore oil industry. Here we have a senior trade union official from Scotland seeking information about an industry where

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<sup>18</sup> Rosie, G.,(1978) *The Ludwig Initiative: a Cautionary Tale of North-Sea Oil*. Mainstream Publishing Company, Edinburgh.

<sup>19</sup> George Maycock of the Scottish Office. It is interesting that the advocate for the proposed developer (the USA entrepreneur Daniel K. Ludwig) was James Mackay who later became Lord Chancellor from 1987 to 1997.

<sup>20</sup> Geoffrey Gilliatt's status within ASTMS is not clear. His branch secretary, writing to Clive Jenkins, refers to him simply as "one of our members" while Gilliatt describes himself as "an ASTMS representative working for GEC Electrical Projects". His correspondence is a model of clear English and suggests he must have been a most effective negotiator for his colleagues.



he hopes that his union will have a presence from a member based at Rugby in central England. Gilliatt's reply (17th October, 1974) is interesting and so relevant to the development of this thesis that one paragraph is quoted in full:

*Referring to the negotiations themselves, we found that the real facts were almost impossible to obtain. We know that our own management attempted to obtain information from every known offshore firm. Fortunately they too were unsuccessful. We actually finished the negotiations using bluff and threats.*

Four days later Gilliatt wrote to Reid to say that BP staff had learned of the pay and conditions agreed for the GEC contract engineers and had found them much better than their own. This had made them unhappy with the BP management and Gilliatt recommends a Bill Fifoot (described in Gilliatt's letter of 17th October as *the first Engineer to go offshore*) as a recruiting officer for the union among BP staff. BP management had also become aware of the GEC contract and did not like its probable consequences in relation to their direct employees. Gilliatt concluded by asking Reid to keep this information confidential in order *to safeguard my source of information.*

In early November 1974 BP wrote to GEC Electrical Projects advising that it had changed its programme and requirements and that the agreement of 17th September no longer applied. Salaries were to be reduced by £136 per month (a huge amount in 1974), staffing was to be reduced from 30 to 8 and that the rotation pattern was to change from two weeks on / two weeks off to three weeks on / one week off. Gilliatt decided that such drastic amendments to agreed conditions of work and the unilateral way in which they had been imposed demanded that he seek assistance at a high level. On 8th November, 1974 he wrote at length to William Price, Member of Parliament for Rugby, complaining of BP's method of doing business but in particular drawing to the attention of Price the virtually overt anti-trade unionism of the company. In particular he asked if it was possible for the government to make a statement of its policy towards trade unionism.<sup>21</sup> Gilliatt wrote to Reid three days later saying that *The time has come to ask for National help from all sources possible.* Price forwarded Gilliatt's letter to Michael Foot, Secretary of State for the Department of Employment and received an official reply on 11th December, 1974 from the Minister of State, Albert Booth.

This short letter<sup>22</sup> is of considerable interest on account of its final sentence. After saying that support for trade unionism in general will be ensured through provisions in the Employment Protection Bill which was in the early stages of its passage through parliament, the Minister of State wrote as follows:

*Naturally we are anxious to see the development of trade unionism on oil rigs as anywhere else, and I understand that the Companies have agreed to*

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<sup>21</sup> This letter is given in full as Appendix A.

<sup>22</sup> This letter is given in full as Appendix B.

*recognise trade unions when they have sufficient membership among those working on oil rigs to warrant this.*

The Employment Protection Bill was to receive the royal assent in 1975 and it gave to trade unions and their individual members as much protection as they sought. Yet for reasons which will be discussed later the provisions of the act were never to apply offshore, support for the development of trade unionism offshore was never provided by the government of 1974-79 to the extent that trade unionists felt they were entitled to receive from a Labour Party in office and "sufficient membership" was never attained on any offshore installation to extract the degree of recognition which trade unions needed to carry out what they saw as their legitimate functions.

As regards the particular case of the GEC Electrical Projects this was settled in December 1974 when Gilliatt negotiated a new financial agreement with BP including the retention of the two weeks on / two weeks off pattern of employment. However, the focus of attention must now move to Aberdeen, where the trade unions had established a body to co-ordinate their policy towards the new industry on their doorstep, principally that of securing collective bargaining rights from the offshore employers.

### **3 The Inter Union Offshore Oil Committee**

It was clear from the time that oil was discovered in commercial quantities off the shores of North East Scotland that Aberdeen would be the location of the oil companies' administrative headquarters. Indeed, by 1980 the term "Oil Capital of Europe" had entered common parlance. Not only was the city advantageously placed geographically but it offered a large harbour, an airport capable of expansion, effective rail communications and educational institutions such as an ancient university, an advanced technological institute which was later to be granted full university status and good state and private schools. In short, far from being the "ultima thule" of Britain, it was a city which offered many attractions to the type of business executive who would be managing the industry from company headquarters onshore.

Aberdeen also shared with its regional environment a level of industrial disputes which was below the national average, although this was not a factor in the establishment of oil companies there. Various reasons for the placid industrial relations have been suggested such as the absence of large sized establishments, no history of industrial militancy and perhaps most importantly out-migration, which from 1951 to 1969 was the highest in any part of Great Britain.<sup>23</sup> Emigrants came from all classes but were preponderantly young skilled artisans and the author recalls attending a public meeting in 1966 to discuss ways of increasing employment opportunities in the region. The

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<sup>23</sup> The North East of Scotland Joint Planning Advisory Committee. (1975) *The Regional Report*, p.11.



discovery of oil totally reversed this situation but the decades preceding it had seen the development of strong local trade unions which were recognised by their members as useful agents in the defence of jobs and conditions of service. Rather unusually for a city of its population (under 200,000 at the 1961 census) Aberdeen Trades Council employed a full-time secretary, which is an indication of the importance placed by local organized labour on their trade unions. During the 1960s this position had been held by James Milne<sup>24</sup> and it is interesting to speculate what might have been pattern of industrial relations in the oil and gas industry if this able and influential figure had not left Aberdeen in 1971 to become Deputy General Secretary and later (1975) General Secretary of the Scottish Trades Union Congress.

One of the earliest documents referring to industrial relations in the oil industry is a contract of employment dated 9th July, 1973 between the Mobilab Division of Smith International (North Sea) Ltd and its employees. A grievance procedure is incorporated but there is no mention of trade unions or of any other procedure. It is clear from documents in the OILC archives<sup>25</sup> that the trade union branches in Aberdeen were already aware that the oil industry was likely to oppose any overtures for collective bargaining on conditions of employment and consequently they had begun in 1973 to organize cohesive action to redress this. It is not possible to be precise about the sequence of events at this stage because surviving correspondence between trade unionists is, infuriatingly for the researcher, often undated and so the contents of letters and documents have to be examined in detail to find the approximate chronological order. A North Sea Oil Action Committee (NOSAC) had been formed in October, 1972 at a meeting in Aberdeen called by CSEU unions with the original purpose of advocating a greater share of the construction of offshore vessels for Scottish yards. NSOAC, however, soon turned its attention to working and living conditions in the nascent offshore oil industry, where the charter rig companies, according to Bob Middleton<sup>26</sup> *employed management techniques and imposed working conditions the likes of which had not been seen in Britain since the Industrial Revolution.*<sup>27</sup> There is little evidence of the success claimed for this local group by Wybrow<sup>28</sup> despite Middleton's statement that things *may well have got worse and most certainly would have continued longer, had it not been for the work of that Committee.*<sup>29</sup> Early in 1974 Danny Martin, Secretary of the Aberdeen District Committee of the Confederation of Shipbuilding and Engineering Employees and a

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<sup>24</sup> Although a member of the Communist Party he was tolerant of other political points of view and never allowed his political belief to affect his duty as the spokesman of the trade unions in Scotland. A lover of classical music his support for the arts is commemorated by an annual concert of music.

<sup>25</sup> See comment on OILC archives at the end of this chapter.

<sup>26</sup> Over the last thirty years Dr Middleton has been a prominent figure in the Labour Party and in local government of North East Scotland. He was Convenor of Grampian Regional Council from 1990 to 1994.

<sup>27</sup> Wybrow, P. (1984) *The Scottish Labour Movement and the Offshore Oil Industry*. T. Dickson (ed) *Capital and Class in Scotland*. Edinburgh, John Donald. p.258.

<sup>28</sup> *Ibid*, passim.

<sup>29</sup> *Ibid* p. 259.



prominent local activist, wrote to CSEU unions that he had received a letter from the North Sea Oil Action Committee suggesting that his committee should convene a meeting of local full-time union officers *who may have an interest in the Unionisation of Oil Rigs*.

The CSEU District Committee called a meeting on 11th February, 1974 where representatives from four of the main constituent unions of CSEU were present along with representatives of the North Sea Oil Action Committee. At this meeting it was agreed that the unionisation of personnel on the drilling rigs and in other oil related employment should be seen as a matter of priority and that a special meeting should be convened to set up an organization, other than NSOAC, to achieve this. There were subsequent meetings of union representatives in March 1974 and it is highly probable that the Inter Union Offshore Oil Committee dates from April 1974 with William (Bill) Reid, the District Officer of the Transport and General Workers' Union as its secretary. Harvie<sup>30</sup> states that *this had the effect of replacing grass-roots enthusiasm with the inertia of the metropolitan union élite* but there was little metropolitanism in a committee consisting entirely of locally based full-time trade union officials, who were far from inert in their endeavours to secure trade union protection for offshore employees, whatever the success of their committee. Using tortuous logic Harvie goes on to assert that union failure offshore arose mainly out of this inertia displayed by leaders such as Jones, Scanlon and Jenkins, a charge these men would have rebutted furiously.

One of Reid's first actions on behalf of his newly founded committee was to write (again an undated letter) to all companies engaged in drilling to apprise them of the formation of the Inter Union Offshore Oil Committee and of its objective of establishing trade union membership offshore with associated collective bargaining rights. In addition, Reid invited the companies to send representatives to a meeting on 14th May, 1974 when progress towards trade union recognition would be discussed. The tone of the letter<sup>31</sup> with its threat to use industrial action if the companies rejected the invitation was unwise and more carefully chosen language without the threat of immediate industrial action might have achieved a better response. Although the letter was couched in terms normally used at that time by many trade union officers in their communications with managers it merely served to confirm in the minds of the oil companies their "idée fixe" that British trade unions were organizations which sought confrontation rather than co-operation with employers.

In a letter of 29th April, 1974 to Gary Morton, who was ASTMS Industrial Officer in North and NE Scotland, Reid stated that he had received one reply only and that was from the Norwegian drilling contractors Smedvig, which said that they could see no benefit in attending the proposed meeting. There is an interesting manuscript addition to the letter, presumably by Reid, which states that 18% of the world's oil supply vessels were in the North Sea and

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<sup>30</sup> Harvie, C. (1994) *Fool's Gold: The Story of North Sea Oil*, p. 238. London, Penguin.

<sup>31</sup> This letter is given in full as Appendix C.

that industrial action could take the form of "blacking" all equipment for the oil rigs at Aberdeen airport. This would have been an unlikely achievement but that Reid was even contemplating this form of action indicates the frame of mind of local trade union officers who really believed that they had the industrial muscle to drive the North Sea employers into accepting them as representatives of their workers. The decision of all the other companies to ignore Reid's letter ought to have given a clear message to the IUOOC of their attitude to any trade union overtures.

In further correspondence with Morton during May, Reid wrote that he had secured an interview with the Administrative Manager of the South East Drilling Company (SEDCO) but there had been no more than an exchange of views. This is a pattern that has been repeated whenever trade union officials have sought interviews with oil company managers. The managers will politely decline to meet the trade union officials on the grounds that there is nothing to discuss or they will meet them only to establish or to maintain friendly relationships which are never expanded to discussion of even the possibility of recognition of trade unions for collective bargaining. Frustrated by his lack of success at SEDCO, Reid asked the Conciliation and Arbitration Service of the Department of Employment to intervene. It is perhaps indicative of the unequal struggle between the oil companies and the IUOOC that the letter sent by Reid to Morton reporting on the outcome of the meeting between SEDCO and the conciliation officer Tom Smith of CAS (later to become Head of the Advisory, Conciliation and Arbitration Service in Scotland) refers to Smith as the "Circulation Officer". The letter is unsigned and it seems probable that Reid had to cope with so many other issues concerning his own union as well as the IUOOC that he had to send out some of his correspondence unchecked. By contrast, the oil companies had administrative departments with highly professional staff who could devote an appropriate amount of time and energy to carrying out the industrial relations policy of their firms, including careful scrutiny of correspondence.

Smith had informed Reid of the outcome of his discussions with SEDCO managers. The company would consider recognition of the union if a majority of its employees indicated that they required a union to represent them. This, again, became a standard pattern of answer to any union which asked for collective bargaining rights and since the terms and conditions of employment enjoyed by oil workers were at that time significantly better than what were available onshore for similar manual work the oil companies could be fairly sure that no such demand would come from their employees. In this same unsigned letter Reid suggests that the IUOOC *decision to move against the company must now be enacted*. We learn in a letter (10th June, 1974) from Roger Lyons, National Officer of ASTMS to his General Secretary, Clive Jenkins, that *IUOOC have already launched their campaign*. This was nothing more than a 24 hour withdrawal of facilities from SEDCO and a threat that if full organizational facilities were not offered the campaign would be extended. There was also mention of the possibility of talks with Shell and BP.



It was a contest between a fly and an elephant. So poor was the response to the call for industrial action that threats of widening the conflict were empty. Gradually the IUOOC members realised (as Gilliatt at Rugby had already concluded) that they were almost powerless by themselves and would need support from the government and from the Trades Union Congress if they were to achieve what they saw as a reasonable and far from radical objective - the same right to represent employees offshore as had long been accepted onshore often by the very companies such as BP and Shell which were now adamantly resisting them in the North Sea. The "Financial Times" published an article on 24th November, 1974 with the claim from Reid that BP had invited two IUOOC representatives to visit a drilling platform but on checking this with BP the author, Desmond Quigley,<sup>32</sup> had to write that *confirmation of the offer of facilities was not available from BP last night*. Whether a visit took place or not is immaterial because Reid wrote the following month that BP had told him that the company was not interested in any union presence offshore. Indeed, far from assisting the IUOOC in its mission the article sowed dissension when it quoted Reid correctly in his statement that only four unions were actively recruiting offshore: TGWU, NUS, AUEW and the Boilermakers. This prompted a letter from Stan Davison, the Assistant General Secretary of the ASTMS to Campbell Reid<sup>33</sup> in Glasgow asking why ASTMS was not included among the four unions named. This is an early hint of the rivalry between unions in the recruitment of members from offshore companies which was to become a factor impeding the effectiveness of the IUOOC.

In July 1974 Morton had been transferred to ASTMS head office in London. He appears to have had a more realistic view of trade union strength vis à vis the North Sea companies and had recommended to his union that since there was little scope for recruitment to ASTMS offshore ( a point Davison had failed to note when he wrote to Campbell Reid) it would be more prudent to push for bargaining rights for junior managerial staff employed in the land based offices of the big companies. Employment opportunities there were growing by the day as large office blocks began to rise on the periphery of Aberdeen. His strategy was to build a sound base onshore and then seek to extend union influence offshore. The union officer selected for this duty was Campbell Reid at Glasgow, who had already become aware of the difficulties for trade unions in the offshore oil industry through his interest in the GEC Electrical Projects contract with BP in the Autumn of 1974. Reid asked for an office in Aberdeen and by the Spring of 1975 was established in the city, where his presence was soon felt on the IUOOC.

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<sup>32</sup> He appears to have relied overmuch on information from Reid, who naturally wished to tell a better story than the facts justified.

<sup>33</sup> To avoid confusion the two Reids will henceforth always be referred to by their Christian names until the death of Bill Reid, except where there can be no dubiety e.g. in the next sentence which is carrying on the narrative.



It will be appropriate to give here the trade unions which constituted the IUOOC at May 1974:<sup>34</sup>

The Amalgamated Society of Boilermakers, Ship Builders and Structural Workers

The Transport and General Workers' Union

The Association of Professional and Executive Employees

The National Union of Seamen

The Union of Construction and Allied Technical Trades

The Electrical, Electronic, Telecommunications and Plumbing Union

The Amalgamated Union of Engineering Workers (Engineering Section)

The Amalgamated Union of Engineering Workers (Technical and Supervisory Staffs)

The Merchant Navy Officers Association

The Association of Scientific, Technical and Managerial Staffs

#### **4 The United Kingdom Offshore Operators Association**

In stark contrast to the trade unions the offshore oil producers had a representative body in place within a year of the granting of the UK's first round of licences in 1964. The UK North Sea Operators' Committee was an informal association of licence holders which provided for its members a forum for discussion on any matter affecting their industry offshore and, based in London, it was soon recognised by the government as the industry's voice in consultations on technical and administrative matters. The government had no experience of the exploitation of indigenous oil and gas reserves and thus welcomed the establishment of a forum consisting of representatives of companies which had international experience of the industry. It is highly unlikely that the members did not discuss from time to time what would be their policy on employment were reserves of oil to be discovered in commercially acceptable quantities offshore. When this happened it was not difficult to convert the existing Committee into a larger and more formal body by incorporating it in 1973 as the United Kingdom Offshore Operators Association with a constitution and a permanent staff. It was soon to consist of a Council of 25 members with 19 permanent and two ad-hoc committees.

Fundamental to any analysis of the nature of the industrial relations that developed in the UK offshore oil and gas industry from the early 1970s is an understanding of the inter relationship of the UKOOA and the IUOOC. One of the more important of the UKOOA committees is its Employment Practices Committee with seven terms of reference of which only the first has relevance here:

*To provide a forum where member companies can exchange opinions and, when necessary, formulate an industry viewpoint in the field of employment practices including training, employee and industrial relations.*<sup>35</sup>

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<sup>34</sup> As supplied to *Labour Weekly*, a Transport House publication, by Gary Morton on 27th May, 1974.



It is therefore a body purely for internal discussion on employment issues upon which it might form a viewpoint but not a policy. This is spelled out with greater clarity in the terms of reference of one of its five sub-committees,<sup>35</sup> the Liaison Panel, the function of which is

*To act as a channel of communications for UKOOA on matters concerning employee relations which can be discussed in general terms on an exchange of views basis with Government, the Inter-Union Offshore Oil Committee and any other appropriate body approved by the Council.*<sup>37</sup>

There follows a list of nine "approved" subjects for discussion together with the patronising comment that :

*These subjects were selected because discussion of them can help to create more realistic attitudes in Government and the IUOOC.*

What is, however, most noteworthy of all is the list of subjects which the Liaison Panel is not permitted to discuss with the IUOOC or any other body. These are such matters as terms and conditions of employment, sick pay, overtime, recruitment of employees, manning levels and complaints about individual companies, all of which are areas where employees seek to have trade union support. Thus the very issues for which the IUOOC was formed have been from the outset unacceptable areas for discussion between it and the oil operators as represented by the only body constituted to deal with industrial relations, the Liaison Panel of the UKOOA Employment Practices Committee. Moreover, the UKOOA specifically denies to the Liaison Panel any delegated authority to commit either the UKOOA or any of its individual member companies to any agreement whatsoever. The Liaison Panel's terms of reference<sup>38</sup> were approved in 1976 at precisely the time when government policy was supporting trade union demands concerning recognition for bargaining purposes and imposition of closed shops.<sup>39</sup> It can, therefore, be suggested that the omission of what might be called collective bargaining items from the terms of reference was a reaction to what the oil industry considered to be undue partiality towards the trade unions.

Although it was September 1976 when the UKOOA Council first approved its Liaison Panel's terms of reference, it was merely ratifying its practice over the previous three years. Its approach to industrial relations and its manner of coping with trade union attempts to alter that approach had been determined some time before the IUOOC was established. The UKOOA was totally different from any employer organization which the IUOOC unions had previously confronted and it was already occupying the high ground in the offshore industrial relations field from which it was determined not to be

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<sup>35</sup> *Employment Practices Committee Information Booklet*, UKOOA(1988), p. 3.

<sup>36</sup> The other four Sub-Committees were Training, Contractors' Liaison (Aberdeen), Contractors' Liaison (London) and Pay and Benefits.

<sup>37</sup> *Ibid* p. 5.

<sup>38</sup> The Terms of Reference of the Liaison Panel are given in full as Appendix D.

<sup>39</sup> v. Chapter Four, pp. 56 & 57 *supra*.



driven. The UKOOA operates a simple industrial relations philosophy based on the premise that collective bargaining as practised in the rest of the United Kingdom is not acceptable to the offshore oil producers. Membership of the UKOOA does not prevent any company from entering into whatever negotiations it likes with a trade union but in effect the Liaison Panel's terms of reference are an accurate reflection of the industrial relations outlook and practice of the oil producing companies.

## 5 A New Industrial Relations Scenario

Gradually the trade unions began to understand that the rebuffs which the IUOOC had received from the oil companies in 1974 had introduced a form of industrial relations with which they were unfamiliar. Adjustments would have to be made but this was difficult because their leaders had emerged over a long period when downright refusal from an industry even to discuss terms and conditions of employment had seldom been experienced. Any individual employers who had sought to distance themselves from trade unions had been dealt with by standard industrial action such as "blacking" of their goods or services and soon brought into line. The trade union movement was no stranger to confrontation and the use (or threat of use) of industrial sanctions to gain objectives was almost part of the day-to-day life of a union official. When Bill Reid wrote his letter of April 1974<sup>40</sup> to the oil companies in Aberdeen he used the language and tone which had become almost standard for trade union officers at that time. It was therefore difficult for them to move out of their usual direction of thought and their initial reaction might well be summed up in the famous French aphorism "Cet animal est très méchant; quand on l'attaque, il se défend". There was also another reason for the unions to be somewhat non-plussed at the employers' reaction. The Labour Party had been returned to power in a general election and the government was currently engaged upon a legislative programme which was designed to assist trade unions to carry out their functions with even greater freedom than before.

As stated earlier in this chapter<sup>41</sup> Campbell Reid had been an interested spectator in the negotiations between BP and GEC Electrical Projects and was aware of the pressure which oil company employees felt when trade union representation was contemplated. Writing in December 1974 to Davison, his union's Assistant General Secretary, he explained that normal methods of recruitment to their union could not apply in an atmosphere where it was believed that dismissal might well be the consequence for any BP engineer known to have met a union official. Reid also knew that his colleague at Rugby had managed to interest the Minister of State at the Department of Employment in the matter.

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<sup>40</sup> v. p. 101 supra.

<sup>41</sup> v. p. 97 supra.



Attempts at direct negotiation with oil companies having failed in 1974, the IUOOC had to adopt a different and longer term strategy in 1975. It sought help from two quarters where it knew that it would receive a sympathetic hearing; one was the Trades Union Congress and the other was the government. Indeed the IUOOC achieved what might be called a joint hearing of their difficulties when Tony Benn, the Secretary of State for the Department of Energy attended a meeting of the TUC Fuel and Power Industries Committee on 12th June, 1975. He expressed his sympathy towards the trade union viewpoint and promised to consult them on the government's North Sea oil policy. He could not, of course, commit himself on the question of recognition by the employers since industrial relations issues lay within the brief of the Secretary of State for Employment, Michael Foot, but Foot's support was virtually certain. Benn was as good as his word and on a visit to Aberdeen the following month he promised IUOOC members his assistance in the matter of recruitment of oil company employees to trade unions. The IUOOC was able to give Benn a specific case to use in any discussions with oil companies because the Shell drilling rig "Staflor" had 80% of its staff unionised, a figure confirmed by ACAS, but the company was refusing to acknowledge this. Then at its annual meeting in early September 1975 the Trades Union Congress passed Resolution 83<sup>42</sup> which agreed that the North Sea oil and gas industry be nationalised and proposed action in support of trade union recruitment including recognition of the Offshore Charter.<sup>43</sup> Implementation of Resolution 83 was referred to the Fuel and Power Industries Committee.

While this was happening there was an important development offshore, which was to have a significant effect on employment in the industry. In September 1975 BP produced the first oil from a British North Sea field, the Forties, and by 1978 this field was to reach peak production of oil and natural gas liquids (NGL). Up to 1975 trade union concentration had been, in the main, on recruitment and recognition issues relating to employment on supply vessels and drilling rigs, which were mobile in comparison with the fixed structures needed for production. Gradually other fields were to come on stream and the emphasis moved from exploration and drilling to production of oil and NGL. Thus while IUOOC was concentrating its efforts on securing recognition from the oil producing companies changes were already in train offshore which would introduce a new factor. This was offshore contracting which was later to become the dominant aspect of offshore employment.

It is probable that Tony Benn suggested to the IUOOC the idea of a charter which would define the objectives of the trade unions in their struggle to achieve recognition from the oil employers. On 25th August, 1975 Campbell Reid wrote to his union's National Officer for Scotland, John Langan, that the

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<sup>42</sup> So many items are offered from unions for discussion at the annual Trades Union Congress that the majority of them have to be drafted as "composite motions". These "composites" are often lengthy since they may have to represent as many as ten or more individual issues which are similar but not identical. A motion which is passed becomes a "resolution" of Congress.

<sup>43</sup> v. infra.



charter was to be *produced for Tony Benn*. This would provide for Benn a statement of the basic common objectives of the trade unions and consequently allow him to represent their views at any appropriate opportunity. Certainly in early August 1975 Bill Reid had written to Campbell Reid<sup>44</sup> that the IUOOC had decided to draft a charter of trade union objectives in the offshore oil industry and that the matter would be discussed at the next meeting on 19th August. Perhaps of equal importance Bill Reid informed his namesake that the IUOOC was now turning its attention to oil production.

The IUOOC members must have moved swiftly in their drafting and subsequent publication of the charter because it was mentioned at the TUC meeting referred to above. From correspondence in the OILC archives it is clear that discussions were not always amicable for quotations from what appear to be some of the first drafts were different from the final version and gave rise to dissension in at least one quarter. In his letter of 25th August to Langan Campbell Reid stated that the final clause in the proposed charter listed *Agreed Spheres of Influence for Organising Oilrig Workers into Appropriate Unions* after which there followed the names of five unions which excluded ASTMS and TASS. It is possible that Bill Reid, the IUOOC secretary, prepared the first draft and considered that there was no room for either union since three of the five unions mentioned had white collar sections. Whatever the reason Campbell Reid was able to inform Langan that the IUOOC now agreed that ASTMS should be included and in what appears to be the final version this offending clause is not included. (Once again Bill Reid's failure to put a date to documents makes it necessary to assume that the copy<sup>45</sup> of the charter attached to correspondence around this time was the final agreed version.)

The charter was given the somewhat cumbersome title of *The Charter for the Unionisation of employees engaged in the Offshore Oil Industry within U. K. jurisdiction*. There were ten clauses of which four require special mention. The first was as follows:

*That all Companies engaged in the Offshore Oil industry in exploration, extraction and production (and the servicing of same) recognise the right of the Inter-Union Offshore Oil Committee unions to recruit, represent and negotiate terms and conditions of employment for all employees falling within their spheres of membership.*

This first clause would have been worthless without the second which was the right of trade union officials to have access to installations. The fourth clause went even further than the right of trade unions to negotiate terms and conditions of employment because it sought the establishment of a national body to deal with all aspects of work offshore and upon which the unions would be represented. The ninth clause asked the government to make the

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<sup>44</sup> Campbell Reid had missed the IUOOC meeting of 5th August, 1975.

<sup>45</sup> This document is given in full as Appendix E.



award of future licences conditional upon the licence-holders agreeing to have their employees represented by the IUOOC unions.

This may not have been intended as an ultimatum for the oil companies but it expressed an intention to achieve certain objectives which the oil companies would be unlikely to concede without a struggle. The UKOOA had laid its cards upon the table and, having read them, the IUOOC had taken measures to trump them. The unions had gained the support of the Secretary of State for Energy and so had a voice at cabinet level and it was known that the Secretary of State for Employment, another highly appropriate friend in the circumstances, was equally supportive. The TUC had been alerted and in 1975 it had power and influence much greater than it wields today. The time had arrived for negotiations at a level which the oil companies could not avoid, although that did not mean any retreat from their firm conviction that their industry was so different from any other that it was necessary for them to have as free a hand in employee relations as the law permitted. In addition they knew that the government, whatever it might say publicly, would go a long way to prevent any employment turbulence offshore.

## **6 Summary**

This chapter has concerned itself with the impact made on industrial relations by the UK offshore oil industry over the eleven years from 1964. Early in this period there occurred the Sea Gem disaster which brought home the dangers inherent in the physical working environment within which the industry had to operate. Despite contemporary government interest in accident prevention which culminated in the Robens Report (1972) and subsequent legislation which remains basically unchanged today, separate arrangements were nevertheless drawn up for offshore oil employment through the Mineral Workings (Offshore) Act 1971. More surprisingly, the findings of the Holland-Martin Report (1969) on sea-fishing with its specific recommendation that trade unions had a vital part to play in accident prevention were not seen to be relevant for employment in the offshore oil industry. Although the philosophy underlying the Health and Safety at Work Act 1974 was persuasion rather than regulation there was the general assumption that employees would be consulted through their trade unions; indeed three years later trade unions recognised by employers were given the right to demand the creation of safety committees. That the voluntarist principle in the arrangements for accident prevention offshore has remained unchanged from 1971 is much resented by the trade unions.

Once oil had been discovered special offshore installations had to be constructed and from their observation of industrial relations at the Nigg site oil companies saw much to confirm their opinion that British trade unions could only hamper the effective operation of their businesses. From the trade union point of view there were early glimmerings that they were about to be driven back into what they regarded as the stone age of industrial relations



when membership of a trade union was seen as an act of disloyalty to the employer. By late 1974 the Department of Employment had been alerted to the overt anti trade unionism of BP as evidenced by the GEC Electrical Projects issue and the Minister of State had expressed faith rather than prescience in the ability of new legislation to guarantee freedom of association.

In the late 1960s the oil producing companies had set up a joint organization to prepare employment policies for possible offshore work and when oil was discovered they incorporated it as the United Kingdom Offshore Operators Association (UKOOA). They excluded discussion on terms and conditions of employment in any contact with trade unions and so from the very beginning were prepared to deny to the trade unions any semblance of collective bargaining. The trade union branches in Aberdeen put together the Inter-Union Offshore Oil Committee but it lacked the professional and administrative strength of UKOOA. An invitation to the oil companies to attend a meeting to discuss recognition was not even acknowledged and the subsequent IUOOC industrial action was easily rendered futile.

The total failure of their first major confrontation with the oil companies had brought humiliation to the local trade unions. They now recognised that new and longer term strategies would have to be deployed if they were to make any progress at all in their quest for the type of relationship they had enjoyed with other employers for several decades. Using their access to the TUC and the sympathy of the Secretary of State for the Department of Energy, the IUOOC members set out to attract support by drawing up a charter outlining their objectives, principal of which was the right to have full collective bargaining status with all offshore oil employers.

The battle lines were now set. The oil employers were determined to resist all but the most anodyne of union demands and they knew that the government, despite the historical and formal connection of trade unionism with the Labour Party, was desperately anxious for oil to flow from the North Sea on account of the revenue it would earn for the nation. The trade unions also relied on government support and not unnaturally assumed that the forthcoming legislation on trade union rights would give them all the support their case required. This assumption cannot be criticised as naïveté because a Labour government had recently been returned to power and further legislation favourable to the trade unions had been promised.

#### Special Note

The author is deeply indebted to Mr Ronnie M'Donald, former General Secretary of the Offshore Industry Liaison Committee, for allowing him access to the archives held in his trade union office, (currently 6 Trinity Street, Aberdeen). The origins of the OILC will be discussed later in the thesis because it did not emerge until 1988. Mr M'Donald deserves the thanks of all researchers in the field of offshore industrial relations for ensuring that trade union correspondence from the earliest days of the oil industry in Aberdeen has been preserved.

It would be tedious and distracting for the examiners and any other readers if each incident in this and subsequent chapters were to be annotated with a footnote giving its provenance. The author gives the assurance that any statement or activity attributed to a trade union or trade union official can be authenticated by reference to the OILC archives.



# CHAPTER SEVEN

## MULTINATIONAL COMPANIES AND TRADE UNIONS : THE GOVERNMENT PLAYS ITS ROLE IN THE SOCIAL CONTRACT

By late 1975 it was clear that there would have to be some compromise between the trade unions and the oil employers. The IUOOC had won support from the TUC and from the Secretary of State for Energy, Tony Benn, and it is almost certain that he suggested to the IUOOC that the Offshore Charter should be drawn up.<sup>1</sup> For their part, the oil companies wished to avoid any unnecessary confrontation with the UK government even if its political philosophy was more benign and supportive towards trade unionism than they would have preferred. They must have been aware, however, that Britain's financial position urgently required the collection and injection of oil tax revenue and that this would make it unlikely that the government would support mandatory recognition of trade unions as demanded by the Offshore Charter.

Before examining the process of negotiations that culminated in the "Memorandum of Understanding on Trade Union Access to Offshore Installations" and its associated "Memorandum of Understanding between the UKOOA and the IUOOC", it will be helpful to look at two related issues. The first is the earlier reaction of unions to non-oil multinationals in the UK and the second is the wider background to the conduct of industrial relations from the perspectives of the oil producing companies and the trade unions.

### 1 Non-oil Multi-nationals in Great Britain

The arrival in the United Kingdom of international companies seeking to exploit the reserves of oil in the North Sea had been preceded in the previous decade by other multi-nationals, almost all of them engaged in manufacturing. These firms found a system of industrial relations which was unfamiliar but instead of ignoring it they tried in their different ways to operate employment policies within that system. This included attempts to eliminate barriers to higher productivity such as demarcation and multi-union representation and such efforts were perceived in some quarters as an onslaught on trade unionism even although these practices were now heavily in retreat within certain successful British companies, particularly process industries such as chemicals and brewing.

As early as 1963 British trade unions had become alarmed at the possible consequences for industrial relations of the inward investment by foreign companies, over 80% of which were North American. Would the subsidiaries of multi-national companies be prepared to accept the British pattern of industrial relations where trade unions enjoyed a greater presence than in the USA where union membership was already in serious decline? The earliest

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<sup>1</sup> v. Chapter Six, p. 107, supra.



motion on this topic brought before the TUC was in 1963 when the National Union of Bank Employees voiced concern *that foreign firms - including banks and financial institutions - can establish themselves in the United Kingdom whilst providing salaries and conditions of service inferior to normal British practice*. The TUC remitted this motion to its General Council but in the following year it debated and carried a motion put forward by the Association of Cinematograph, Television and Allied Technicians deploring *the infiltration of foreign capital into British Industry for the purpose of acquiring control of key sectors of the British economy*. In 1965 the same union was back with an even more strongly worded motion which complained of *foreign companies operating in Britain which deny their employees collective bargaining rights* and asked the TUC to instruct its General Council *to draw attention to the attitudes of such companies who are guilty of anti-trade union behaviour*. Again the motion was carried but it was not until three years later, 1968, that a large and long established manual worker union expressed its concern. This was the Amalgamated Union of Engineering and Foundry Workers whose motion called upon the (Labour) government *to make it a condition that foreign firms recognise the British trade union movement and the rights of organised workers before they are allowed to operate in this country*. It was highly unlikely that a British government of any political complexion would make trade union recognition a condition of accepting any inward investment from abroad. Moreover, it would have been contradictory of the TUC to ask the government to demand adherence by inward investors to particular aspects of industrial relations practice such as mandatory recognition of trade unions at the same time as they were battling to retain unfettered collective bargaining with no legal enforcement of agreements between unions and employers.

There are limits to the amount of attention which the General Council of the TUC can pay to the many motions and resolutions that are remitted to it each September at the Trades Union Congress. It did, however, respond to the motion of the Chemical Workers Union in 1969 that it should *study in depth, the economic and social consequences of these developments* (growth of multinational corporations) *and report back to the 1970 Congress any change in trade union and Government policy needed to deal with the situation*. The response took the form of a section on international companies and trade union interests in the 1970 TUC "Economic Review" and a TUC convened conference (October 1970) of affiliated unions with members in the employ of international companies in the UK.

A summary of the decisions<sup>2</sup> of this conference showed that while unions were eager that the industrial behaviour of multi-nationals should include adherence to the system of industrial relations in the host country, they were more concerned with the effects on job security posed by large organizations which had their decision centres outside the UK. After all, the AFL/CIO<sup>3</sup> was at this

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<sup>2</sup> They are given in full as Appendix F.

<sup>3</sup> American Federation of Labour/Congress of Industrial Organizations, the equivalent in USA of the TUC.



time expressing its anxiety about the effects on its members of what it called "runaway industries" which were transferring some of their component production to Europe and the developing countries in the Far East.

By 1969 management also had become interested in the responses of British trade unions to multi-national corporations, particularly American organizations operating in Britain. The British-North American Committee (British-North American Research Association, National Planning Association of USA and Private Planning Association of Canada) had been founded that year and in 1971 it commissioned John Gennard of the London School of Economics<sup>4</sup> to carry out a study on labour relations in multi-national corporations, with special reference to American multi-nationals operating in the United Kingdom. Along with M. D. Steuer, also of the London School of Economics, he had already published a paper on the subject.<sup>5</sup> Interestingly, Gennard came to conclusions very similar to those arising out of the TUC conference referred to above. He, too, identified fear of unemployment as a principal theme and that since the balance of power in employment issues was heavily in favour of the multi-nationals the trade unions would seek to develop countervailing power through their membership of international trade federations and the international trade union movement. Gennard also criticised certain multi-national firms such as IBM and Kodak for their refusal to recognise trade unions. When the report<sup>6</sup> was ready for publication William Blackie, Chairman of the Board of Caterpillar Tractor Company, insisted on having a note of dissent included. He argued that multi-national corporations offered no less (and probably more) job security than indigenous employers and that there was no balance of power in favour of the multi-nationals because few of them made identical products in different countries and once there was substantial investment in fixed assets there was no flexible mobility. Of Gennard's comments on non-recognition of trade unions Blackie commented *IBM and Kodak are criticised for policies which in effect strive to make employees so satisfied that they feel no need for unions.*<sup>7</sup>

It is interesting but pointless to reflect on what might have been the nature and content of Gennard's report had he been asked to carry it out even three years later when the international oil companies had established their massive presence in North East Scotland and their employment policies, especially towards the question of trade union recognition, were becoming apparent.<sup>8</sup> Gennard's report, however, remains a useful contemporary account of how the trade unions and multi-national corporations based in the United Kingdom

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<sup>4</sup> Now Professor of Industrial Relations at Strathclyde University.

<sup>5</sup> Gennard, J. & Steuer, M. D., (1971) The Industrial Relations of Foreign Owned Subsidiaries in the United Kingdom. *British Journal of Industrial Relations*, 1X July 1971.

<sup>6</sup> Gennard, J., (1972) *Multinational Corporations and British Labour : A Review of Attitudes and Responses*. British North-American Committee.

<sup>7</sup> v. Appendix CCC.

<sup>8</sup> By the end of the 1980s the amount of direct foreign investment in UK had increased significantly e. g. from Japan as well as North America. Its impact upon UK industrial relations attracted some research to which reference will be made later in this thesis.



viewed each other. The companies concerned were wholly engaged in manufacture and their problems related to that form of industry alone. We should, however, note the comments of William Blackie, particularly that relating to non-recognition of trade unions by a few inward investing companies. Already in 1968 the Amalgamated Union of Engineering and Foundry Workers had brought to the TUC a motion on this issue and by 1974, if not earlier, the policy which Blackie attributed to IBM and Kodak had become standard for the oil companies operating in the North Sea. It was going to be most difficult for the unions to mount a counter challenge.

## **2 Comparison of Employer and Trade Union Perspectives of Industrial Relations in the Offshore Oil Industry**

As stated earlier<sup>9</sup> the decision of the oil producing companies not to encourage trade unions was collective but not formalised. This comment taken in conjunction with UKOOA policy that its Liaison Panel had no function other than to act as a communication channel on employee relations illustrates the skill with which the oil producing companies operated their industrial relations policy. The Liaison Panel had the appearance of an official organization delegated with some negotiating authority but although this was not so it was the only representative body of the industry available to meet the IUOOC. There was a curious contrast between the two organizations, which the employers were able to use to their advantage. Nominally and constitutionally the IUOOC was a highly cohesive body empowered to commit its members to specific objectives and to demand the adherence of member unions to any particular policy devised to attain these objectives but in reality it was far from cohesive and often riven with internal disputes. The apparent attempt to exclude ASTMS from the trade unions permitted to recruit offshore<sup>10</sup> was as nothing compared with a bitter dispute simultaneously in progress between NUS and TGWU over the right to recruit drilling ship personnel.<sup>11</sup> So bitter was the antagonism generated by this rivalry that Tony Benn mentions it in his diaries.<sup>12</sup> The Liaison Panel, on the other hand, despite its limited or almost non-existent powers in relation to its member companies, always presented a common view on employee relations issues to which all its members adhered although constitutionally there was no need for them to do so.

Nevertheless the regular meetings at approximately three month intervals between the Liaison Panel and the IUOOC had some positive outcomes. Union and management understood each other's thoughts on current industrial relations matters. Again, it was not unusual for a rapport to develop between certain union and management representatives who attended regularly and this allowed them to raise issues of mutual interest either at the discussion table or, more commonly, in private conversation. A trade union officer would receive

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<sup>9</sup> v. Chapter Four, p. 66.

<sup>10</sup> v. Chapter Six, p.108 supra.

<sup>11</sup> v. p.120 infra.

<sup>12</sup> Benn, T., (1989) *Diaries 1973-1976: Against the Tide*, passim. Hutchinson, London.



some assurance that a matter would be investigated and the manager might receive some information which was of value to him.<sup>13</sup> Had these IUOOC / Liaison Panel meetings been wholly fruitless it is unlikely that they would still be taking place to-day.

UKOOA was based in London<sup>14</sup> which meant that communication with it was always formal and quite unlike the conduct of local industrial relations with meetings sometimes arranged at 24 hours notice. It has remained an organization of oil producers and has no contractors among its membership. This raises another important element in North Sea industrial relations. From the time of "first oil" it has become usual for the operator of the installation concerned to reduce gradually the proportion of direct employees and to replace them with contractors' men. While, ostensibly, the industrial relations policies of contractor companies are not a subject for discussion at meetings with the IUOOC the contractors understand that it will not be in their interests to introduce policies and practices of which the operators disapprove. Any doubts on this matter were to vanish in 1990 when the operators made it clear that no contracts would be signed with any employer who had entered into a post- construction agreement with a trade union.<sup>15</sup>

Two further matters should be noted. The first is that in the UK and other nations of Europe there was at this time a high degree of centralisation of collective bargaining which contrasted with the North American preference for company autonomy in industrial relations. Industry-wide negotiations and agreements were common in Britain but foreign owned firms negotiated independently of other employers in the industry. This was true, for example, with Ford and Vauxhall and when Chrysler took over Rootes it immediately withdrew the firm from the Motor Manufacturers Association. In oil, Esso and Shell already negotiated separately and when other oil majors arrived on the scene, most of them North American, it was not surprising that one of the fundamental tenets of UKOOA policy was its insistence that it was not an organization which could or would commit its individual members to any common course of action. The IUOOC, on the other hand, was composed of unions which were accustomed both to collective bargaining on an industry wide scale and to integrated action in pursuit of mutually agreed objectives. This difference between the structure and operational practice of the two bodies was never fully perceived or perhaps understood by the unions and rendered the relationships between them less useful than they might otherwise have been.

The other matter was the very strong, albeit informal, relationships of the oil company executives in Aberdeen with each other. While retaining their commercial rivalry the companies encouraged meetings among their executives

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<sup>13</sup> This point was made to the author in 1995 by a senior AEEU official.

<sup>14</sup> Its Aberdeen office was not opened until 1990.

<sup>15</sup> v. Chapters 12 and 13 infra.



to discuss common interests. The following information was provided to the author by a personnel manager of a large oil company.

*(Company's name) did have membership of UKOOA but it became rather bureaucratic and the local personnel managers felt that London was too dominant. Accordingly, a group of managers in the personnel area decided to meet monthly on an informal basis and thus was founded "The Oily Group". No minutes or records were kept apart from manuscript notes made by individuals for their own use. Membership was not by invitation but rather like the effect of "word of mouth" about a restaurant; if one hears that the fare is good one is tempted to try it. So it gradually grew to about twenty personnel managers of the larger companies. While it would be wrong to say that decisions were made on pay, conditions and policy towards unions there was general agreement on what should be a common approach to the personnel aspects of their jobs. If any member's company acted out of line, an explanation was sought at the next meeting.*

### **3 Government Support for a Détente**

It is important to remember that the discovery of oil in the North Sea and the subsequent establishment by the oil companies of a major presence in the United Kingdom co-incided with a period in British politics when industrial relations had a very high profile.<sup>16</sup> Trade unions had opposed the Labour government's proposals to introduce greater discipline into collective bargaining and later refused to operate within the structure imposed by the Conservative government's Industrial Relations Act 1971. Almost oblivious to the warnings on the industrial relations policies of multi-national companies which had been voiced at the TUC only a few years earlier, the trade unions in North East Scotland and elsewhere expended their energies in seeking to reverse the hated Industrial Relations Act which they believed placed intolerable restrictions on their right to free collective bargaining.<sup>17</sup>

When a Labour government was returned to power in the General Election of February 1974 the Industrial Relations Act became immediately a dead letter and trade unions believed collective bargaining could be resumed in its familiar form of no legal restraint and trade union representation of employees. This may have been so for the bulk of the country but it was not to happen in the offshore oil and gas industry. While trade union activity and interest had been almost wholly absorbed in the struggle against the Industrial Relations Act the offshore industry had quietly and inexorably established itself and its employment practices in East Anglia and North East Scotland. In common with large organizations in North America these companies had the

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<sup>16</sup> v. Chapter 4 passim.

<sup>17</sup> In 1971 a leading official of the AUEW in North East Scotland was asked to comment on certain aspects of the Industrial Relations Bill which was then going through its later parliamentary stages. He declined on the grounds that he had been far too busy fighting the bill to have ever read it.



services of well qualified and specialist staff to formulate and carry out their industrial relations policies. Since trade unions were regarded essentially as one of the constraints to be dealt with at the level of operating decisions<sup>18</sup> there was no rôle for them in industrial relations policies of any major company. When, eventually, the trade unions realised what had happened and tried to assert themselves it was too late as the total failure of the IUOOC industrial action in June 1974<sup>19</sup> demonstrated. For this reason they had sought the assistance of the TUC and the government.<sup>20</sup>

By the autumn of 1975 it must have seemed to the IUOOC that their objectives were attainable if not yet secured. In December 1974 the Minister of State at the Department of Employment had written that the government was *anxious to see the development of trade unionism on oil rigs* and that he understood that the oil companies would recognise unions when membership warranted this.<sup>21</sup> The Secretary of State for Energy was supportive, had promised consultation on the government's North Sea oil policy and was probably instrumental on his visit to Aberdeen in July 1975 in persuading the IUOOC to draw up its charter for unionisation. The TUC had supported the aims of the charter. This was all in conformity with the Social Contract whereby the trade unions were supporting the government's economic policy in return for government assistance on industrial relations matters such as this.<sup>22</sup> The oil producing companies could not now remain silent, when the member of the British government responsible for their industry was urging consultations with the trade unions. They realised that it would be preferable to make some concessions towards the trade unions rather than to be seen to submit to pressure from the government.

The Secretary of State for Energy assigned J. S. Liverman, a Deputy Secretary of his Department, to interview senior managers in the oil producing companies in order to sound out their opinions on the form of relationships they were prepared to accept with trade unions. Benn arranged a meeting on 17th November, 1975 which Liverman attended along with trade union representatives, civil servants and two ACAS representatives. Liverman gave an interim report on the oil companies' responses to his suggestions but the trade union representatives ignored his realistic advice that there was very little that the oil companies would concede on recognition. Although the trade unions were assured that their concern about access to installations for recruitment purposes had government backing,<sup>23</sup> this was the sole area where specific support was promised. The reality of the situation was that a new round of licensing for exploration offshore was due and the government had no intention of making trade union recognition a condition of granting a licence as

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<sup>18</sup> Herman, E. S., (1981) *Corporate Control: Corporate Power*. Cambridge University Press.

<sup>19</sup> v. Chapter Six, p. 103 supra.

<sup>20</sup> v. Chapter Six, pp. 107-109 supra.

<sup>21</sup> v. Chapter Six, pp. 98-99 supra.

<sup>22</sup> v. Chapter Four, p. 58 supra.

<sup>23</sup> A detailed account of this meeting is given in Appendix G.



requested by the unions in their Charter for Unionisation.<sup>24</sup> On the other hand, the unions were advised that within a few months the provisions of the Employment Protection Act 1975 would apply to offshore as well as onshore employment and consequently this would allow trade unions to request the Advisory, Conciliation and Arbitration Service (ACAS) to organize secret ballots on union membership. Thus, while the government was easing the way for the trade unions to approach the oil producers, the responsibility for establishing their membership offshore remained with the trade unions themselves. Sterling was coming under strong pressure and the government did not want to experience even minor differences with the oil producers at this time.

Liverman carried out further discussions with UKOOA and reported back at a meeting held on 30th March, 1976 under the chairmanship of John Smith,<sup>25</sup> the Minister of State for Energy. This meeting was attended by the Minister of State for Employment, Albert Booth, civil servants from both departments and six trade union representatives, three from the TUC General Council and three from the IUOOC, (Bill Reid, John McConachie and Harry Bygate). The minute of this meeting<sup>26</sup> is interesting from several points of view. The measured tones of the able Scottish advocate John Smith rise off the page as he outlined the government position, namely: unionisation offshore best achieved through co-ordination of all parties; sensible for the IUOOC to have a wide rôle in that objective; government could best act as a bridge between unions and operators; meeting should be held as soon as possible with the operators to discuss a code of industrial relations practice. His choice of words expressed encouragement for the trade unions but avoided any commitment by the government to do more than that. Very different was the comment of Harry Urwin of the TGWU whose suggestion that the operators and the trade unions could accept the Ten Point Charter as a basis for discussion showed how little he understood the situation. More realistic was the approach of the local AUEW representative, John McConachie, who pointed out that membership of unions was small because of difficulty of access to installations and that this was an issue which could be addressed at a meeting. Smith then invited Liverman to report on his discussions with the oil operators and the civil servant poured some cold water upon both government and union aspirations. The operators did not accept the IUOOC as a reliable body with whom to negotiate and, in any case, UKOOA could not, by terms of its charter, negotiate on behalf of individual employers. UKOOA Council, nevertheless, was recommending to its members that they should agree to the requests of unions for access to installations offshore provided that such visits could be fitted in with normal operational requirements. Perhaps grasping at this one positive response from the employers, the Department of Energy had prepared a Memorandum of Understanding which could serve as a basis for discussion between the oil operators and the trade unions.

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<sup>24</sup> v. Chapter Six, pp. 107-109 and Appendix E.

<sup>25</sup> Leader of the Labour Party 1992 -1994.

<sup>26</sup> This minute is given in full as Appendix H.



#### 4 Early Inter-Union Dissension

While these important negotiations had been taking place there had been some petty quarrelling which was a harbinger of greater dissent that was to weaken IUOOC influence. As stated earlier, ASTMS had fought off an attempt by IUOOC (or possibly by TGWU in the person of Bill Reid) to exclude it from recognition as a union with a legitimate interest in recruitment offshore.<sup>27</sup> By January 1976, possibly prompted by Campbell Reid, Roger Lyons, the National Officer of ASTMS, felt it was necessary to assert the right of his union to be recognised as one which should have a major rôle in offshore oil industrial relations and he requested the TUC Fuel and Power Industries Committee on North Sea Oil to put on its agenda for a forthcoming meeting with Benn *General hostility towards white collar unionisation by oil companies*. A few days later we find Reid informing Lyons that "*hostility*" is rather too strong a term to use because he had never met any from the companies and that his complaint was rather that *they were stalling us all along the line* because they were clearly *not at all happy at the idea of unionisation*. The Fuel and Power Industries Committee must have communicated with Lyons on the item which he wished to have on the agenda because a few days later Lyons wrote to its secretary that *We have practically no members as yet employed in the offshore industry*. This was the problem which Reid was seeking to address in Aberdeen where he was experiencing a less than co-operative attitude from the manual trade unions. It must be remembered that Campbell Reid was a relative newcomer on the Aberdeen union scene and his union was viewed as a somewhat unwelcome addition to the unions already seeking to recruit in this difficult field. Fighting his corner Reid complained to Lyons in April, 1976 that he ought to have been a delegate at the meeting chaired by John Smith on 30th March, 1976 because all three IUOOC representatives were from essentially manual worker unions. Later events suggest that his exclusion may have been deliberate.

This inter-union rivalry between ASTMS and other IUOOC members was a mere family fracas compared with the very public dispute between NUS and other unions, principally TGWU, which broke out in October, 1975. There had always been some rivalry between NUS and TGWU over rights to recruit workers in shipping but there had been for some time a general consensus that employees on inland waterways and coastal shipping were the province of the TGWU while NUS, another constituent member of the British Seafarers Joint Council (BSJC), catered for merchant seamen. A dispute arose over rights to recruit on establishments to which the generic title semi-submersible is given and which is defined as a *floating platform, vessel or drilling rig which achieves its stability by "ballasting down"*,

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<sup>27</sup> v. Chapter Six, p. 108 supra.



*i. e. taking water into ballast compartments in its hull.*<sup>28</sup> Semi-submersibles operate to their best advantage in rough weather areas such as the North Sea and were therefore preferable to drill ships of that era with their conventional hulls which were more susceptible to wave and wind movement and could suffer long periods of shut-down in bad weather (although they did have the advantage of being able to move more rapidly from one location to another).

Not long after its foundation the IUOOC had agreed that semi-submersibles would not be regarded as ships but as installations although a drilling rig in movement across the sea to a new location is clearly a ship. Moreover, BSJC unions already had agreements with some operators whose base was in merchant shipping and one of these was Houlder Brothers. Back in August 1975 three BSJC members of IUOOC, NUS, MNOA and AUEW(E), together with the Master Mariners Staff Association and the Radio and Electronic Officers Association, negotiated an agreement with Houlder Brothers in respect of the semi-submersible rig Dundee Kingsnorth, which was about to return to UK waters from Norway. The main beneficiary of this would be NUS. Apparently fearing that this could lead to mass recruitment by NUS on all semi-submersibles, Jack Jones, the General Secretary of the TGWU, weighed into Tony Benn on 1st October, 1975 when they were on their way to meet a delegation of union officers concerning union recognition offshore. This was rather unfair on the Secretary of State for Energy who, for several months, had been assiduously striving to assist the trade unions and would continue to do so. Benn simply replied that he was not in charge of the NUS and that perhaps TGWU had been dilatory in recruitment offshore.<sup>29</sup> That Jones could upbraid a minister of the Crown for his alleged failure to support a narrow TGWU point of view is another illustration of the influence which the leader of the largest trade union in the country was able to wield.<sup>30</sup>

The Dundee Kingsnorth incident did more harm to the IUOOC than to the ego of Jack Jones. Quite reasonably, IUOOC considered that it should have been consulted and in a letter to the General Secretary of AUEW(E) Bill Reid stated that it *undermines the viability and credibility of the committee, particularly in the light of adverse comments already made by other employers in the offshore industry*. Thus, within two years of its foundation and before it had achieved any of the objectives for which it had been formed, IUOOC was being weakened by petty internal feuds. Moreover, at the meeting of 17th November, 1975, Liverman had raised obliquely the question of the degree of recognition which the trade union movement was willing to accord to the IUOOC and David Lea of the TUC had indicated, equally obliquely, that this was yet to be decided. Later in the discussions that day Lea had mentioned that there would always be cases when there would be separate agreements between employers and trade unions and instanced the Dundee Kingsnorth as an example.<sup>31</sup>

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<sup>28</sup> Bank of Scotland International Division, (1996) *Oil and Gas Handbook*, p.50.

<sup>29</sup> Benn, T. , (1989) *Against the Tide : Diaries 1973-76*, London, Hutchinson.

<sup>30</sup> v. Chapter Four, p. 57 supra.

<sup>31</sup> v. Appendix G.



## 5 The Détente Achieved

Since discord among trade unions over recruitment rights had long been a feature of the UK trade union system, the squabbling which involved the TGWU and NUS and the suspicions which ASTMS and the manual worker unions exhibited towards each other were not seen as anything out of the ordinary. They deflected neither the trade unions nor the government from pressing on towards the goal of an agreement with the oil operators. As stated above<sup>32</sup> Liverman had reported at the meeting of 30th March, 1976 that the Council of UKOOA had recommended to its members that they should allow trade union officers access to installations and he had produced a draft memorandum for discussion. Further progress on the draft memorandum and its implications for the industry was sufficient to convince the Secretary of State for Energy that another meeting, where the oil employers would be present, would probably result in agreement and thus settle the matter which must have been trying his patience sorely. He convened a meeting in the House of Commons on 11th May, 1976. The Minister of State for Energy (now Dr Dickson Mabon) and the Minister of State at the Department of Employment (now Harold Walker) were present along with, significantly, the Director-General of UKOOA and senior managers from seven major oil producers. The trade union representatives consisted of Frank Chapple (General Secretary of the Electrical Trade Union) and Harry Urwin, who were representing the TUC Fuel and Power Committee, together with Bill Reid and a few other members of IUOOC including Campbell Reid. While the official Press Notice<sup>33</sup> does not mention the Memorandum of Understanding which Liverman had read out in draft at the meeting of 30th March, 1976, copies with the proposed wording must have been available for discussion. As the Press Notice stated, this was the first time that government, trade unions and operators had sat down together. The rôle of the IUOOC was examined with the government welcoming its formation *as a means of harmonising the interests of the several unions concerned*. It is clear from the final wording of the Memorandum that UKOOA had been persuaded at this meeting to acknowledge IUOOC as an organization which represented the interests of trade unions, although this did not imply acceptance of it as a negotiating body, not least because UKOOA itself did not negotiate on behalf of its constituent members. Perhaps UKOOA hoped that this form of recognition would be seen as a conciliatory gesture since the Minister of State at the Department of Employment made it perfectly clear that the government was going ahead with its earlier promise of extending the provisions of the Employment Protection Act 1975 offshore. Access to installations was recognised as a special problem and it was decided to hold *further discussions to define more precisely an understanding on future requirements*.

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<sup>32</sup> v. p. 119 supra.

<sup>33</sup> v. Appendix I.



Fortunately for researchers, Campbell Reid reported the main details of the discussions in a memorandum to John Langan, his union's National Officer in Scotland.<sup>34</sup> We learn from this that the operators agreed in principle to provide facilities, including transport, for IUOOC officers to visit offshore rigs and platforms. The final wording of *the Agreement* (obviously the Memorandum of Understanding) had still to be tidied up so that it met the approval of both operators and unions but Reid did not expect that there would be any difficulties arising. There was another point that was not mentioned in the Press Report. This was the refusal of the operators to discuss the Charter of Unionisation on the grounds that they had not had time to discuss it fully. As Reid perceptively observes, this was a circumlocution for saying that they were unhappy about it and that it was wiser for them to accept the broader principle of access by the union officers to their offshore installations. After all, access did not necessarily mean that their employees would apply for trade union membership.

As Campbell Reid foresaw in his memorandum, no further difficulties arose and the Memorandum of Understanding on Trade Union Access to Oil Installations was accepted by both the trade unions and the employers. Having successfully brokered this agreement the government went ahead with an Order in Council whereby the provisions of the Employment Protection Act 1975 would apply offshore from 21st June, 1976. The Order in Council included the statement *The Order will provide new trade union recognition procedures and protect trade union membership and activities.*

Before discussing the provisions of the Memorandum of Understanding it will be appropriate to look at one consequence of the meeting of 11th May, 1976. This is the recognition of IUOOC by UKOOA, which, as late as March 1976, had regarded IUOOC as unreliable and therefore unsuitable as a body with which UKOOA was prepared to be associated. The Memorandum of Understanding was agreed in its final form by late May 1976 and on 2nd September, 1976 UKOOA's Council approved the terms of reference of the Liaison Panel of its Employment Practices Committee. These included a list of nine topics which *were selected because discussion of them can help to create more realistic attitudes in Government and the IUOOC.*<sup>35</sup> Even the term "back-handed compliment" cannot be applied to this highly subjective comment and it is not unreasonable to surmise that the reference to *realistic attitudes* had its origin in the opinions expressed by trade union representatives during the recently concluded negotiations preceding the Memorandum of Understanding. On a more positive note the two representative organizations began by January 1977 to meet at three monthly intervals. This was to lead fairly swiftly to an agreement between IUOOC and UKOOA Liaison Panel originally entitled "Memorandum of Understanding between the UKOOA and the IUOOC: Guidelines through which Recognition may be Achieved".

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<sup>34</sup> v. Appendix J.

<sup>35</sup> v. Chapter Six, p. 105 supra.



The trade unions believed they had won a victory. The government had expended a great deal of effort to achieve the détente and, feeling that it had discharged its Social Contract obligations towards the trade unions in their quest for recognition by the North Sea oil operators, withdrew from the scene. Industrial relations offshore were now a matter for the employers and the trade unions.

## **6 The Memorandum on Access and the Guidelines on Recognition: an Analysis**

Because their results bore little relation to the expectations of the unions and the government, both the Memorandum of Understanding on Trade Union Access to Offshore Installations and The Guidelines on Recognition must be subjected to some analysis. The Guidelines are given in Appendix K but the Memorandum is short enough for it to be given in full and thus facilitate swift access to its terms.

"The Government is extending employment legislation to offshore areas in order to contribute to secure industrial relations between employers and workers. This legislation includes the recognition provisions of the Employment Protection Act 1975.

Access of union officials to workers offshore does however present particular difficulties. It is the agreed intention of the Government, the operators and the unions *designated by the IUOOC* that all reasonable action should be taken to facilitate access *by the companies' normal transport facilities*. The operators have therefore individually agreed that they and, *as far as they are able to influence them*, the sub-contractors working for them, will take appropriate action *under agreed arrangements to be entered into* to ensure that trade union officials *designated by the IUOOC* are, on request, granted reasonable access to all their offshore installations.

It is not possible to lay down exact details of conditions of access. These must depend on operational circumstances and the number of requests made by unions. However, the Advisory, Conciliation and Arbitration Service will be available to assist employers and unions faced with any particular difficulties."

The above is the full text of the final agreement. The author has found<sup>36</sup> a copy of the agreement which excludes the phrases shown above in italics and he hazards the suggestion that it may be the original wording of the draft memorandum which was the basis for discussions at the meeting of 11th May, 1976. Support for this view is provided by a comment of Campbell Reid in his memorandum to Langan<sup>37</sup> where he states that the oil companies *will provide the transport*. This, it must be emphasised, was a major concession gained by the trade unions because travel by helicopter (the only practical method) was both expensive and difficult to arrange for persons other than oil industry

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<sup>36</sup> In the thesis of Dr A. A. Thom.

<sup>37</sup> This is the memorandum of 14th May, 1976 which is given in full at Appendix J.



employees. The phrase *designated by the IUOOC* is used twice. Here we see that the Memorandum is to apply exclusively to IUOOC members and thus it constituted a "mini-Bridlington"<sup>38</sup> agreement. On the other hand, concessions were not made solely by the employers because the trade unions had to allow the insertion of a clause, which released the oil companies from any requirement to make adherence to the terms of the agreement binding upon their contractors.

The Memorandum on Access and the Guidelines on Recognition were seen, at least by trade union officials, as complementary because once offshore employees had been recruited there would be a natural progression towards recognition. However, analysis of both documents demonstrates how puny were the gains for the trade unions. The trade union representatives may not have been hoodwinked into believing that they had achieved something other than what was really the case, but as regards the Memorandum on Access they had entered into an agreement couched in terms sufficiently imprecise for employers to ignore or manipulate them at will. Moreover, the terms of the two agreements fell far short of the Trade Union Charter for Unionisation of Employees.<sup>39</sup> Of the ten points in the Charter only one, the right of access to installations, had been agreed by the employers ( although a second point, that on an agreed disputes procedure, was negotiated at a later period). Matters such as union negotiation of terms and conditions of employment, incorporation of the Health and Safety at Work Act 1974 offshore, a National Board for dealing with wages, conditions and regulations offshore, compulsory membership of trade unions with a check-off system for subscriptions, future licences conditional upon companies recognising IUOOC unions as representatives of their employees, stand-by vessels and supply ships to conform to British manning and safety standards, all failed to appear in the agreements. As Campbell Reid mentioned in his letter, the unions accepted a rather weak excuse for the terms of the Charter to be passed over and this was probably a result of their eagerness to secure their first objective, access to the installations.

The first and the third paragraph of the Memorandum on Access require little comment. The Employment Protection Act 1975 was conceived on the assumption that most workers would be trade unionists but while this was so onshore it was not the case offshore. Consequently recognition provisions could apply only once sufficient workers had been recruited and sought recognition of their trade union by the employer. Perhaps the trade unions were sanguine enough to believe that mere access of their officers to the installations offshore would suffice to garner recruits. Paragraph three recognises that operational circumstances had to have some bearing upon the rights of access but it was unrealistic to believe that ACAS could assist in any significant way when particular difficulties arose.

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<sup>38</sup> At the 1939 TUC held at Bridlington it was agreed that no affiliated union should recruit members in an industry or organization where another affiliated union already held negotiating rights. This was to avoid "poaching" of members from one union by another.

<sup>39</sup> v. Chapter Six, p. 108 supra.



The weaknesses of the Memorandum on Access are more fundamental when the second paragraph is considered. Having gained the point that access to their installations would be the responsibility of the operators, this left the arrangements in the hands of the operators who, the trade unions were soon to find, did not go out of their way to "facilitate access". The time when a trade union officer found himself available to go offshore might not fit in with the operational requirements of the installation that he wished to visit. Besides, a seat on a helicopter was in itself a problem because extra personnel sometimes had to be flown out at short notice and allocation of a seat was not always resolved in the trade union officer's favour; in the months following the ratification of the Memorandum on Access there were a few cases of "bumping", when a trade union officer, already at the heliport and expecting to go offshore, was informed that, regrettably, his place in the helicopter had to be taken by a company employee who was needed on the installation. There is no suggestion that this was deliberate discourtesy and eventually this problem disappeared but not before the immediate impetus of the Memorandum on Access was beginning to decline.

There was also the question of the reception and treatment of the visiting trade union officer once he did arrive on the installation. It took a few months before most companies established a practice whereby the visiting officers were to be recognised as guests and given appropriate accommodation for interviewing prospective members. It is commonly believed by many trade unionists that the visiting officials were deliberately given a room adjacent or near to the OIM's office in order to deter oil workers from coming to see the union visitor. A more likely explanation is that the most suitable accommodation was in the office segment of the installation and that it would have been discourteous in the extreme to expect the guest to achieve his purpose without an opportunity for discussions to be held in private and in reasonable comfort. In addition, it could have been dangerous to allow a visitor the "free run" of the installation because of his unfamiliarity with the many hazards attending life offshore. It later became the practice of most firms for a representative of the personnel department to accompany the trade union officer to ensure that the arrangements for his visit were satisfactory.

The granting of reasonable access to installations referred to the willingness of an operator to accede to requests from trade union officials who wished to go offshore. Logically, this should have come first in the paragraph with the matter of transport following. The addition to the original draft of this Memorandum of Access of the words "*under agreed arrangements to be entered into*" was a restrictive covenant in favour of the employers, although it might not have seemed so at the time. It permitted the operator to refuse consent for a visit on the grounds that no agreement had been reached on the issue. However, by far the biggest drawback in the whole Memorandum was the fact that contractors needed to offer similar facilities to trade union officers only "*so far as they (i. e. the operators) are able to influence them*". This was patently a "let-out" clause for the operators but its importance was all the



greater since the proportion of personnel who were direct employees of the operators was about to decline sharply. Within a few years the majority of the workers offshore were contractors' employees. Today it is estimated that fewer than 20% of offshore workers are directly employed by the operators.

The Guidelines for Recognition was an agreement whereby recognition was restricted to unions in membership of IUOOC and any approach to an employer for recognition had to be made through IUOOC. Once the basis of a "common interest group" had been determined by union and management the question of whether there was "significant membership" would have to be referred to a third party. The subsequent agreement would, however, only be representational and if a negotiating agreement was sought there had to be a ballot in favour of the trade union making the request.

The Guidelines exhibited three weaknesses from the point of view of an agreement designed to assist trade unions to obtain recognition by the oil operators. The first was that it assumed success for, at least, some trade union officers in their recruitment offshore under the terms of the Memorandum on Access. To demand recognition without the backing of a large proportion of a "common interest group" would have attracted a rebuff from an employer. Events were to show that, in the American idiom, the union officers rarely reached this first base. The second weakness was that even if sufficient numbers of employees in a "common interest group" were recruited by a union, the agreement with the operator would be purely representational. Negotiating rights were obtainable only through subsequent balloting. The third weakness was that, unlike the Memorandum on Access, any UKOOA member was *free to modify or amend any of the steps in discussion between themselves and the IUOOC*. In a way this was a reminder to IUOOC that UKOOA was not a negotiating body and that any member of UKOOA remained free to make the arrangements that it wanted - or none at all - when any trade union (possibly a non-IUOOC member) approached it on the matter of recognition.

With the advantage of hindsight we can see how these agreements were disappointing for the trade unions. Possibly the only lasting benefit has been that UKOOA recognised IUOOC as an organization with which it was prepared to discuss - but never to negotiate - employee relations offshore. Despite the intervention of members of the government at levels as high as the Cabinet (Tony Benn) and the considerable time spent on detailed discussions by Ministers of State (John Smith, Harold Walker) and their civil servants, the trade unions have been unable to make any headway offshore. There have been occasional flurries of interest in trade unionism when employees on an installation have felt aggrieved over a particular issue and sought union support but little of lasting advantage has ever accrued to the unions. As a later chapter will show, the union officers continued in what must have seemed, even to them, the fruitless task of striving to recruit members among oil workers but by the mid-1980s more important matters were engaging the attention of trade unions as their memberships went into serious decline.



The efforts of government ministers, their civil servants and the trade unions can be summed up no better than in the words of the poet Horace in his "Ars Poetica":

*Parturient montes : nascetur ridiculus mus.* (The mountains went into labour and gave birth to the smallest of mice).

A large share of the cause of that result must be attributed to the operators. They had succeeded in defending their exclusivity very cleverly, giving what appeared to be generous concessions in the knowledge that the interpretation of the agreements gave them sufficient opportunity to frustrate trade union objectives.

## 7 Summary

By 1975 the oil operators were prepared to listen to proposals for some form of accommodation with the trade unions, especially as the government favoured such a development.

They were not the first multi-national organizations to establish themselves in the United Kingdom. Manufacturing firms had arrived in the late 1950s and the early 1960s and from 1963 to 1970 at every meeting of the Trades Union Congress alarm had been expressed at the possible effect upon union members. Since the centres of decision making were outside the UK, job security rather than industrial relations was the main concern of the unions as was demonstrated by a TUC review in 1970 on inward investing companies. Management was also interested and the British North America Committee commissioned a study on labour relations in multi-national corporations with special reference to USA firms operating within the United Kingdom. The author, John Gennard, came to conclusions similar to those of the TUC review and he suggested that the trade unions would seek to develop their links with international trade unionism to counter the strength of these corporations. Gennard's criticism of IBM and Kodak for refusing to recognise trade unions drew a note of dissent from one ex-patriate manager who considered that these two companies' outlook was to be commended because they were providing conditions of service which made trade unions superfluous.

The oil operators have always sought to exclude trade unions from their installations. They were a cohesive body organized in UKOOA, which never negotiated on behalf of its members in a way that was understood by IUOOC. Within Aberdeen itself, which was emerging as the oil capital of Europe, there were regular but informal meetings of executives of oil operating companies where a common approach to personnel aspects such as pay and conditions of service was agreed with total absence of written documentation. Unlike UKOOA, IUOOC suffered sporadic outbursts of petty internal feuding, usually over rights to recruit certain classes of employee.



Throughout the premiership of Edward Heath (1970-1974), when the trade unions were heavily engaged in fighting the Industrial Relations Act 1971 to the virtual exclusion of any other aspects of employment, the oil operators were establishing themselves in North East Scotland. When, rather too late, the trade unions finally turned their attention to the oil companies and found themselves regarded by the industry as little more than an irrelevance, they sought help from the TUC and from the government which was currently introducing legislation favourable to trade unions as part of the Social Contract. Government ministers investigated the views of both employers and unions and eventually brought both sides to the conference table, where agreement was reached on the access of trade union officials to offshore installations for the purpose of recruiting. The trade unions, however, were soon to find that this agreement on access and a subsequent agreement on recognition delivered far less than they had expected. This was mainly on account of provisos, favourable to the employers, which the unions, in their eagerness for a negotiated settlement, had allowed into the final document.

# CHAPTER EIGHT



## THE FIRST STRIKE OFFSHORE

Over a three month period from November 1975 there occurred an industrial dispute offshore which, though small in relation to the number of persons involved, served to confirm in the minds of both trade unions and oil companies the unacceptable attitude of the other towards the conduct of human resource management offshore. It represented a clash between two very different traditions, namely the deeply held conviction of British workers that they had a right to question managerial decisions which involved loss of employment in contrast to the authoritarian approach of American management which the industry considered necessary for successful operation in a difficult and often threatening physical environment. The inter-relationship of owner and operator of the installation in question added another dimension to the incident and demonstrated the complex nature of the oil industry as a whole.

By a curious coincidence the dispute also took place just at the time when there was a surge of interest in the conduct of industrial relations offshore. A few weeks earlier the TUC had passed a resolution<sup>1</sup> proposing action in support of trade unionism offshore and the IUOOC was using the arrival of the first oil produced from a British North Sea field to draw public attention to the need for full representative rights for offshore employees. Moreover, it was during these three months that the government was making every effort to persuade the oil operators to offer some sort of recognition to the trade unions.<sup>2</sup>

At the time of the dispute the drilling rig Venture One was located 150 miles east of Dundee. It was owned by Dixilyn (International), a Swiss-based company which was a subsidiary of Dixilyn of Houston, Texas and serviced out of Dundee by Shore Base Services, another Dixilyn company. Those aboard worked for Dixilyn (International) but were remunerated by Pelyn of Geneva. The operating company was Conoco which had subcontracted the work to Placid Oil. Late in afternoon of 3rd November, 1975 a trainee crane operator, William Cowan, whom the rig superintendents now considered sufficiently competent to carry out routine work without supervision, was asked by two roustabouts to lift some collars. The senior tool pusher, Peter Stoppler, noticed that the roustabouts were not using tag-lines and ordered that no further lifting was to be done until these safety devices were attached. Since none was immediately available the roustabouts signalled to Cowan that he was to "hold" and, without communicating further, went off to the marine store to fetch ropes. Before they returned a third roustabout came from another part of the rig and asked Cowan to lift a 12 foot pipe. Cowan, unaware of the instructions of Stoppler about tag-lines, lifted the pipe to its required position, whereupon Stoppler, who had seen the crane in operation, dismissed him on the spot. Jim Winters the crane operator, who in the drilling industry is also the deck superintendent of the roustabouts, felt that rather rough justice had been meted out to his trainee, especially as no injury had resulted and he asked

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<sup>1</sup> v. Chapter Six, p. 107 supra.

<sup>2</sup> v. previous chapter.



Stoppler to reconsider his decision. Stoppler refused. That evening "A" crew discussed the matter. They agreed that Al Shaw, the junior tool pusher and second in command of the rig under Stoppler, should be invited to discuss the matter with his superior and seek reinstatement of Cowan. If this brought no change, Winters and David Robertson, a welder with considerable experience of negotiations of this nature, were delegated to seek an interview with Stoppler and to tell him that if the position still remained unchanged the men would withdraw their labour until a senior manager of Dixilyn (International) came out to Venture One to discuss what the men saw as a threat to job security.

Shaw agreed to speak to Stoppler but he refused to retract his decision. The following morning Winters and Robertson approached Stoppler but they, too, were told that he would not reinstate Cowan. In accordance with their decision of the previous evening "A" crew withdrew their labour whereupon Stoppler dismissed Robertson for inciting the others to what he called "mutiny". At 12:30 p. m. Stoppler informed them that he had sent for two helicopters to remove them from Venture One and that if they would not board them he would summon the police. In fact he had already communicated with the Dundee Police requesting the presence of as many officers as were necessary to remove "A" crew from Venture One but had been told that he and his employers must settle this matter on their own. By this time "B" crew were aware of what was happening and fearing a complete withdrawal of labour Stoppler began to negotiate with Robertson and his colleagues. At one point he said that he was prepared to *renew both crews if the need arose* but finally he agreed *against my better judgment*<sup>3</sup> to reinstate both Cowan and Robertson. On return to Dundee at the end of their two week shift the members of "A" crew were summarily dismissed, the Dundee manager of Dixilyn (International) commenting that the re-instatement of the men had been *a compromise in order to avoid any incident which would jeopardise the lives of the other 62 persons aboard*.<sup>4</sup>

There were two interpretations of the decision to re-instate and then dismiss not only Cowan and Robertson but the other eight men of "A" crew as well. The company view was that the re-instatement had been merely a temporary measure to prevent any further disruption of work on Venture One and that the dismissals had been entirely justified because the company could not, in the interests of safety, afford to employ men who sought to challenge a manager's authority with strike action. Naturally, the men took an entirely opposite view. A fellow worker had been dismissed, the rig manager had refused even to hear their explanation of what had happened and consequently they were left with no option but to withdraw their labour. There was no disciplinary procedure to follow although the TGWU had already asked for one to be laid down.

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<sup>3</sup> Both quotations are from a manuscript account of the incident prepared on 5th November, 1975 by "A" crew for the manager of Placid Oil at Dundee, whom they wished to see on their return onshore. A copy was made and is now in the archives at the OILC office in Aberdeen.

<sup>4</sup> Statement to the press, mid-November, 1975, by Bernard Shooter, manager at Dundee of Dixilyn (International).



Stoppler had then negotiated and had re-instated Cowan and Robertson. "A" crew had worked normally until the end of their tour offshore and had been summarily dismissed on arrival in Dundee on account of an incident which they believed had been settled some days previously.

On the Venture One the employees involved in the incident had acted as they normally did in similar situations. Robertson had been a shop steward in previous employment and had taken the leading rôle in a situation with which he was familiar: seeking to reverse a managerial decision to dismiss a fellow worker. He was merely the chosen spokesman for a specific group of workers and in doing so was acting no differently from hundreds of other shop stewards in other parts of the United Kingdom. In the industrial milieu where he and the others of "A" crew had been accustomed to work such contretemps were usual and once the issue was settled it was forgotten by men and managers. The industrial milieu of the oil industry was, however, quite different for it was one where such confrontations were not acceptable and consequently employees who indulged in this lack of discipline could not be tolerated. In the argot of the UK offshore industry which was already developing, such persons were NRB (not required back).

David Robertson was not prepared to accept this treatment. He and the other nine entered a claim to the Industrial Tribunal for unfair dismissal. More importantly, he mounted a campaign to persuade Dixilyn (International) to reverse its decision and to make public the nature of employment offshore. As Bill Reid, whom Robertson brought quickly into the picture, commented *The lads in the North Sea are working in conditions similar to those which existed in British industry in the nineteenth century.*<sup>5</sup> This was an exaggeration in its totality but an accurate enough description of the untrammelled disciplinary power of the oil companies to dismiss employees at will. It was not easy for Robertson to organize matters because he (and two others) lived in Aberdeen while the other seven lived in Fife, Dundee and the north of England. He received great support from his wife, Lorna, whose secretarial skills were invaluable in the preparation of statements for the press and in correspondence with the IUOOC, union officials, MPs, the former employers, ACAS and the other dismissed men not to mention sending and receiving telephone messages. The contest between one man and an international organization appeared at the outset no more than a forlorn hope but a considerable amount of success was to attend his efforts.

The IUOOC gave full support because it saw that this was a test case, if not for trade union recognition then at least for an acceptable disciplinary procedure in offshore employment. Bill Reid, the secretary of IUOOC, was also the District Officer of the TGWU of which union all the men were members except Robertson whose union was the Boilermakers and consequently Reid had a direct involvement in the case. The TGWU had

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<sup>5</sup> Statement to Aberdeen Peoples Press, January, 1976. Precise date not known since photocopy of relevant passage, now in the archives of the OILC office, excluded the date.



"blacked" the Venture One and although this did not prevent recruitment it kept the issue alive especially when support was later received from the International Transport Federation. The TGWU asked for a meeting with Dixilyn (International) and was refused and the same answer was given to ACAS whom Reid had asked to intervene. *The CAS (sic) and ourselves have been snubbed by the company*<sup>6</sup> reported Reid. Meetings were held with Conoco, the charterers of Venture One and the Dundee Docks Branch Committee of the TGWU. Dixilyn (International) remained adamant and continued to refuse to discuss the issue.

Events moved quickly in late January/early February 1976. David Robertson believes that Conoco had become tired of the matter and had "leant" on Dixilyn (International). While this can be no more than speculation there was no doubt of the mood of the Dundee dockworkers, all TGWU members, who first threatened to "black" the three supply vessels servicing Venture One and then did so on 26th January. This industrial action was called off after three hours when the company agreed to meet union representatives on 6th February.

"A" crew's wisdom in not putting all their hopes on a favourable result from the Industrial Tribunal had been demonstrated a few days earlier when the Industrial Tribunal decided that since they had been working outwith British territorial waters their case could not be heard. Nationally trade union leaders with members in offshore employment complained that this ruling left their members unprotected and demanded an amendment to the law, which eventually brought offshore workers within its scope. Another similar case was bound to have come along but "A" crew of the Venture One can claim to have started a train of action that led to greater protection for people in offshore employment.

Present at the meeting on 6th February, 1976 with the Dixilyn (International) managers were Harry Bygate, secretary of the Aberdeen Branch of the National Union of Seamen, Bill Reid and David Robertson. The outcome was satisfactory on the whole for the ten men who were re-instated as from that day and had thus attained their prime objective. On the other hand they were not offered employment on Venture One, understandably since Peter Stoppler was still in charge there, but on Venture Two, which was currently being built in Finland. While the subsequent history of the men at Pori in Finland, which David Robertson laughingly refers to as "exile", is another matter, certain conclusions can be drawn from this strike.

The first is that it was possible in 1976 for one determined man to contest successfully onshore what he saw as unfair disciplinary action offshore. It needed determination and David Robertson had this quality in abundance. As he said just before Dixilyn (International) caved in *I wouldn't like us just to be*

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<sup>6</sup> Statement to the "Press and Journal". Again the precise date is not known as the photocopy in the OILC archives excluded the date.



*re-instated and then everything forgotten about. I'd like something to grow from this fight.*<sup>7</sup> It also required organization and this was achieved by efficient communication skills and effective involvement of trade unions. The IUOOC played its part but the crucial factor was the enlistment of the Dundee dockers in support of the dismissed men. Without their "blacking" of supplies to Venture One it is unlikely that Dixilyn (International) would have been brought to the negotiating table.

Public sympathy is always important in recruiting support of others not directly involved. Although the newspapers did not give full details of what had happened on Venture One on 3rd and 4th November, 1975 there was a general awareness that, whatever one thought about trade unions and shop stewards, the employer in this case had been less than fair. It was certainly grist for the IUOOC because the company was demonstrating all the worst features of what was believed to be typical American macho-management with Peter Stoppler almost a caricature of the tough uncompromising oil executive. Robert Hughes MP lambasted the affair in which his constituent, David Robertson, had become the central figure.

*It is ludicrous for a company to treat industrial relations in this way - and the sooner there is stronger trade union organisation on the rigs the better. Everyone would benefit from stronger unions, or at least proper consultations.*<sup>8</sup>

Although the circumstances were quite different it is interesting to compare the success of this strike with the failure of the IUOOC to extract recognition from the oil companies in mid 1974. The industrial action taken on board the Venture One arose out of the dismissal of one employee, which his fellow workers considered to be utterly unfair and this was compounded when the company dismissed an entire shift on their return onshore for having provided support for their colleague. This stimulated a well organized campaign to secure re-instatement to which IUOOC gave assistance but the company showed no sign of paying any heed until sympathetic action by the dockers in Dundee demonstrated the strength of feeling on the issue. By contrast the attempt by IUOOC to win collective bargaining rights in 1974 had been poorly co-ordinated and lacked any emotional appeal or focus.

It is highly probable that there were some lessons from the Venture One episode that were not lost on the oil employers. In determining their policy on conditions of employment it is likely that the oil companies saw the value of some compromise between unqualified authoritarianism and over-conciliatory management. After all, sophisticated paternalism was soon to become the hallmark of offshore industrial relations. This is a policy aimed at the provision of conditions of work, which are sufficiently attractive to employees

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<sup>7</sup> Comment to Aberdeen Peoples Press, February, 1976.

<sup>8</sup> "Press and Journal", a few days before the meeting on 6th February, 1976. This quotation is taken from the same set of photocopied documents referred to at footnotes 3, 5 and 6 above which unfortunately were not annotated with the actual day of publication.

to persuade them that they have no need for trade union protection.<sup>9</sup> This is not to assert that there is no genuine intention to provide security of employment and good pay with attractive fringe benefits, because the oil companies have as responsible an attitude towards their employees as any other industry. On the other hand, a contented workforce with a minimum of grievances is poor recruitment ground for trade unionism especially when one considers the short term outlook of so many British manual workers.

As the following chapters will show, the trade unions never gave up their struggle to attain recognition for collective bargaining but apart from little flurries of success in recruitment this objective has remained as distant a prospect as ever. The story of the Venture One industrial dispute does not, however, end here. David Robertson's hope that something would grow out of his fight was disappointed but more than a decade later he was to emerge again as one of the founder members of the Offshore Industry Liaison Committee and to play a significant rôle in the industry's employee relations.

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<sup>9</sup> v. Chapter Seven, p. 114 *supra*. Comment of W. Blackie.



## CHAPTER NINE

## **THE CALM BEFORE THE STORM : THE TWELVE YEARS FROM THE MEMORANDUM ON ACCESS TO PIPER ALPHA**

After four years of intense industrial relations activity within the oil and gas industry culminating in the Memorandum on Access and the Guidelines on Recognition there followed a twelve year period which, by comparison, was almost quiescent. Using nautical terminology industrial relations sailed straight from the "Roaring Forties" into the "doldrums" where they remained until they re-entered stormy waters with startling suddenness on 6th July 1988. After the Piper Alpha disaster on that day some aspects of the industry were never to be the same again while others, particularly industrial relations, after a period of frenetic activity, were to slip back into the torpidity from which they had been so uncomfortably aroused.

The events of this twelve year period will be examined by an analysis of several different themes, all interconnected and all illustrating, to a greater or less degree, the inherent weaknesses which impeded the trade unions in their efforts to wrest from the oil companies the form of recognition to which they aspired. Although the British trade unions were at the apogee of their power during the early years of this period,<sup>1</sup> the British North Sea oil and gas industry had no difficulty in maintaining its own mode of industrial relations wherein trade unions had the smallest of parts.

### **1 The Association of Scientific, Technical and Managerial Staffs**

Mergers of trade unions were made easier by the Trade Union (Amalgamation) Act, 1964. One of several amalgamations was that of two unions catering mainly for technical staff - the Association of Supervisory Staffs, Executives and Technicians and the smaller Association of Scientific Workers - which merged in 1968 to form the Association of Scientific, Technical and Managerial Staffs.<sup>2</sup> The union was energetic in its recruitment and by 1980 had increased its membership to 491,000 compared with approximately 90,000 which had been the combined membership at the time of the merger.

ASTMS was successful because it was an organization mainly for salaried employees and not simply the "white collar" arm of a union where the membership consisted largely of manual workers. It was thus seen as a rival by traditional manual worker unions such as the Transport and General Workers' Union, the National Union of General and Municipal Workers, the Amalgamated Union of Engineering Workers and the Iron and Steel Trades Confederation, all of whom had "white collar" sections.

The new union's first major confrontation with manual worker unions came during 1968 in the steel industry, which had been nationalised in 1967 as the British Steel Corporation. BSC found that it had inherited 29 individual unions

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<sup>1</sup> v. Chapter Four, p. 57 supra.

<sup>2</sup> Renamed 1988 the Manufacturing, Science and Finance Union (MSF) on amalgamation with TASS.



with negotiating rights and attempted to rationalise its collective bargaining procedures by recognizing only those unions already accepted as representing manual workers. This excluded ASTMS which had been organizing in some plants for several years. Together with the Clerical and Administrative Workers' Union (another excluded union) ASTMS called a strike in a car plant which was an important customer of BSC. This inter-union dispute was referred to a court of inquiry<sup>3</sup> and in his evidence Dai Davies, General Secretary of the ISTC, stated with brutal frankness the rationale behind his organization's objection to any recognition by BSC of these two unions.

*One of the consequences of technological development is that the pattern of the labour force in steel is changing. There is a rise in the proportion of clerical, technical, administrative and supervisory staff at the expense of production workers. All the indications are that this trend will continue. The Confederation has been negotiating for clerical, administrative and supervisory staff for almost half a century and it does not intend to allow fresh competition in this field.*<sup>4</sup>

The court of inquiry nevertheless concluded that the two unions had strong grounds for inclusion in the national negotiating machinery, provided that the predominance of the steel union was recognized in the distribution of places on the union side of the machinery. The BSC reluctantly accepted the decision to the extent of agreeing to local recognition of the two unions, where membership justified it. The manual worker unions, however, would not tolerate this and prepared to direct their members not to receive instructions from supervisors who were in C&AWU or ASTMS, a stance which, after some initial hesitation, the General Council of the Trades Union Congress supported.

Eventually a compromise was reached whereby those unions in the TUC Steel Committee<sup>5</sup> negotiated with BSC at national level and, as stated in the report of a later court of inquiry,<sup>6</sup> *further negotiations take place at works group, individual works and even departmental level in respect of employees in membership of locally recognised unions.* This successful defence of its recognition rights in a few BSC plants was an important victory for the newly formed union but it did not endear ASTMS to the older established unions. Other inter-union differences involving ASTMS were to follow and the the leaders of the larger manual worker unions came to exhibit a scarcely disguised hostility towards its General Secretary, Clive Jenkins,<sup>7</sup> who was largely responsible for the initial and subsequent amalgamations of several small unions which created ASTMS.

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<sup>3</sup> 1968 *Report of a Court of Inquiry under Lord Pearson into the disputes between the British Steel Corporation and certain of their Employees*, Cmnd 3754, HMSO, London.

<sup>4</sup> *ibid.* para 8, p. 8.

<sup>5</sup> Iron and Steel Trades Confederation, National Union of Blast Furnacemen, TGWU, GMWU and National Craftsmen's Co-ordinating Committee.

<sup>6</sup> 1975 *Report of a Court of Inquiry into a dispute between the National Union of Blastfurnacemen and the British Steel Corporation*. Advisory, Conciliation and Arbitration Service, London.

<sup>7</sup> They managed to exclude him from the General Council of the TUC until its format changed in 1983.



From about 1975 ASTMS implemented a policy of widening its recruitment to include craftsmen as well as managerial staff. As regards the North Sea offshore oil and gas industry it broadened its appeal even wider by accepting into membership every grade of employee. This vigorous recruitment had the joint effect of further antagonising other unions and enabling ASTMS to become the only union with any significant membership in the southern sector of the North Sea. Later, in 1988, through its absorption of TASS the union strengthened its presence even more because it became a signatory to the Offshore Construction Agreement<sup>8</sup> along with AUEW, EETPU and the then independent Boilermakers' Society.

## **2 Unionisation of Phillips Petroleum Company UK**

As stated earlier ASTMS did not open an office in Aberdeen until the Spring of 1975. By contrast, ASTMS was already well established on the East Anglian coast from where offshore gas had been piped ashore to the terminal at Bacton since 1968 (Leman Field) and 1969 (Hewett Field). The union had attracted some membership and by 1976 felt that it was now strong enough to justify a claim for recognition from Phillips Petroleum Company UK on the Hewett Field. The company acknowledged the union's request for discussions but told ASTMS that it must pursue the matter through the Inter Union Offshore Oil Committee in Aberdeen. This can be taken at its face value with Phillips believing that this was the appropriate route for the claim to be processed but Roger Spiller, the ASTMS Divisional Officer in East Anglia, was to say later<sup>9</sup> that it was merely a stratagem to divert the claim away from the area.

What is undeniable is that the claim sparked off another inter-union dispute about the rôle and authority of the IUOOC in the North Sea oil and gas industry. Spiller had informed his National Officer, Roger Lyons, of the company's reply and Lyons wrote in January 1977 to David Lea, Head of the TUC Economic Department and secretary of the TUC Fuel and Power Industries Committee, who had been closely involved in the negotiations leading up to the Memorandum on Access. Lyons made the reasonable point that since IUOOC was based in Aberdeen it could do little to assist a claim for recognition off the East Anglian coast. The following month Stan Davison, Assistant General Secretary of ASTMS, wrote to inform Campbell Reid that IUOOC had been allocated responsibility to operate in the northern sector of the North Sea and thus had no locus in the Phillips affair. In his reply,<sup>10</sup> which mainly described the animosity displayed towards ASTMS by other IUOOC members, Reid agreed that the IUOOC's remit did not cover the southern sector of the North Sea and that this was a decision which the TUC Fuel and Power Committee had already reached. Campbell Reid warned Davison that the IUOOC thought it wrong to split coverage of oil and gas and would raise the matter at a meeting to be held in March.

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<sup>8</sup> v. p.166 infra.

<sup>9</sup> In a letter to Roger Lyons, National Officer, 18th October, 1977.

<sup>10</sup> C. Reid to S. Davison 16th February, 1977.



This meeting of the Fuel and Power Industries Committee (FPIC) was convened on 23rd March, 1977 at Congress House, London. It was chaired by Frank Chapple of EETPU and there were representatives of every union with an interest in the oil and gas industry including Lyons, Davison and Reid of ASTMS and Urwin and Reid of TGWU. Lea was also present as secretary of the Committee. There was one subject on the agenda: "Trade Union Organization in the North Sea Offshore Area". The chairman introduced the discussion with the reminder that by Resolution 83<sup>11</sup> of the 1975 Trades Union Congress the FPIC was charged with, inter alia, securing *orderly progress towards full trade union organization in the North Sea area*. The discussion had greater relevance to issues which will be dealt with later in this chapter but reference must be made here to the question of the sphere of authority of the IUOOC. Frank Chapple said that the FPIC understood that the IUOOC's activity was restricted to the northern sector of the North Sea and was supported by Harry Urwin who added that it was not the responsibility of this TUC committee to adjudicate on demarcation problems in the offshore oil and gas industry. Bill Reid retorted that this prevented IUOOC from *approaching the oil multi-nationals involved on a co-ordinated all union basis wherever they happened to operate*.<sup>12</sup> This view found little support and in his remarks at the conclusion of the meeting the chairman *reaffirmed that it was not the TUC Fuel and Power Industries Committee's function to adjudicate on spheres of influence in particular energy sectors, even one as important as North Sea oil*.<sup>13</sup>

Bill Reid did not take kindly to the opinion of the FPIC that the IUOOC must confine its operations to the northern sector of the North Sea and he wrote in strong terms to Lea defending the right of IUOOC to be consulted about union affairs in the industry as a whole.<sup>14</sup> He resented in particular a statement by Davison (not in the minutes of the FPIC meeting but apparently made there) that the IUOOC's remit was limited to facilitating the offshore visits of trade union officials. Reid went on to say that ASTMS was seeking sole negotiating rights from the company and that since IUOOC was a multi-union body Phillips understandably thought that it was appropriate to refer the claim to his committee in order to avoid inter-union rivalry. He warned Lea that, if ASTMS was to be successful in its wish for each union to fight its own corner on North Sea matters, the IUOOC would cease to have any *raison d'être*.

In a letter to Davison Lea appears to see some merit in Bill Reid's argument and to have conceded to IUOOC the right to deal with the Phillips representation issue on the grounds that this gave support to IUOOC.<sup>15</sup> Davison drafted but did not send a letter to Lea objecting to what Campbell Reid calls a "volte face" in a letter to Spiller.<sup>16</sup> Some sort of compromise, however, must eventually have been worked out at a meeting of the FPIC on 27th July, 1977 because on 5th August,

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<sup>11</sup> v. Chapter Six, p. 107 supra.

<sup>12</sup> Minute of meeting of the TUC Fuel and Power Industries Committee 23rd March, 1977.

<sup>13</sup> Minute of meeting of the TUC Fuel and Power Industries Committee 23rd March, 1977.

<sup>14</sup> W. P. Reid to D. Lea 13th April, 1977.

<sup>15</sup> D. Lea to S. Davison 24th May, 1977.

<sup>16</sup> C. Reid to R. Spiller 21st June, 1977.



1977 Davison wrote to Clive Jenkins, Roger Spiller and Campbell Reid that *a letter should be expected any day from Bill Reid confirming our right to agree recognition with Phillips with the blessing of the IUOOC*. ASTMS was not to seek sole negotiating rights because there was a possibility that EETPU could also recruit some members and so this was perhaps a minor victory for IUOOC whose EETPU representative may have insisted on this. It represented a sensible outcome because ASTMS achieved almost all that it wanted while IUOOC retained what it believed to be its legitimate authority in all North Sea industrial relations matters. That its authority was recognised is demonstrated in a letter of Roger Spiller in December 1977 when he submitted to Roger Lyons the proposed wording for a ballot paper to be issued to staff of Phillips Petroleum UK: *Do you wish ASTMS on behalf of IUOOC to be granted collective bargaining rights?*<sup>17</sup>

It had taken over a year for ASTMS to obtain the approval of its trade union confrères for a recruitment drive in one company involved in natural gas reclamation. There now followed what can best be described as a game of industrial relations chess between the union and the company, the moves being made very slowly and the company's defence being difficult to penetrate. The union asks for recognition on the grounds that its numbers justify it but the company doubts this claim to significant membership; the union asks for a ballot of employees and the company refuses; the union threatens to ask the Department of Energy to intervene in its favour and the company concedes the ballot; the ballot shows that there are 35 members of ASTMS out of a staff of 77 but the company refuses to accept the figure and seeks independent verification; Spiller, the Divisional Officer, agrees and offers to submit the union's Yarmouth branch register for independent scrutiny but Phillips Petroleum UK now insists that the ballot must include the company's on-shore employees as well, thus introducing a totally new element into the dispute.

There was activity too at national as well as local level. Understandably impatient with the company's tactics Lyons, the union's National Officer, wrote to the Secretary of State for Energy, Tony Benn, requesting that he help to expedite the procedure for recognition.<sup>18</sup> Benn replied that he would let Phillips know his view that there should be a *proper conclusion of the discussion about recognition on offshore platform*.<sup>19</sup> Lyons acknowledged Benn's reply and added the information that one of the means by which Phillips hoped to prevent an agreement being reached was by making it almost impossible for union officers to visit offshore company platforms.<sup>20</sup> Within three weeks Lyons was again writing to Benn asking for his intervention on the grounds that the company was abusing the Memorandum on Access by seeking to include onshore personnel *who were never referred to until the company had exhausted every other obstacle to recognition over a nearly two year period*.<sup>21</sup>

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<sup>17</sup> R. Spiller to R. Lyons 14th December, 1977.

<sup>18</sup> R. Lyons to T. Benn 22nd December, 1977.

<sup>19</sup> T. Benn to R. Lyons 13th January, 1978.

<sup>20</sup> R. Lyons to T. Benn 19th January, 1978.

<sup>21</sup> R. Lyons to T. Benn 10th February, 1978.



Meanwhile in East Anglia the industrial relations chess match had resumed. The company cannot understand the union's refusal to include onshore personnel in the ballot and the union continues to assert that it is offshore personnel alone who are the subject of this particular claim; the company will not agree that a vote for recognition of ASTMS is the same as a vote for the union to be granted full negotiating rights but the union replies that whatever may be the practice in the USA a vote for membership in the UK *implies a desire for collective bargaining*;<sup>22</sup> the company informs its Hewett employees that a ballot on recognition for ASTMS has been arranged but questions the worth of any union involvement and ASTMS counters with leaflets explaining the value of union membership; a ballot takes place and the result is a victory for the union; the company accepts that it will enter into collective bargaining with the union.

By August 1978 the company and the union had agreed a formula for negotiation rights. Thus the persistence of the union officers assisted by considerable prodding from the Secretary of State had achieved the ASTMS objective. On the other hand the number of employees concerned, about 80 at most, was derisory in relation to the amount of time expended by company and union officials, not to mention the Secretary of State for Energy. The union regarded the concession of negotiation rights by Phillips Petroleum UK as a victory for a principle to which the union movement was committed and hoped that it would be a forerunner of many other similar agreements offshore. Phillips was later to concede a negotiation agreement on its Maureen Field in the northern sector of the North Sea but it remained the only major oil company to do so. ASTMS was the most energetic of the trade unions in pursuit of recognition by oil companies but its subsequent agreements were purely representational and it never repeated its success with Phillips Petroleum UK.

### **3 Inter-union Rivalry over Spheres of Influence**

One reason for the protracted negotiations over the ASTMS claim for negotiation rights on the Hewett Field had been what Stan Davison, Assistant General Secretary of the union, described as *hurdles created within the movement*.<sup>23</sup> Disputes over rights to recruitment and representation have long been the bane of British trade unionism despite attempts to reduce them and the Inter Union Offshore Oil Committee was not immune from this form of pernicious anaemia. Even if the disease was not fatal it enfeebled the organization in ways which diminished its effectiveness.

#### **(a) ASTMS and Manual Worker Unions**

Signs of this had been exhibited in its first year of existence. Bill Reid had not included ASTMS among the unions active in offshore recruitment when

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<sup>22</sup> R. Spiller to M. R. Heffner, Hewett District Superintendent, Phillips Petroleum. 14th February, 1978.

<sup>23</sup> S. Davison to C. Jenkins et al 5th August, 1977; communication referred to at pp. 139/140 supra.



interviewed for an article which appeared in the "Financial Times".<sup>24</sup> While this may well have been true, his comment was unwise because it suggested that ASTMS was not interested in membership offshore and almost immediately Campbell Reid was transferred to Aberdeen. Initially Campbell Reid had to struggle to secure recognition for himself and his union.<sup>25</sup> It will be recalled that in its first draft of the "Charter for the Unionisation of employees engaged in the Offshore Oil Industry within UK jurisdiction" the IUOOC had attempted to specify spheres of influence for particular member unions. This had been to the liking of neither ASTMS, which had been ignored, nor NUS, which had been engaged in a dispute with TGWU over recruitment on semi- submersibles. There was thus no mention of spheres of influence in the final version of the Charter but the internal divisions brought about by the attempt wounded the credibility of the IUOOC at an early stage.<sup>26</sup>

The omission of any reference to spheres of influence in the Charter for Unionisation<sup>27</sup> and the grudging acceptance by IUOOC of the Dundee Kingsnorth agreement represented little more than an armistice in an inter-union war that came near to destroying the IUOOC. The attempt by Bill Reid to include spheres of influence in the Charter had been aimed at the avoidance of the demarcation disputes which had so often weakened union attempts to secure employer recognition. Indeed this had been one of the two prime purposes of establishing the IUOOC. At the meeting<sup>28</sup> which had been convened on 11th February, 1974 by the Aberdeen District Committee of the Confederation of Shipbuilding and Engineering Unions two decisions were made; one was the need for *maximum co-operation between unions* and the other was that *spheres of influence ought to be decided regarding classes of labour organised by the respective unions*. Bill Reid's attempt to include spheres of influence in the Charter for Unionisation can, therefore, be quite fairly interpreted as an attempt to fulfil a remit given by the CSEU to the IUOOC. He was unfortunate that the Dundee Kingsnorth incident was bubbling over when the Charter was being drafted but his clumsy attempt to cut ASTMS out of the North Sea simply added another union which opposed any pre-determination of spheres of influence.

Inter-union dissension was quiescent if not totally absent throughout 1976 but from the start of 1977 ASTMS and other IUOOC members were going at each other hammer and tongs. Campbell Reid suggested that, if a member union should reach with an employer a representational agreement where none previously existed, then the union should be allowed single union status. This immediately aroused the hostility of the manual worker unions<sup>29</sup> which, we learn from Campbell Reid's letter to Davison in February 1977, were adamant that there must be a sphere of influence agreement. When Reid asserted that no such

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<sup>24</sup> v. Chapter Six, p. 103 supra.

<sup>25</sup> v. Chapter Six, p. 108 and Chapter Seven, p. 120 supra.

<sup>26</sup> v. account of the Dundee Kingsnorth incident at Chapter Seven p. 121 supra.

<sup>27</sup> This shortened title of the document will be used in future.

<sup>28</sup> v. Chapter Six, p. 101 supra.

<sup>29</sup> We know from a manuscript comment on Campbell Reid's IUOOC agenda that Jimmy McCartney of the Boilermakers' Society was his principal antagonist.



agreement had ever been accepted and was supported to some extent by the IUOOC Secretary, Bill Reid, the other union officers *felt that if I continued to be present they would not be prepared to sit down with me at any meetings with UKOOA and that ASTMS should be expelled from IUOOC.*<sup>30</sup> There seems little doubt that Campbell Reid was technically correct on the matter whereas the other union officers, particularly those of manual unions, believed that his outlook was contrary to the whole spirit of the IUOOC.

Bill Reid went so far as to write to Clive Jenkins<sup>31</sup> to complain about the ASTMS policy of seeking to organize *all personnel who come within the staff categorization*, adding that IUOOC might as well disband if unity of purpose was not agreed. Jenkins disdained to answer in person and Davison replied somewhat curtly on his behalf telling Reid that *the meeting of 23rd March*<sup>32</sup> *showed that it was not appropriate for IUOOC to define spheres of influence.*

The disagreement over whether or not there were spheres of influence arose principally out of the very poor administrative practices of the IUOOC. A memorandum from Campbell Reid to Davison on 3rd March, 1977<sup>33</sup> makes this clear. He states that the meetings of IUOOC had *been very informal and, in fact, very few minutes have been issued, a matter which I have been trying to pursue for a some considerable time.* Campbell Reid was accustomed to strict administrative practices and the informality of IUOOC meetings where important decisions were, apparently, not being minuted, must have been most frustrating. This short communication has two other interesting pieces of information. The first is that while he understood the spheres of influence on drilling rigs had been settled there was still *no agreement on fixed production platforms.* Since this was where the bulk of offshore employment would now be found, it explains why each IUOOC member was anxious to recruit membership and why ASTMS was determined not to concede any ground to the manual unions. The second is that Reid mentions his union's policy of *winner take all* which had aroused the ire of other IUOOC members and was the subject of Bill Reid's letter of complaint to Clive Jenkins.<sup>34</sup>

The attempt to push Campbell Reid and ASTMS to the periphery of trade unionism in the North Sea oil industry continued throughout the summer of 1977. As Davison was to write to Clive Jenkins *the truth is the other trade unions do not want us in this industry.*<sup>35</sup> For example in May the National Maritime Union of America linked with dockworkers on the Scottish east coast, the NUS and AUEW to work for unionisation offshore and together formed a sub-committee of the IUOOC operating under the auspices of the International

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<sup>30</sup> C. Reid to S. Davison 16th February, 1977.

<sup>31</sup> W. P. Reid to C. Jenkins 9th March, 1977.

<sup>32</sup> Davison was referring to the meeting of the TUC Fuel and Power Industries Committee. v. pp. 137 & 138 supra.

<sup>33</sup> Appendix L.

<sup>34</sup> v. supra.

<sup>35</sup> S. Davison to C. Jenkins 8th June, 1977.



Transport Federation. In letters<sup>36</sup> to Davison, Reid complains that he was not invited to the first meeting of this sub-committee and that he had not yet been able to go offshore. In addition, he expressed his doubts about the wisdom of the IUOOC policy of being prepared to accept representation rights for individual member unions in the hope that this was just a preliminary step to securing full collective bargaining agreements at a later date. He was shrewd enough to see that this arose out of unjustified euphoria following the Memorandum on Access and events were to prove that his foresight was better than that of his IUOOC colleagues.

It must not be implied that Campbell Reid was a querulous individual immersed in petty disputes on recruitment issues. He was doing no more than his duty by informing his superiors of the attitude taken to their union by the traditional manual unions. He was unrelenting in his pursuit of membership both onshore and offshore and in carrying out the normal duties of a trade union official towards all his members irrespective of their employment. By May 1978 he appears to have become more acceptable to the other union officers because he was one of a delegation of three IUOOC members who went to Stavanger, Bergen and Oslo to have discussions with Norwegian trade union officials. Relationships between the two Reids do not seem to have ever been easy for which Bill Reid must accept much of the blame on account of his less than welcoming attitude to the other when he arrived in Aberdeen. When later Campbell Reid himself became secretary of IUOOC, we find him writing a somewhat tart letter to his namesake complaining of not being informed about a visit to an oil company for what he believed (erroneously) to have been a recruitment visit and which, therefore, should have been arranged through IUOOC. As stated earlier in this chapter, Campbell Reid found Bill Reid's lax administration hard to tolerate and this, together with the wrangling between the unions, accounts for the virtual failure of IUOOC to achieve its principal objective, namely, the unionisation of offshore employees. In view of Campbell Reid's earlier complaints about the lack of consideration for his union from Bill Reid one cannot avoid being amused to read a letter of complaint from Bill Reid to his successor stating that it is nine months since he was offshore but *your goodself has a continuing presence on every visit.*<sup>37</sup>

#### **(b) The British Seafarers Joint Council and the Inter-Union Offshore Oil Committee**

There can be little doubt that Bill Reid had hoped that the thorny question of spheres of influence would have been resolved at the meeting called by the FPIC of the TUC on 23rd March, 1977. Reference has already been made to this meeting in the section on the unionisation of Phillips Petroleum UK workers. Before the meeting David Lea sent out a useful background paper giving the main points which had arisen over the last three years when recruitment offshore had become an important enough issue to involve the government in the person of the Secretary of State for Energy, employers as important as Sir Eric Drake of

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<sup>36</sup> C. Reid to S. Davison 3rd and 15th June, 1977.

<sup>37</sup> W. P. Reid to C. Reid 18th October, 1982.



BP and the national officials of several trade unions. The principal purpose of the meeting was to advance the recruitment of offshore employees for which agreement on spheres of influence was a necessary preliminary.

Almost nothing was determined to Bill Reid's satisfaction. Frank Chapple's anodyne concluding remarks where he threw back to the IUOOC the whole matter of spheres of influence have been quoted above.<sup>38</sup> Worse, the discussions on recruitment of employees on semi-submersibles degenerated at one stage into a far from fraternal argument between NUS and TGWU, while the Engineering section of AUEW (a member of the British Seafarers Joint Council) suggested that difficulties might be resolved if national officers of the trade unions attended IUOOC meetings. The Dundee Kingsnorth incident<sup>39</sup> still rankled in Bill Reid's mind and he said that the classifications of BSJC, a national body, cut across the classifications of the IUOOC; for example many planned semi-submersible drilling rigs would not be self-propelled and, since their working environment would not be that of a ship, IUOOC had therefore allocated recruitment to TGWU. He did not relish the presence of representatives of BSJC (a national body) at meetings of IUOOC (a local body) and accused BSJC of impeding the efforts of his committee to extend trade union organization to all the companies involved in offshore exploration.

The major conflict within the IUOOC was between the unions which were members of BSJC and those which were not. Participation in BSJC gave its member unions extra clout and another source of authority. Bill Reid, presumably acting as a TGWU officer rather than as secretary of IUOOC, continued to assert that there was every justification for his union to recruit employees on semi-submersibles and at a meeting of IUOOC and BSJC representatives argued the case for three hours only to find not a single IUOOC member supporting him.<sup>40</sup> By the end of 1977 there was also a third interested party - the Liaison Panel of UKOOA. When BSJC approached some oil companies asking for recognition of NUS and AUEW members, the Liaison Panel asked why the claim was not being made in accordance with "Guidelines through which Recognition may be Achieved", the agreement entered into between themselves and IUOOC in June 1977.<sup>41</sup> This agreement clearly stipulated that applications for recognition *would be made by the IUOOC on behalf of one or more member unions* and yet here was another organization acting independently of IUOOC. It was not surprising that G. P. Hoverkamp (Mobil), Chairman of the UKOOA Liaison Panel, wrote to Bill Reid expressing his members' disquiet at the incursion of BSJC into the negotiating field and saying that he thought IUOOC was *the appropriate Trade Union body to the exclusion of others, to conduct discussions with UKOOA*.<sup>42</sup> At an IUOOC meeting eleven days later the BSJC unions threatened to withdraw from IUOOC unless they got their way and so, faced with the alternative of disintegration or

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<sup>38</sup> v. p. 139 supra.

<sup>39</sup> v. Chapter Seven, p. 121 supra.

<sup>40</sup> C. Reid to S. Davison 5th August, 1977.

<sup>41</sup> v. Chapter Seven, p. 127 supra.

<sup>42</sup> G. P. Hoverkamp to W. P. Reid 6th February, 1978.



acceptance of the BSJC position, the IUOOC formally recognised semi-submersibles, drill ships and pipe laying barges as a BSJC sphere of influence. It was now established within IUOOC that the responsibility for their member unions was henceforth restricted to production installations,<sup>43</sup> a position which Campbell Reid had earlier recognised as “de facto” if not “de jure”.

The whole credibility of IUOOC as a negotiating body was now at stake and one can sympathise with the position in which Bill Reid found himself, not least because he had opposed BSJC policy from the time of the Dundee Kingsnorth incident. One can sympathise also with Tony Benn who had persuaded the oil operators to reach this accommodation with the unions in the interests of sound employee relations within their industry and now learned that IUOOC, which was, after all, merely an alliance of trade union officials based in Aberdeen, had introduced a major amendment to the Agreement on Guidelines. He wrote to Bill Reid on 3rd March, 1978 reminding him that since the agreement was tri-partite in nature the IUOOC must secure the approval of UKOOA. Benn was a member of the Cabinet and must have been heartily sick of petty squabbling among unions to whom he and the Secretary of State for Employment had already given considerable support in their attempts to recruit members. Nevertheless he found time to write again to Reid<sup>44</sup> suggesting that in his negotiations with UKOOA he should stress that spheres of influence for both BSJC and IUOOC allowed an orderly approach to industrial relations offshore and that if UKOOA was prepared to accept it then *this letter could, therefore, be taken as an agreement that in future our Memorandum of Understanding of May 1976 should be interpreted in the sense that matters relating to mobile drilling rigs will be handled through BSJC.* Reid communicated in this vein with UKOOA but the employers remained unhappy and indicated their displeasure to Benn, stating that they still preferred to have all negotiations with trade unions through IUOOC. In a conciliatory answer the Secretary of State said; *I appreciate UKOOA's desire for all negotiations to be through one organisation and had myself hoped that the IUOOC would play that rôle, but now fear this is not possible.* He then added the comment that *if the rôles are distinguished it is not impossible to have sound agreements without discrepancies.*<sup>45</sup>

There was little else UKOOA and for that matter FPIC could do but accept what was in effect a “fait accompli”. For IUOOC it was a defeat because its frailty had been exposed at the first real challenge to its authority within the trade union movement. For Bill Reid and his Transport and General Workers Union, however, it represented merely the temporary closure of one avenue of recruitment to which they could return when circumstances were more favourable.

An opportunity presented itself in 1980. Some TGWU members employed by South East Drilling Corporation (SEDCO) were transferred from production platforms to the company's semi-submersible rig H and sought recognition from

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<sup>43</sup> W. P. Reid to T. Benn 17th February, 1978 and C. Reid to S. Davison 20th February, 1978.

<sup>44</sup> T. Benn to W. P. Reid 8th March, 1978.

<sup>45</sup> T. Benn to G. Williamson, Chairman of UKOOA, 30th May, 1978.



SEDCO. Following preliminary discussions with the company Bill Reid asked Campbell Reid<sup>46</sup> to submit through IUOOC a claim for recognition and negotiating rights to SEDCO at the same time justifying this blatant breach of agreed policy on semi-submersibles on the ground that his *members have attempted to force the issue*.<sup>47</sup> Campbell Reid communicated with SEDCO<sup>48</sup> and subsequently a meeting was held between company representatives and the two Reids to discuss representation only, SEDCO having first made it absolutely clear that negotiating rights were not on the agenda.<sup>49</sup> This meeting was soon known to BSJC which was furious and at a meeting of IUOOC in August its representatives refused to concede any ground to TGWU even although SEDCO had indicated a preference for TGWU. In a memorandum of 12th November, 1980<sup>50</sup> to Davison, the Assistant General Secretary of his own union, ASTMS, Campbell Reid sought advice on how he should act in this imbroglio. He feared that unless TGWU withdrew *there would be a deterioration in the relationship within the IUOOC* and he also wanted to ensure that as secretary of IUOOC he did not endorse any policy which was counter to that of ASTMS. Davison's advice was to seek the assistance of the TUC or STUC.<sup>51</sup> Meanwhile Bill Reid, who was now the chairman of IUOOC, had upset BSJC even further. In a letter to Campbell Reid, Jack Bromley, Chairman of BSJC Offshore Oil Committee complained that Bill Reid had justified TGWU recruitment on SEDCO by accusing the seafaring unions of *lack of activity in organizing semi-submersibles in the North Sea*.<sup>52</sup>

The issue had now become too great for IUOOC and so Campbell Reid, taking the advice of Davison, wrote to Bill Callaghan at the Economic Department of the TUC requesting the TUC to intervene in the BSJC/TGWU dispute. He asked for an early meeting because, as he said to Callaghan, he feared that TGWU would withdraw from IUOOC and consequently make that body lose credibility.<sup>53</sup> A meeting was arranged for 12th May, 1981 but it was postponed to 4th June, 1981, which meant a five months delay. Present were Bill Reid, four representatives of BSJC unions, Campbell Reid and four TUC representatives, one of them, David Lea, taking the chair.

At this meeting Bill Reid repeated his accusation that BSJC was ineffectual in recruiting offshore and claimed that his union now represented about half of all SEDCO employees. Warren Duncan of NUS, the BSJC union which felt most threatened by TGWU, argued that *semi-submersibles, drill ships, and pipelaying barges had been clearly defined as part of the BSJC unions' sphere of influence by the February 1978 agreement*<sup>54</sup> and that seafaring unions did not know if TGWU aimed to extend its claim to organize not just on the SEDCO vessels

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<sup>46</sup> Campbell Reid had been elected secretary of IUOOC in November 1979.

<sup>47</sup> W. P. Reid to C. Reid 11th June, 1980.

<sup>48</sup> C. Reid to F. James 18th June, 1980.

<sup>49</sup> F. James to C. Reid 20th June, 1980.

<sup>50</sup> Appendix M.

<sup>51</sup> S. Davison to C. Reid 19th November, 1980.

<sup>52</sup> J. Bromley to C. Reid 24th November, 1980.

<sup>53</sup> C. Reid to B. Callaghan 8th January, 1981.

<sup>54</sup> Minutes of TUC Meeting of 4th June, 1981 on North Sea Oil Issues. Appendix N.



currently at issue but elsewhere as well. The poor recruitment results, added Duncan, were on account of the refusal of the oil companies to talk to his union.

In a summary of the points raised at the meeting there was one which acknowledged the fundamental difficulty which was causing this inter-union fracas: *it was recognised that the different constitutions of unions belonging to the IUOOC meant that there would be different arrangements for IUOOC members consulting their unions.* Since there had been what the minute refers to as *subsequent developments* over the last three years the parties were advised to *consider the scope for elucidation of the February 1978 agreement* in the light of these developments and were promised that the TUC would use its good offices to facilitate the achievement of this elucidation.

Somewhat surprisingly this elucidation was achieved. By October 1981 an agreement called The Joint Statement of Intent on Recruitment on Semi-Submersible Rigs - the UK trade unions are fond of using the language of international diplomacy - was ready for the signatures of both BSJC and IUOOC.<sup>55</sup> Employees within the category of "marine personnel" were reserved for BSJC while other personnel were open to recruitment by other IUOOC unions. In January 1982 Campbell Reid informed SEDCO that the dispute had been resolved and that the IUOOC was to be one channel through which discussions on recognition were to take place.<sup>56</sup> One month later there was still no response from SEDCO,<sup>57</sup> which may well have forgotten about a claim that originated almost two years earlier and since there is no further correspondence on the matter it must be left to conjecture whether TGWU obtained a representation agreement with the company. On the other hand we know that SEDCO never even entertained the possibility of entering into any relationships with the National Union of Seamen, the BSJC member with the greatest interest in recruitment of "marine personnel".

The dispute over rights to recruitment on semi-submersibles had continued for about five years before it was settled through TUC intervention with the type of sensible solution which IUOOC had been established to work out for itself. As in the protracted negotiations concerning the ASTMS claim for recognition by Phillips Petroleum UK, the number of employees over whom BSJC and TGWU had wrangled for so long was tiny in relation to the total offshore workforce. Worse, the degree of inter-union rancour engendered by the lengthy dispute was high and consequently enervating. By 1982, when the conflagration finally died down, the IUOOC had shown itself to be a weak and pallid creature, its members more interested in scoring points over each other than in directing their energies towards the recruitment of offshore employees and thus becoming an organization which the oil industry could treat with contumely if not contempt.

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<sup>55</sup> C. Reid to J. Bromley 8th October, 1981.

<sup>56</sup> C. Reid to F. James 27th January, 1982.

<sup>57</sup> C. Reid to W. P. Reid 25th February, 1982.





### (c) Professional Divers and Industrial Action

*Without divers there would be no North Sea oil* stated S. A. Warner who was Chief Inspector of Diving at the Department of Energy from 1974 to 1985.<sup>58</sup> This is a somewhat exaggerated claim but without the services of divers it would have been impossible to establish the oil industry in the North Sea as we know it today. Divers are needed when platforms are being commissioned and for their maintenance when they are in operation. They were certainly well remunerated in the years of exploration and there was a joke in common currency about their alleged wealth. "What do divers do when they are decompressing? They count their money". This masks the reality of a profession which commands high financial rewards on account of its high skill content and the dangers inherent in the work. In September 1987 Cecil Parkinson, Secretary of State for Energy, opened the National Hyperbaric Centre in Aberdeen to assist divers to recover from nitrogen narcosis (colloquially "bends"), which can often happen when a diver returns from operating over 150 feet below the surface and decompression is too rapid.<sup>59</sup>

There are no reliable statistics on diving until 1971 but 55 divers were killed in the North Sea oil and gas industry between that year and 1984. This was a high proportion in relation to the numbers employed and was one of the reasons for setting up the Burgoyne Committee.<sup>60</sup> Divers are not militant although they are a very cohesive and tightknit working group. One of them told the writer Alvarez that they were *an exclusive club and once you join it there aren't too many alternatives for you.*<sup>61</sup> Yet this cohesion was not extended to common membership of one union because about 500 were members of ABPD (the Association of British Professional Divers) while NUS claimed another 1,000. In October 1979 Hamish Gray, the Minister of State at the Department of Energy, met an IUOOC delegation in London to discuss relationships between the employers and the divers. Warner, Chief Inspector of Diving, was present and this was the first occasion when a minister in the new government (the Conservative Party had been returned to power in a general election in June) made it clear that if any disputes broke out in the North Sea oil industry the government would not intervene. *The Minister stated that in the event of an industrial dispute, his Ministry would not get involved.*<sup>62</sup>

Divers were involved in a flurry of disputes in the mid-1980s. Divers and their support personnel on the Ninian Northern platform went on strike in May 1983, primarily to publicise a grievance. Chevron, their employer, simply dismissed them summarily and had them flown onshore. Exactly a year later ABPD members carried out a general 48 hour strike that deserves mention purely on account of the novel method which the men used to communicate with each other. Wives and girl friends sent coded messages ostensibly giving

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<sup>58</sup> Warner, J. and Park F., (1990) *Requiem for a Diver*, p.12. Brown, Son and Ferguson, Glasgow.

<sup>59</sup> The centre also carries out research on the medical aspects of diving.

<sup>60</sup> v. Chapter 11 infra.

<sup>61</sup> Alvarez, A.(1986) A Reporter at Large - Offshore II. *The New Yorker*, January 1986, p. 79.

<sup>62</sup> Minute of meeting of IUOOC, 18th October, 1979.



arrangements for a reunion party when in fact the date and time of the forthcoming strike were conveyed. This otherwise unimportant example of industrial action illustrates the type of stratagem initiated by workers when they are offshore and want to discuss employment issues privately with colleagues either onshore or on other installations.

By 1985 ABPD realised that the union was too small and its members too thinly dispersed across the North Sea to make any impact upon employers. They therefore had themselves certificated as an independent union and sought an alliance with ASTMS. Campbell Reid offered them limited assistance but since ABPD was not an affiliate of the TUC and therefore not a member of IUOOC he made it clear that his union could not represent ABPD members as if their union had amalgamated with his. Reid's offer was little more than a helping hand but it incensed Warren Duncan, his NUS opposite number who was also at the time the IUOOC chairman. Duncan wrote to the Norwegian union, NOPEF, asking the Norwegians to have nothing to do with ABPD. A somewhat bemused Lars Myhre, general secretary of NOPEF, replied to Duncan saying that he could not understand why NUS was insisting that its relationship with NOPEF was dependent upon NOPEF having no relationship with ABPD. He reminded Duncan that ABPD was also associated with the National Maritime Union (a USA union) and, like NOPEF and NUS, was a member of the International Federation of Transport Unions.<sup>63</sup> This storm in a very small teacup was resolved through the good sense of Campbell Reid who managed to placate Duncan by telling Myhre that any assistance given to ABPD by ASTMS would be very limited in its nature.<sup>64</sup> As it happened ABPD was soon to merge with EETPU (Electronic, Electrical, Telecommunications and Plumbing Union) and the NUS, which was virtually bankrupt by 1989, formed with other transport unions the new National Union of Rail, Maritime and Transport Workers in 1990.

Only one diver perished on Piper Alpha and he was a visiting consultant, not one of a group directly employed by the operator. This group, it has been suggested,<sup>65</sup> survived because the mutual dependence of divers which is a characteristic of their profession, had led them to prepare their own preplanned escape route, which they followed instead of the official procedure. This cohesiveness of divers contrasts with the independent nature of each diver's psyche and thus makes them interesting subjects for psychologists.<sup>66</sup> They are not traditional trade unionists and, while their impact on industrial relations has been tiny, even that was an unintended contribution to the inter-union disputes which have prevented organized labour achieving its aspirations offshore.

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<sup>63</sup> L. Myhre to W. Duncan, 4th February, 1985.

<sup>64</sup> C. Reid to L. Myhre, 21st March, 1985.

<sup>65</sup> Wright, C., (1993) The Effect of Work Group Organization on Responses to Total Emergency in the Offshore Industry. *Workforce Involvement and Health and Safety Offshore*, pp. 59 - 62. STUC Glasgow.

<sup>66</sup> v. Gordon, R. (1995) As Risky as you Think? *Commercial Diver and Contractor*, 111, p. 10.



#### 4 Memorandum on Access : the False Dawn of Offshore Trade Unionism

Government intervention to assist the trade unions in their relationships with the North Sea oil and gas industry had culminated in the Memorandum on Access and the Guidelines on Recognition. In view of employer suspicion if not outright hostility to trade unionism this had been a considerable achievement and it was perfectly reasonable for Tony Benn and other government ministers to consider that since they had played their part in honouring the social contract it was now up to the unions to pursue their objectives offshore without much further assistance. As stated earlier<sup>67</sup> the concessions wrung from the industry promised more than they were ever to deliver and by the mid-1980s the initial euphoria of the trade union officials had given way to near pessimism and perfunctory attendance to offshore matters often became the norm. In part this was because trade unionism as a whole, especially manual worker trade unionism, had begun to suffer a severe haemorrhage of membership, a problem which was more important to address than recruitment of a limited number of new members offshore. Principally, however, it was employer hostility to the whole concept of trade unionism and despite the Memorandum on Access there was a deliberate policy to prevent any encroachment of trade unionism onto offshore installations. One form of this policy was to weed out trade unionists at interviews as in the case of British National Oil Corporation when it was recruiting for the Beatrice installation and the Clyde platform between 1982 and 1984.

*Interviewers were instructed to ask each applicant if he was a member of a trade union, what he thought of trade unions and whether he would be keeping on his membership. This was an attempt to prevent recruitment of militants and, of course, applicants soon learned that it was politic to declare no interest in unions. It seems probable that about 80% of the technicians retained membership but the figure was lower for operators, who were recruited from a very wide background and included a large number who had never been unionists anyway.<sup>68</sup>*

Some account of the efforts to recruit offshore following the Memorandum on Access will now be given to show the problems which confronted the trade union officials and accounted for their lack of success. It will be useful to start with some comments selected from a discussion entitled "North Sea Unionisation" in the World this Weekend, a BBC Radio 4 current affairs programme broadcast on 28th May, 1978<sup>69</sup> to coincide with the second anniversary of the agreement on the Memorandum on Access. In addition to the presenter, Gordon Clough, the participants were Bill Reid (TGWU), Harry Bygate (NUS), three unidentified offshore workers, Peter Page (Personnel

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<sup>67</sup> v. Chapter Seven.

<sup>68</sup> This information was supplied to the author by a former personnel manager of BNOC.

<sup>69</sup> The author listened to this programme and made notes for use in his lectures on industrial relations.



Director, Shell UK Ltd), Nicholas Jones (a journalist) and, in a studio elsewhere, the Secretary of State for Energy, Tony Benn.

Jones began by predicting that there would be industrial strife offshore because despite the steadily increasing number of employees unions had won bargaining rights on only five out of 35 exploration rigs and four out of 50 oil and gas platforms.<sup>70</sup> Reid said that the employers *preferred a non-union situation* while the three oil workers said that they were not interested in trade unionism and rejected the union demarcation divisions then common onshore. Jones thereupon introduced a related matter. The Secretary of State had originally intervened in order to persuade oil companies to allow officials onto their installations and more recently the government had made this a condition of their granting all new North Sea exploration licences.

Page answered that point as follows: *The pace of negotiation is dictated by the employees themselves. If our employees were feeling in exactly the same way as Mr Benn, no doubt Mr Benn would not be feeling this way because we would have reacted slightly differently.*

Jones came back with his prediction of the near inevitability of strikes offshore. On Shell's Wildcat rig a strike of the caterers had been avoided only because the contractor had increased pay and recognised the right of NUS to negotiate. This allowed an opening for Bygate who claimed his union was now negotiating the first offshore catering agreement in the North Sea and that it would serve as the basis for all other agreements with offshore catering contractors. He concluded this contribution to the debate with words drawn from the primaevial swamp of trade unionist vocabulary: *and God help the firms that don't want to come in and talk to the unions from then on.*

In response to a question from Jones about whether the government should intervene directly on the side of trade unions Benn had this to say: *Oh, absolutely. One of the strongest cases is, of course, safety. The key rôle of trade unions, even ahead of wage negotiations, is to see that safety regulations are properly carried through.* Jones put another question to the Secretary of State for Energy: *Why are you trying to quicken the pace towards union recognition rather than leaving it to the unions themselves?* Benn replied: *Well, many of these companies have operated in the Middle East, where they have been dealing with Arab workers, or maybe in Venezuela and the attitude of some of the oil companies in the past, world-wide, has been very primitive. I don't think you would have imagined one of the big American companies would have thought of trade unions in Saudi Arabia.*

These excerpts from the broadcast illustrate four separate attitudes towards the organization of employees offshore; those of the trade unions, the employers, the employees, and the senior member of the government concerned with the industry. Two years after the Memorandum on Access had been agreed Bill Reid

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<sup>70</sup> He did not say which they were nor the nature of the bargaining arrangements.



is already exhibiting some doubts about the possibility of success and Bygate utters threats in the language of a trade unionism that is fast becoming dated; Page gives the measured rational comment of a man who knows that his industry is in control of the situation; the contributions of the three workers explain the pessimism of Reid and the understandable disinclination of the employers to concern themselves with an issue which is not interesting their employees; Benn retains his messianic approach to trade unionism offshore, which has been a hallmark of his tenure of office.

Why had so little progress been made over two years by the trade unions in their quest for greater membership and recognition rights offshore? The short answer is that too few employees saw any need for a trade union and their employers were not going to dissuade them from that point of view. While there was never any overt hostility to trade unionism by the oil companies it would be correct to say that they adhered formally to the letter of the Memorandum on Access rather than to its spirit (as argued in greater detail in a previous chapter<sup>71</sup>).

It all appeared rather different in the summer of 1976. The Memorandum of Understanding on Trade Union Access to Offshore Installations seemed a passport to a land of opportunity. The far left wing Aberdeen People's Press rushed out a pamphlet<sup>72</sup> in which it stated *the unionisation of the North Sea is inevitable*. The more cautious Campbell Reid wrote to his union's National Officer that there was a membership to fight for now that access offshore was assured.<sup>73</sup> He also advised Bill Reid to convene an early meeting of IUOOC because unions should start immediately to demand facilities to recruit offshore and *not allow things to fall back*.<sup>74</sup> Campbell Reid himself moved quickly and went offshore in August to the BP installation on Forties Field.

It is significant that he had to report<sup>75</sup> that about 150 of the 200 employees were contractors' men and that there was little interest among BP employees. Thus at an early stage in the history of the North Sea oil industry trade union officers were already having to confront another obstacle which would continue to impede recruitment offshore, the growing preponderance of contractors' employees compared with the oil companies' own direct employees. Many of the contractors' employees were former sea-going marine engineers, who had accepted lower rates of pay than were current in the merchant marine in favour of a more regular family life.

Other trade union officers experienced similar disappointments and by January 1977, a mere seven months after the Memorandum on Access had been agreed, Bill Reid was complaining to Tony Benn that the oil companies regarded it as only a public relations exercise and that *managements make it clear to the*

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<sup>71</sup> v. Chapter Seven, pp. 124-128.

<sup>72</sup> 1976 *Oil over Troubled Waters*. Aberdeen People's Press.

<sup>73</sup> C. Reid to J. Langan, 25th May, 1976.

<sup>74</sup> C. Reid to W. P. Reid, 11th June, 1976.

<sup>75</sup> C. Reid to S. Davison, 9th August, 1976.



*employees that their industry cannot afford to be involved with trade unions.*<sup>76</sup> In this same letter Reid asked the Secretary of State for Energy why Her Majesty's Government, which held a majority of control in some fields, could not take the initiative to involve trade unions *for the legitimate expression of the work force in a truly meaningful way* and, further, requested him to chair a meeting of representatives of Shell Exploration and Production (who were considered to be among the more intransigent of the employers) and IUOOC. Benn declined. On the 18th January, 1977 there was the first official meeting of the Liaison Panel of UKOOA and IUOOC.<sup>77</sup> All ten unions of IUOOC were represented and the Liaison Panel of UKOOA was represented by seven of the largest oil companies operating in the North Sea. The Liaison Panel made it clear to IUOOC - as it would have to do on many subsequent occasions - that it was not a negotiating body.<sup>78</sup> There was one item on the agenda which drew into sharp relief the different perspectives of the two bodies towards employee representation. This was the question of consultative committees which the oil companies had established on most of their installations; the IUOOC saw them as a device to inhibit the development of trade union activity whereas the Liaison Panel considered them to be the normal medium of communication between a company and its employees. Twenty years on from that first meeting the consultative committees remain and attract the same comments from employer and trade union.

Throughout 1977 some visits were arranged and did take place but the results were almost universally disappointing for the trade unions. Campbell Reid told Davison that Shell was *messing us around*<sup>79</sup> and nothing came of a request from Davison to David Lea that the TUC should assist in obtaining more frequent access to installations.<sup>80</sup> It must be remembered that simultaneously with this problem of access to offshore installations there were in progress the bitter inter-union dispute over spheres of influence and the unseemly squabble between IUOOC and BSJC, both of which were already occupying a lot of TUC time.<sup>81</sup>

A few representational agreements were won but no negotiation rights. The unions at one point tried to extend negotiation rights to other Shell installations on the ground that such an agreement had existed for some time on the drilling rig Stadriil. ACTSS, the white collar section of TGWU, had made a claim for negotiating rights on the Shell platform Brent Delta and, replying to Bygate as secretary of IUOOC, the company laid down with brutal clarity its policy in respect of union claims to negotiate terms and conditions of employment. It included the following statement which was similar in content to replies given to trade unions by other oil companies which had been and were to be approached

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<sup>76</sup> W. P. Reid to Tony Benn, 14th January, 1977.

<sup>77</sup> It will be appropriate to mention at this point that soon it became the custom for the IUOOC on a day assigned for discussions with the Liaison Panel of the UKOOA to meet in the morning and discuss matters which it would raise with the Liaison Panel of the UKOOA at the joint meeting in the afternoon. The groups lunched together.

<sup>78</sup> v. Chapter Six, p. 105 supra.

<sup>79</sup> C. Reid to S. Davison, 12th May, 1977.

<sup>80</sup> S. Davison to D. Lea, 17th May, 1977.

<sup>81</sup> v. supra.



on the subject of recognition: *any claim for a negotiating agreement could not be made in respect of a single platform or unit, or combination of platform or units, but would have to embrace all such platforms and operational and production units (including Spar Buoy). The only exception to the foregoing would be in respect of the drilling rig Stadroll which would continue to be regarded as an entity in its own right for both representational and, should it be appropriate later, negotiating purposes.*<sup>82</sup> This was how Shell and other companies had decided to interpret and use the term "common interest group" which appears in the third and fourth clause of the Guidelines Through Which Recognition May Be Achieved agreed between IUOOC and UKOOA Liaison Panel in June 1977, the weaknesses of which agreement from the trade union aspect have already been discussed in Chapter Five.

By the end of 1979, although trade union officials continued to make forays offshore in search of members, there is more than a touch of defeatism in the correspondence of the union officers. Campbell Reid refers to agreements *of a limited nature* in a letter to LO in Norway<sup>83</sup> and ten days later outlines for his National Officer, Roger Lyons, the difficulties faced in trying to interest offshore workers in trade unionism.<sup>84</sup>

Over a year later Reid informed Lyons that there was *no concrete improvement on recruitment either onshore or offshore*<sup>85</sup> and in February 1981 had to report that, despite a visit offshore, not a single recruitment form had been returned from Shell's Brent Field. Yet Campbell Reid was the most vigorous of the Aberdeen based trade union officers and ASTMS took the major share of what new members were recruited.

Throughout the 1980s union officers continued to pursue what was becoming a lost cause although they were now without the support of Tony Benn who had followed an interventionist policy in his attempts to persuade the oil companies to accept trade unions as industrial partners. It was now government policy that recognition offshore was a matter entirely for the unions and the employers. Benn's successor, Nigel Lawson, delegated to his Minister of State, Hamish Gray, the employee relationship aspects of the oil and gas industry and although Gray and Campbell Reid were always on good terms Gray was not prepared to put his departmental weight behind trade union aspirations offshore. In 1982 the IUOOC sought the aid of the Secretary of the Trades Union Congress, Len Murray, who complained to the Secretary of State for Energy that *trade union officials designated by the Inter-Union Offshore Oil Committee have been confronted with delays and obstructions which are undoubtedly in breach of the Memorandum of Understanding signed in 1976*. After raising some other complaints, including the charge that Mobil was hiring *union-avoidance consultants* Murray concluded by asking *whether the Memorandum of*

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<sup>82</sup> D. M. Fraser, Administration Manager, Shell UK Exploration and Production to H. Bygate, 21st November, 1978. Appendix O.

<sup>83</sup> C. Reid to A. Kloster, Secretary, Trade Union Oil Committee, LO, 18th September, 1979.

<sup>84</sup> C. Reid to R. Lyons, 28th September, 1979. Appendix P.

<sup>85</sup> C. Reid to R. Lyons, 9th October, 1980.



*Understanding has been unilaterally abrogated by the UKOOA or the Government or both.*<sup>86</sup> The Secretary of State replied that there was no question of the government withdrawing from the terms of the Memorandum of Understanding which he hoped would *continue to operate satisfactorily for all the parties involved* and that he agreed with the comment of his Minister of State in an earlier letter to Campbell Reid<sup>87</sup> *that if arrangements were going wrong, we would share the concern expressed and I reiterate this now.*<sup>88</sup> This response to the Secretary of the TUC was a courteous but straight denial of Murray's allegations that access to installations was being impeded by employer intransigence. The government just did not want to become embroiled in offshore industrial relations and this was finally made clear in 1985 when Alec Buchanan-Smith, who had succeeded Gray as Minister of State, refused to intervene in disputes between IUOOC and oil operators.<sup>89</sup>

Relationships between company and union representatives nevertheless never broke down completely and in purely personal terms remained cordial. Views were exchanged at meetings of the IUOOC and the Liaison Panel of the UKOOA and a useful rapport often grew over time between particular union officials and employer representatives who met there and on other occasions. On the other hand employers never proffered any assistance on recruitment other than arranging offshore visits and, as shown above, met with adamant refusal any suggestion that negotiating rights might be discussed. To illustrate the tactics employed by both union and company when a recognition issue was set in train, we can look at how the Phillips Petroleum Company dealt with the matter.<sup>90</sup>

Early in July 1984 Campbell Reid wrote, as secretary of IUOOC, to Jim Cheetham the Administration Manager of Phillips Petroleum, asking for a meeting to discuss trade union representation on the company's Maureen platform. Cheetham replied on the last day of August agreeing to a meeting but informing Reid that his company had held meetings on Maureen with their employees who had made it clear that they did not want to be represented by any IUOOC signatory union. Reid responded in late September suggesting a meeting with Cheetham at the end of October or early in November. (Reid was not being dilatory; he had to attend the annual meetings of the TUC and the Labour Party which take place in September and October.) There was a meeting with Cheetham in November where no progress was made and shortly after that Reid asked for a visit to be arranged to Maureen and to Glomar Arctic II, where there had been an accident. Cheetham replied towards the end of January 1985 that the accident was *not remotely concerned with the operational activities on the Maureen platform* and consequently of no direct concern to the employees. In the summer of 1985 Reid again raised the issue of trade union representation

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<sup>86</sup> L. Murray to N. Lawson, 11th November, 1982. Appendix Q.

<sup>87</sup> H. Gray to C. Reid, 21st June, 1982. Appendix R.

<sup>88</sup> N. Lawson to L. Murray, 6th December, 1982.

<sup>89</sup> A. Buchanan-Smith to C. Reid, 2nd April, 1985 and to R. Lyons, 3rd October, 1985.

<sup>90</sup> This is well documented in the files of the trade union correspondence held in the office of the OILC to which reference has already been made and in the minute book of the IUOOC. See also Appendix S.



with Cheetham who again asserted that the employees were not interested. The IUOOC still wanted a meeting about Maureen and Reid wrote to Cheetham in December only to be asked what was the purpose of the meeting. At the end of February 1986 Reid told Cheetham that the purpose was to discuss a possible Common Interest Group and *how Phillips intend to comply with the UKOOA/IUOOC Memorandum of Understanding on Recognition*. A meeting was arranged for May. Before that there was a UKOOA Liaison Panel/IUOOC quarterly meeting in March at which the unions complained that Phillips Petroleum and two other oil majors were refusing to discuss the criteria for recognition on their installations and that this contravened UKOOA's obligations under the Memorandum. UKOOA answered in its now time-honoured way that it had no control over individual companies. When Ian McFarlane (AEU), now Chairman of IUOOC, and Reid met Cheetham and other Phillips representatives recognition was again discussed after which the IUOOC reported that Phillips Petroleum had agreed to declare the criteria it would apply in recognition issues. Cheetham refuted this and again said that the Phillips Petroleum employees on Maureen did not want a trade union. Two days later at the June quarterly meeting of UKOOA Liaison Panel/IUOOC the unions complained that Phillips was *not being co-operative* on recognition.

The action now moved to a higher level. On 6th June, 1986 Reid wrote to J. Pierson, Employee Relations Director of Phillips Petroleum claiming that both he and McFarlane had left the meeting with the clear understanding that the company had agreed to representational and bargaining rights and that they wanted this confirmed in writing. Somewhat uncharacteristically the usually diplomatic Reid threatened that unless Pierson replied within ten days the matter would be pursued through other (unspecified) channels. Pierson resented the tone of the communication adding *I would not cause any unnecessary delay in responding to you* but he invited McFarlane and Reid to discuss the issue with him in London. Little seems to have been achieved by the trade union representatives because in November Reid wrote to Pierson saying that he had heard nothing from him since their meeting. Reid had twice been out to Maureen and asked for another meeting with Pierson in January 1987. Pierson did not reply until January and then only to say that he was leaving the matter to be handled locally. It happened that a letter from Reid crossed Pierson's in the post and this communication might well have been worded even more strongly than it was had Reid first received Pierson's rebuff courteous. Reid asked why he had not had a reply to his letter of November and warned that he was going to raise the matter with the TUC. *I can only take it from this* (presumably the lack of a reply) *that the company are intent on placing every possible barrier in the way of the Trade Unions*. A few days later Cheetham, obviously informed by Pierson that the matter had been returned for him to deal with, asked Reid to arrange a meeting with him and a day in late April was agreed. This meeting made no difference to the Phillips Petroleum policy on recognition of trade unionism and apart from the company regularly appearing on IUOOC minutes as one of the more recalcitrant employers as regards union recognition we hear no more about the claim until May 1988. At a meeting of the IUOOC that month there is a minute to the effect that there has been no response from Phillips Petroleum for



requests for *preliminary discussions* on recognition. Eight weeks later came the Piper Alpha tragedy and both unions and employers had their agenda dramatically altered.<sup>91</sup>

The discussions with Phillips Petroleum on the possibility of recognition of trade unions on one platform began in July 1984 and lasted for four years. They started with a request by the IUOOC for a meeting on recognition and four years later absolutely nothing had been achieved. There is an almost plaintive cry in May 1988 that there have been no responses from Phillips Petroleum and other companies to requests for just those same preliminary discussions which IUOOC had sought from Phillips nearly four years earlier. The experience of IUOOC with other companies such as Shell, Chevron and Mobil was different in detail but similar in the tactics used by the employer and in the final result. Even allowing for a union claim to be discussed by company staff this alone cannot account for gaps of several weeks before replies were sent, which suggests that these delays may have been deliberate and intended to draw out the discussions beyond a point when employees, and perhaps even trade unions, would maintain any interest. The attitude of all oil operators towards any form of recognition was what the IUOOC minute of July 1987 describes as *totally obstructive*. A few representational agreements were gouged out of some employers where there was union membership above the normal for an offshore installation but these were the exception and were very far indeed from conferring the leverage which a negotiation agreement gave to trade unions and without which unions were of little consequence to an employer.

It is far from surprising that the trade unions by the middle 1980s were thoroughly disillusioned with both the Memorandum of Understanding on Trade Union Access to Offshore Installations and the Guidelines Through Which Recognition May Be Achieved. This is reflected in the minutes of the IUOOC and by March 1988 the Memorandum on Access was declared by the IUOOC representatives at their quarterly meeting with the Liaison Panel of the UKOOA to be *totally worthless*. To a great extent the unions were the authors of their own misfortunes. A close study of the Guidelines should have made it clear to any competent trade union officer that this agreement was more likely to be a barrier to trade union recognition than an aid. The explanation for this apparent uncritical acceptance of the Guidelines by the trade unions lies in the general belief among trade union officials that once the question of access to offshore installations had been settled in their favour recruitment would be simply a matter of signing up willing employees. This done, the Guidelines could apply to their advantage or, if recruitment was particularly high on certain installations, the more difficult clauses could be breached. After all these two agreements were reached during a period in industrial relations history when trade unions were still increasing in membership and political power. The oil industry was, however to prove that it was very different from the industries with which British trade unions had been accustomed to deal and since recruitment offshore

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<sup>91</sup> Mr Cheetham's account of the ASTMS attempt to secure official recognition by Phillips Petroleum Company on Maureen is given in Appendix S.



was so paltry the companies were able to develop their own industrial relations policies. These were founded upon direct employee-management communications by means of consultative committees<sup>92</sup> which dispensed with the need for any third party such as a trade union.

## 5 Offshore Catering

Since there are few social activities available on an offshore installation, meals there are an important feature of an employee's life. This is recognised by the oil companies and, although the veritable haute cuisine of the early days of exploration is now only a memory, if not a legend, employers know that good food and comfortable sleeping accommodation contribute significantly to job satisfaction. For this reason the oil companies have always played a direct but covert rôle in the industrial relations of their catering contractors.

Contracts are awarded by competitive tender and usually last for two years with an option of another year. Catering is a highly labour intensive industry and the manpower budget is seldom below 50% of total costs. Two studies<sup>93</sup> have shown that collective bargaining is a feature of labour intensive industries since it provides a measure of stability through regulation of wage rates and reduction of labour turnover. The catering industry does not differ from other labour intensive firms and the TGWU had enjoyed full negotiating rights in most industrial catering organizations by the time oil was discovered offshore. Nevertheless, when the oil industry first sought tenders for contracts the catering firms did not enter into discussions with trade unions on pay and conditions of employment.

Perhaps this was because the caterers feared that any form of recognition might damage their prospects with clients known to be averse to trade unionism. More probably, it was because their first aim was to win contracts from a wealthy industry and the niceties of negotiating rates of pay for offshore work were ignored. Some companies recruited Spanish and Portuguese workers for whom offshore catering pay was attractive. In a report to the Department of Energy in January 1978 Bill Reid stated that the catering companies feared that *a unionised labour force will affect their prospects of gaining and holding contracts, especially where the competition from companies employing Spanish and Portuguese nationals threatens their prosperity.*<sup>94</sup> The result was that by 1978 offshore contract catering was exhibiting all the signs of an industry out of control with labour turnover between 150% and 300% per annum and almost any person willing to work offshore being recruited. Inevitably this resulted in a deterioration in the standard of the service which the clients were entitled to expect and in demands by the trade unions (TGWU and NUS) for negotiating rights to be extended offshore.

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<sup>92</sup> v. p. 155 supra.

<sup>93</sup> Flanders, A. (1968) Collective Bargaining: a Theoretical Analysis. *British Journal of Industrial Relations* VI. Beaumont, P. and Gregory, M. (1980) The Rôle of the Employer in Collective Bargaining *Industrial Relations Journal* XI.

<sup>94</sup> W. P. Reid: second quarterly report to Department of Energy, 23rd January, 1978.



This prompted the oil companies to intervene. There had already been a threat of a strike by catering staff on the Shell Wildcat rig which had been averted only because the contractor agreed to increase levels of pay and to grant full negotiating rights to the NUS. The union leader had warned that his union would seek to extend this agreement to all other offshore catering contractors.<sup>95</sup> The oil companies did not want to surrender any industrial relations initiative to the trade unions and they were also aware of another factor which might possibly lead to this. The Industrial Training Act (1964) was still in force and this gave certain statutory powers to the various Industrial Training Boards which included the Hotel and Catering ITB. All ITBs had trade union representation on their governing bodies and consequently the oil companies were anxious to ensure that their catering contractors did not fall foul of the ITB.<sup>96</sup> The oil operators therefore saw that it was in their interests to persuade the catering firms to form themselves into the Catering Offshore Trade Association (COTA). This organization established four grades of employee; steward, leading steward, baker and chef. Minimum rates for these grades were established and though it was never made public the rates were set by the client companies. Oddly for oil companies but done entirely "sub rosa", the caterers were encouraged to discuss pay and conditions with the relevant unions and thus collective bargaining was introduced into one part of the oil industry.

The operators let it be known that once standardised wages and conditions had been reached they would ensure that contracts would be awarded only to contractors who observed what came to be called COTA conditions. The larger oil companies as a rule limited to four the number of tenders each was prepared to consider and seldom gave any indication of what they regarded as an acceptable price; it was up to the caterers to work out a cost appropriate to themselves but incorporating the COTA conditions as regards their employees.

This intervention in the affairs of another industry is less surprising when one looks at the terms of reference of UKOOA's Employment Practices Committee. Number 4 reads: *To encourage major contractors engaged in work for member companies to ensure a reasonable degree of uniformity in terms and conditions of employment.* This was the practice of the oil companies in the case of contract catering and, if it required some recognition of trade unions at second hand, that was acceptable provided it was not a stepping stone into the oil industry itself. Thus the oil companies brought stability to contract catering and with it the standard of service which they required. They never once allowed themselves to be caught in a position where their manipulation of the COTA rate attracted a direct approach from a union which was negotiating wages and conditions with representatives of the contract caterers.

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<sup>95</sup> v. p.153 supra.

<sup>96</sup> This aspect of the pressure by oil companies on the catering contractors to put their houses in order was pointed out to the author by a director of a major oil company who participated in the discussions.



Manipulation is not too strong a word to use in this circumstance. Dr Alix Thom was told in the course of her research in the mid-1980s that during one annual negotiation between employers and unions the person leading the employers' side was telephoned by a representative of the operators, who gave instructions on the terms of offer the caterers should make to the unions.<sup>97</sup> COTA had the attributes more of a club than of an employers' organization. Some COTA firms had no union members - and consequently no union agreements - while others had trade union memberships varying from 25% to 65% among their employees.<sup>98</sup> One catering company recognised TGWU and was prepared to discuss with it any business other than remuneration. At the annual negotiations on wages and conditions COTA did not negotiate as a body with the trade unions but was represented by delegates, usually from the larger catering firms which had union members. It was just understood that the pay and conditions of service which emerged from the annual negotiation would apply across the whole industry. Neither COTA nor the oil companies ever acknowledged that there was such a thing as the COTA rate. For example, in the course of negotiations on pay in 1986, UKOOA refused a request by TGWU that it issue a press release stating its member companies would not accept catering bids unless they were based on the COTA rate.

This unusual structure did not make it at all easy for the trade unions to represent their members. In addition, the TGWU had a particular internal difficulty in the late 1970s because current union policy was to delegate authority to shop stewards and in offshore catering they were scattered across the North Sea on isolated installations with the consequent difficulty of maintaining communications. This was the main reason for the failure of industrial action in July 1979 when the catering companies rejected a demand for a massive wage increase. It was natural for offshore employees to discuss their respective earnings and catering staff knew the extent of the differential between their remuneration and that of direct oil workers. However, bereft of easy communication with their full time officers who would have advised a more realistic demand, the shop stewards insisted on a figure of over 150% on the hourly rate which the employers were bound to reject out of hand. The employers countered with an offer of 22% which the shop stewards found unacceptable and a strike began.

Referred to in the local press as the T-Bone Strike, itself a misnomer since the days of luxury catering offshore had passed, industrial action stuttered to a halt after three weeks. Small in itself, the strike demonstrated the difficulty of organizing industrial action offshore and lessons learned by the trade unions were possibly remembered ten years later when STUC- recognised unions were to avoid direct involvement in industrial action offshore. The catering shop

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<sup>97</sup> Thom, A. A. 1989. *Managing Labour under Extreme Risk: Collective Bargaining in the North Sea Oil Industry* Chapter 9. Unpublished Ph D thesis for Robert Gordon's Institute of Technology.

<sup>98</sup> In a report to B. Callaghan, Secretary, Economic Department, TUC on 4th December, 1985 Campbell Reid estimated that 40% of North Sea offshore catering staff were unionised.



stewards were too sanguine in their belief that industrial action would seriously affect oil production.

Only about half the catering workers (on the whole TGWU and NUS members) supported the action but another factor was the refusal of the Aberdeen dockworkers, themselves TGWU members, to "black" supplies to oil installations. There was some support at Aberdeen Airport but this was circumvented by flying offshore workers to and from other airports. The net result for the employees was a wage increase in line with recommendations from the operating companies and some minor fringe benefits. The lack of support for the strikers from member unions was given by Harry Bygate as his reason for resigning as Secretary of IUOOC although since it was November 1979 before he did so there is always the possibility that he had found the office conflicted with his own union's adherence to BSJC in the dispute over rights to recruit on semi-submersibles and drilling rigs. The minute of the November 1979 meeting of IUOOC is yet another example of that body's inherent weakness. In response to Bygate's complaint that his union, NUS, had received insufficient support from the other unions, despite the IUOOC promise of *100% support*,<sup>99</sup> his brother officers could only claim that *they were not in a position of being able to instruct their members*.

The strike had also been a trial of strength for the newly formed COTA. The men on strike were mainly from four of the larger companies with which the trade unions had negotiating rights. If these companies conceded a large wage increase it could make them uncompetitive unless the clients were in agreement and the rates of pay would then become general across the industry; in other words they would become the COTA rate although, of course, this term was never used in public. The exploration, drilling and production companies all let it be known through the usual channels that any large wage increase should be resisted and this steeled the nerve of the catering companies to hold out, a stance which was soon justified as the strike began to falter after only a few days. The client companies adopted their firm action since they were aware that any significant increase in catering wages would prompt a similar claim from their own employees.

COTA had survived this first challenge to its structure (one cannot say authority for, strictly speaking, it had none) but seven years later there was an industrial relations issue, which posed a far greater threat. In 1986 the world price of oil had slumped from a high of \$30 a barrel to, at one point, under \$10. Offshore employers were laying off staff and looking to reduce their costs in every possible way, not least in catering. This was particularly severe on the catering contractors because drilling alone had reduced its activity by about 40%. At this juncture an operator accepted from Phoenix Catering, a member of COTA, a bid calculated on the basis of staff payments which were £2,000 per annum below the COTA rate. Phoenix Catering justified its bid on the grounds that there was no agreed rate for offshore work and that in any case it had not cut its

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<sup>99</sup> IUOOC minute of 6th August, 1979.



employees' remuneration, which was utter sophistry since it had never previously operated a contract offshore. TGWU demanded that Phoenix Catering be expelled from COTA and, together with COTA firms where it had collective bargaining agreements, prepared a written statement that there was such a measure as a COTA rate. Both the union and the caterers feared that if one operator was successful in obtaining a contract where COTA rates were not paid other firms might also be driven by economic necessity to follow suit.

Here again the hidden hand of the oil companies intervened. The majority of the COTA companies refused to sign the prepared statement claiming that there was a COTA rate but the next three contracts awarded were to catering firms which made it clear that they were paying the COTA rates. Phoenix Catering was expelled from the organization. In addition, although it was the time for the annual negotiation on pay and conditions, the TGWU officials (the NUS had now very few members in catering) wisely recognised that the time was not propitious to submit a claim. Instead there were months of low key negotiation through the now accepted COTA channel and a small increase was agreed from January 1987.

Collective bargaining has existed in offshore catering since 1978 because the oil companies wish it and not as a result of trade union pressure. Offshore catering companies are not unlike the marionettes who move as their owner pulls the strings. The oil companies do not own the catering companies but they are in a very strong position to control them. To a large extent the tenders for contract revolve round manpower budgets which have been virtually set by the clients although their influence on COTA is never publicly acknowledged. Where unrest among catering staff may spill over into their own operations the oil companies are quick to influence events through avenues that are direct but never acknowledged. It is highly probable that the Phoenix Catering issue was discussed at the monthly meeting of "The Oily Group"<sup>100</sup> and that the members agreed that, in the interests of maintaining calm employee relations at a difficult time for the industry, they would advise their companies that only tenders based on COTA rates should be accepted. Just as everyone involved knew that there was a COTA rate but never admitted its existence, so too did everyone know that it was a facade behind which the catering companies operated and that where industrial relations were involved it was the oil companies which made the decisions on their contractors' behalf.

## 6 Summary

The United Kingdom offshore oil and gas industry was a new industry which soon became hugely profitable for the British economy and it was natural for the trade unions to seek involvement. They had continuous support at the highest level from Tony Benn, the Secretary of State for Energy, but their hopes of recruiting any significant proportion of offshore workers must have been fading

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<sup>100</sup> v. Chapter Seven, p. 117 supra.



even before the Labour government fell in mid-1979. This was three years after the Memorandum of Understanding on Trade Union Access to Offshore Installations and, despite many visits to installations and platforms, offshore workers could not be persuaded to seek membership. Occasionally there was interest when a contentious issue arose on an installation but it was never possible for the unions to translate these into anything like a sustained demand for trade union membership and support.

Two factors, one philosophical and the other practical, stand out in any consideration of the reasons why the trade unions achieved so little after the high hopes engendered by the Memorandum of Understanding. The first is that oil companies have always placed a strong emphasis on the corporate membership of all employees within their industry and consequently trade union allegiance was regarded as incompatible with company loyalty. Individual membership of a trade union was acceptable but any attempt to coalesce union membership on an installation into the nucleus of a coherent trade union branch was not to be tolerated. It would lead to the introduction of a third party which would separate direct communication between employee and employer and thus offend the corporate spirit of the industry.

The second factor was inter-union rivalry. ASTMS eventually secured negotiating rights on two gas platforms but only after months were wasted in determining whether IUOOC had a legitimate rôle in the natural gas fields off East Anglia. In Aberdeen there was an attempt by the manual worker unions to marginalise ASTMS when it opened an office in the city. The NUS, a trade union which was already a declining force, engaged in an unseemly brawl with TGWU over recruitment rights on semi-submersibles and even threatened, through its membership of the British Seafaring Joint Council, to imperil the future of the IUOOC if it did not get its way. When the TGWU had to accept defeat on this issue it sought revenge by sleight of hand when some of its members were transferred to a semi-submersible and it claimed recognition rights from the owner, SEDCO. That affair was referred to the TUC and by the time it was resolved any chance of an agreement with SEDCO had gone, further wounding the public credibility of IUOOC.

Without being hostile to trade unions the incoming Conservative government did not share the Labour Party's ideological commitment to their aims and objectives and gradually withdrew from the industrial relations scene offshore. The unions, despite losing support from such an influential quarter as the government, continued to fight for recognition offshore but by about 1983 they must have realised that their efforts were out of proportion to the results obtained. Writing in 1982 Carson<sup>101</sup> estimated that membership was never higher than 20% and two years later, when unions claimed a membership of 28%, Macaulay pointed out that only 15% were represented through any negotiated

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<sup>101</sup> op. cit. p. 213. Carson's figure is from an unpublished Ph D thesis by P. Watson, Dundee University: *Trade Union Activity in the Offshore Oil Industry*.



agreement, principally the Offshore Construction Agreement.<sup>102</sup> Penetration was, thus, low in spite of all the efforts put into recruitment.

Sheer, dogged persistence prevented officials like Campbell Reid from giving up. Following the traditional pattern of claiming membership and seeking to argue the union's case, he fought a long and apparently<sup>103</sup> fruitless battle with Phillips Petroleum. More realistic was the comment made in 1984 to Macaulay by J. Melvin Keenan, then a TGWU District Officer: *a new and radical approach is necessary if the organization of offshore workers is to proceed at anything like the pace necessary to secure full union rights within the next decade.*<sup>104</sup>

A few employers were prepared to concede representational agreements but from these toeholds on the rockface of management opposition no trade union succeeded in winning the right to negotiate terms and conditions of employment across any company or even for a single installation with the specific exception of Shell's drilling rig Stadrill and Phillips Petroleum's gas platforms on the Hewett and Leman Fields. By contrast most of the oil companies engaged in exploration and production offshore remained content to leave in place the negotiation rights which they had conceded to trade unions in earlier years in respect of their shore-based operations. This seemed utterly illogical to the trade unions but the employers approached their "upstream" interests in a very different way from their older established "downstream" interests. This pragmatism was shown when labour relations became a problem in offshore catering. In pursuit of their own interests the oil companies persuaded the catering contractors to negotiate directly with the trade unions; at the same time they continued to hold the belief that their own interests were best served by opposing all trade union attempts to secure negotiating rights in the offshore oil industry.

There was, nevertheless, one important area of offshore employment where a collective bargaining agreement had been in place almost from the inception of the North Sea oil and gas industry. This was the Offshore Construction Agreement, which must be the subject of a subsequent chapter.

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<sup>102</sup> Macaulay op. cit. p.75. The Offshore Construction Agreement will be discussed in a later chapter.

<sup>103</sup> ASTMS obtained negotiating rights after Piper Alpha. v. Appendix S.

<sup>104</sup> Macaulay op. cit. p. 91.



# CHAPTER TEN

## **REASONS WHY THE TRADE UNIONS FAILED TO RECRUIT ANY SIGNIFICANT MEMBERSHIP OFFSHORE**

The previous chapter dealt with industrial relations from the Memorandum of Understanding on Trade Union Access to Offshore Installations to the explosion on Piper Alpha in July 1988, a period of almost exactly 12 years. Union campaigns to secure recognition from the employers, the stratagems used by the employers to keep industrial relations a "union free" area and the inter-union rivalries which etiolated the IUOOC have been described and analysed. Inter-union disputes, unco-ordinated recruitment campaigns and management antipathy to the whole concept of any effective union presence offshore were, however, insufficient reasons in themselves for the failure of the trade unions to recruit members and secure collective bargaining rights. Had the offshore employees wanted third party representation on their behalf they would have brought in the trade unions, which were the only credible organizations able to provide it. It is, therefore, necessary to look behind the exertions of the trade union officials and the managers in order to discover why the employees themselves were so resistant to unionisation. There were also logistical problems which made a major contribution to the managerial objective of keeping the unions at arms length.

### **1 Logistical Problems**

Location was always the main problem. At first offshore employees were few in number and worked on mobile exploration vessels but from 1975 oil began to be delivered onshore from fixed production installations. These required greater numbers of employees and they were permanent locations. They presented, therefore, a better target for trade unions as Campbell Reid had foreseen early in 1977 when he complained to Davison about IUOOC concerning itself with spheres of influence on drilling rigs and ignoring the fixed production platforms.<sup>1</sup> The disadvantages to recruitment were nevertheless immense, quite apart from the determination of the oil companies to do all in their power to discourage the incursion of trade unionism into their industry.

Despite the Memorandum on Access it was not easy for trade union officers to travel offshore because accommodation on helicopters was often at a premium and arrangements to stay overnight could not always be fitted in to the timetable of the visiting official or the return helicopter flight. Again, the installations were widely scattered across the North Sea and thus the frequency of the visits to particular installations was considerably lower than the overall number of visits might suggest. Len Murray, Secretary of the Trades Union Congress, had sent G. Williams, the Director General of UKOOA, a copy of his letter to Nigel Lawson, where he complained about delays and obstructions faced by IUOOC

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<sup>1</sup> v. Chapter Nine, p. 144 supra.



representatives in their attempts to travel offshore.<sup>2</sup> Williams replied <sup>3</sup>with a strong denial and said that in 1980 and 1981 there were 9 and 21 visits respectively and, by the end of November 1982, there had been 13. Whether this argues the case of either UKOOA or IUOOC is unclear but it does indicate that offshore visits by trade union officials were not sufficiently frequent to stimulate interest among the employees.

The work pattern on installations also militated against any careful preparations by an official to make as wide an impact as possible upon the employees. At any time that a trade union official landed on an installation it would be the exception if one half of the direct workforce was not on shore leave and the other half either at work or taking a much needed rest after a twelve hour shift. The official was fortunate therefore if he could talk to more than a small fraction of the employees on any installation because even if men were permitted to leave their workstations few were at all interested. Most of those on their twelve hour rest period were more likely to prefer relaxation and slumber than a discussion on trade unionism.

There is another factor which has been surprisingly ignored in the many comments on trade union difficulties in recruiting offshore. This is the absence of union activists aboard the installations. In a factory, ship yard or large office located on the mainland, interest in a trade union revolves round a nucleus of activists who assume the duties of shop-steward which includes recruiting new members, collecting subscriptions and representing employees in minor confrontations with the management. Full-time trade union officers are available to give back-up to the shop stewards when required but do not normally engage in recruitment of new members. When an organization opens new premises it is usual for the local trade union official to establish contact with the management and leave it to any members who find employment there to seek recognition as representatives of the workers. While it would be quite incorrect to say that there were never any local union activists on offshore installations they were seldom in sufficient numbers to make any real impact even if they were elected as spokesmen on a company's consultative council. Without even a semblance of union framework in place on most installations offshore recruitment was made even more difficult. It can be likened to trying to build a house without foundations.

Trade unionism is more likely to become established where there is a settled workforce. Employees come to know each other, are able to understand the different tasks required of each other by the management and seek to coalesce into separate interest groups while sharing common membership of a community. If some disagreement arises with management over remuneration or a disciplinary decision it is highly probable that the workers will want to express their side of the argument. If there is not already a shop steward system in place

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<sup>2</sup> v. Chapter Nine, pp. 156 & 157 supra and Appendix Q.

<sup>3</sup> G. Williams to L. Murray, 18th November, 1982.



one will soon arise in order that there can be a channel of communication between employer and employees. This is trade unionism in its basic form.

A settled workforce was not a feature of the early years of the oil industry and this inhibited the emergence of trade unionism. Roughnecks and roustabouts, the terms applied to the bottom grades of manual employees, constituted the largest group aboard an installation and since they carried out the tasks which were least pleasant and most hazardous they should have provided fertile ground for trade unionism. That they did not is accounted for by their huge labour turnover in the period 1975 -1979. Research carried out by Dr James Vant, then Project Manager with the Petroleum Industry Training Board, revealed labour turnover on North Sea oil installations to be *high and widespread. In some instances it had annualised as high as 400%.*<sup>4</sup> The reason was that the oil companies were accepting virtually anyone willing and physically able to do the work and were applying no other selection criteria. Further research by Vant on the Southern Gas Fields found a similar situation although the labour turnover was not as high.<sup>5</sup> In both cases the oil companies accepted the research findings and implemented the suggestions for relevant selection criteria, and this reduced their labour turnover immensely.<sup>6</sup> This, however, was too late for the trade unions because it had been vital for them to make an impact within at least two years of the Memorandum on Access. It was late 1980 by the time labour turnover was brought down to more manageable proportions and by then a non-union culture had become established. It can thus be argued that one reason for the failure of trade unions to recruit members and establish an interest in their services was poor employee selection. Without realising it the companies had impeded the formation of trade union organization by operating a selection policy for roustabouts and roughnecks which ensured that there was no continuity of employment among the very people on whom the unions depended for their initial breakthrough into the offshore industry.

As stated above, one half of the complement was likely to be onshore when a trade union officer made a recruitment visit to an installation. Attempts to interest employees in trade unionism at the heliport when they arrived onshore were soon abandoned as impractical but was there not an opportunity to arouse interest during the fortnight most of them spent offshore? Again the unions faced an insuperable problem in that the majority of the employees lived away from

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<sup>4</sup> Vant, J. H. B. and Livy, B. (1980) *Offshore Selection Criteria: Roughnecks and Roustabouts*. Petroleum Industry Training Board. An abbreviated account was published in *Personnel Management* Vol 12 No 4 April 1980.

<sup>5</sup> Vant, J. H. B. and Livy, B. (1981) *A Preliminary Investigation into Personnel Selection Criteria for Production Operatives in the Southern Gas Fields of the North Sea*. Petroleum Industry Training Board.

<sup>6</sup> The application of selection criteria has not found favour with all companies. In 1990 the author supervised a project of a third year student attached to the personnel department of a well-known oil company. One of the student's tasks was to look at job applications and accept people without interview to work offshore. If anyone proved unsatisfactory the OIM informed the personnel department and he was dismissed. This process was less expensive than calling men for interview at company headquarters in Aberdeen.



Aberdeen. In 1979 the homes of the offshore workers were in the following areas:

Grampian	2,700	Lothian	300
Strathclyde	1,500	Borders	300
Tayside	600	Central	300
Highland	400	Other UK	<u>3,700</u>
Non UK	600	Total	10,400

Scottish Economic Bulletin 1980

Four years later the figures were not significantly different although a slightly higher percentage came from Grampian. Thus it would have been very difficult to bring together sufficient offshore workers to discuss the advantages of trade union membership unless there was some important issue which would attract them. This was not to happen till after Piper Alpha. Occasionally attempts were made by the IUOOC such as hiring a room in the Music Hall but the response was always disappointing.

## 2 Employee Attitudes to Trade Unionism

It is not too difficult for an activist to understand why there may be apathy towards a cause he is advocating but it is more difficult for him to accept why there is hostility. In the case of trade unions their officers are accustomed to dealing with apathy and see it as their duty to convince employees by argument and example that their interests, particularly job preservation and earning levels, will be protected by membership of a union. Hostility is another matter. Trade union leaders know that some employers, and this includes the oil companies, wish to have as little to do with them as possible. On the other hand they find it hard to understand why employees should exhibit antipathy towards an organization that has supported working class aspirations for more than a century and can offer some protection against managerial decisions that are to the detriment of employees.

Yet even before oil was brought ashore for the first time in 1975 unions were experiencing this antipathy towards them. In one of the first books<sup>7</sup> published about the offshore industry Mervyn Jones wrote about employees who gloried in the freedom this new industry offered to them in their work environment. They felt they were at the forefront of a new age, pioneers in an industry which was going to change the face of the United Kingdom, which paid well and which had no demarcation lines or other restrictive practices to complicate methods of work. Some of them brought offshore memories of recent confrontations with traditional trade unionism. One man told Jones *No-body on this rig wants the unions to come in. Union blokes don't want to work, they just talk and start*

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<sup>7</sup> Jones, M. and Godwin, F. (1976) *The Oil Rush*. Quartet Books, London. The text is by Jones and the photographs by Godwin. The quotations used here come from *The Offshore Tigers* (New Statesman, August 1975), an article contributed by Jones very soon after his research had been completed and before his book had been published.



strikes. Another commented: *Why did I come here from Birmingham? Because there's no bloody strikes that's why. They're always making you go on strike whether you want to or not. Back home I was always on strike or on the dole.*<sup>8</sup> It is accepted that these may be extreme views although Jones claimed that they were held by many whom he interviewed .

By contrast there were those who, as in any community, were simply apathetic, representing the type of people who unquestioningly pay or do not pay union dues according to the prevailing employment culture. More important, because they held strong opinions about trade unions, were former sea-going personnel and ex-servicemen. One of Vant's recommendations to the oil companies was that they should seek to employ men over 30 with a settled home life and within that rather wide group he identified ex-servicemen as the most likely "stayers".<sup>9</sup> About six years later the novelist and poet, A. Alvarez, commented that *many of the people employed on the North Sea oilfields are ex-servicemen, used to obeying orders.*<sup>10</sup> A former director of one of the largest oil companies disagrees with Alvarez that obedience to orders makes ex-servicemen good offshore employees. Rather it has been their ability to manage things in a logical way and their experience of co-operating well with one another as a soldier does when his platoon is in action. They come with no pre-formed views on demarcation and consequently are prepared to be flexible in the tasks they are asked to perform. They are occupationally attuned to a working life which reflects the type of discipline necessary offshore and they expect their employer to look after their welfare as has happened in the armed services. Having no experience of trade unions, they do not see their relevance to them in civilian life.<sup>11</sup> These men have never been significant in numbers but they represent a particular group which can influence other oil workers and their arguments against the acceptance of trade unionism offshore have been expressed in less emotional and more rational terms than those quoted immediately above.

Another factor was status. It is perhaps hard to recall that over twenty years ago a far higher proportion of manual workers than today were remunerated on hourly rates and did not receive sickness pay when they were absent through sickness other than that due under the National Insurance Scheme. By contrast salaried staff usually enjoyed pay schemes under which their remuneration was unaffected during periods of illness up to certain limits and their entitlement to holidays was calculated on more generous bases of time and amount. The biggest differential between the salaried and the hourly paid staff and the one which rankled most in the minds of the latter was that superannuation schemes almost never applied to them. By 1980 this division of a company's employees

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<sup>8</sup> Jones, M. and Godwin, F. op cit.

<sup>9</sup> Vant, J. H. B. and Livy, B. (1980) op cit.

<sup>10</sup> Alvarez, A. (1986) *A Reporter at Large: Offshore*. These were two articles in *The New Yorker* on 20th and 27th January, 1986. These were expanded into a book *Offshore: A North Sea Journey* published in 1987 by Sceptre, New York.

<sup>11</sup> Comments made to the author by the former director in the course of a structured interview.



into "trusted" and "not trusted"<sup>12</sup> was very much in retreat but the head of personnel of an oil major informed the author that in the period 1975 to 1978 many of his company's offshore staff came from the mining, oil refining and other related sectors where they had been hourly paid with all the disadvantages that went with that status.<sup>13</sup> From the very beginning of their employment on his company's installations - and, as far as he was aware, on those of all other major companies - the men were treated as "staff", the now rather old fashioned term for salaried employees. This was a tremendous improvement on their previous terms and conditions of employment and he said that *the treatment which they received from their employer turned many away from militancy. It is, therefore, not correct to say that the oil industry fought off the trade unions for the trade unions could not fight for better conditions of work or better pay.*

This same head of personnel gave an interesting comment about a particular set of circumstances which arose in 1978 on one of his company's installations. He described the OIM as *very much the old style boss*. His usual response when even the slightest of queries was raised about an instruction was *I'll have that man's ass off this rig*.<sup>14</sup> The TGWU began to have some success in recruitment and a representational agreement was reached. However, this was as far as the employees wanted to progress with trade unionism and the head of personnel believed that job security was the ultimate goal of the employees. To demand negotiating rights as well would have been pointless because up to 1986 pay and conditions offshore offered a better reward than could be obtained for work onshore. When this particular OIM was transferred there was a gradual loss of interest in trade unionism within the company and by 1984 enthusiasm had waned.

It seems probable that the superior pay and conditions of service in offshore employment when compared with onshore practice was the prime factor in the lack of interest displayed towards trade unions by offshore workers. The merest fraction of the membership of most trade unions was employed offshore<sup>15</sup> and the levels of pay which the unions were trying to achieve for their members in other sectors of employment was, in most cases, lower than those already being paid offshore. It was a trade union official himself who put this view in simple direct words. *One of the problems of trade unionism is that the higher a man's wages the more watered down his individual trade unionism becomes.*<sup>16</sup> High earnings also allowed house purchase and since trade unionism was often perceived as a

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<sup>12</sup> These terms were used in an internal report prepared about 1949 by Dr Fleck for ICI which led to it becoming one of the first large companies in the private sector to offer common conditions of service to all its employees. Dr Fleck later became a director of ICI.

<sup>13</sup> It used to be claimed that one reason for the sudden unionisation of clerical and administrative employees from about 1978 was their realisation that manual workers were not only better remunerated than they were but were now also enjoying the same staff conditions e. g. superannuation, which destroyed the previous social differential between them.

<sup>14</sup> Being American he could not pronounce "arse".

<sup>15</sup> The NUS was an obvious exception.

<sup>16</sup> Bygate, H. (1976). *Oil over Troubled Waters*. Aberdeen People's Press. Bygate was a district officer of the NUS and for a time secretary of IUOOC. v. Chapter 9, pp. 152-153 supra.



commitment to industrial action anything which might imperil the monthly mortgage repayment was avoided.

In visits to installations which followed after the Memorandum on Access, some trade union officers experienced a grudging acceptance of their presence on board and were submitted to the kind of surveillance more appropriate for persons of dubious character. Campbell Reid told the author that on one occasion he appeared to have a "minder" who even followed him into the lavatory.<sup>17</sup> However, as has already been mentioned,<sup>18</sup> it soon became the practice for union officers to be accompanied onto installations by company representatives, usually from the personnel department, to ensure that they had appropriate premises in which to carry out their interviews and were treated with the courtesy due to a visiting guest. This was successful in its prime purpose and complaints from trade union officials about their reception and treatment almost disappeared.

There was, nevertheless, an aspect of this courtesy rôle which neither the trade unions nor the employers had foreseen. A middle ranking personnel manager who had accompanied trade union officers offshore on several occasions told the author that his presence provided an opportunity for the employees on the installations to speak to a management representative and so allow an issue to be raised directly and not through a third party. Another personnel manager remarked that there was one trade union officer whose appearance undermined his credibility from the outset. This union man *usually wore scruffy jeans, a jacket covered with badges (CND etc), a cap on the wrong way with badges and very long hair*. Some of the employees said to the personnel manager: *Who is that weirdo? He does not think that we will allow him to represent us does he?* Thus there was at least one union officer whose sartorial choice served to confirm offshore workers in their negative attitude towards trade unionism.

The fundamental reason for the failure of the trade unions to recruit employees in the offshore oil industry is that their approach was flawed from the outset. They assumed that offshore installations were little different in their management and personnel from engineering plants onshore and consequently they used standard recruitment tactics. They took the attitude "See what benefits we can bring to offshore employees". They carried out no preliminary research into the nature of offshore employment and this is surprising since the major unions had research departments which could have advised on strategy. When success did not follow recruitment drives there was a tendency to blame others, particularly the oil operators. Yet most operators had voluntary agreements and experienced no difficulties in reaching them. BNOC, later Britoil, finding that its employees did not want trade unions developed a staff council, where issues were discussed and settlements reached. So successful was this staff council that when Britoil was about to amalgamate with BP, it discovered that BP believed that Britoil was unionised.<sup>19</sup>

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<sup>17</sup> Campbell Reid deliberately chose a lavatory four storeys below where he was interviewing.

<sup>18</sup> v. Chapter Seven, p. 126 supra.

<sup>19</sup> Statement to author by a former Britoil director.



Any investigation into employee attitudes towards trade unions cannot ignore a paper published as recently as 1996<sup>20</sup> where particular attention is paid to the view of Tommy Lafferty, the AUEW District Secretary. In the autumn of 1978 offshore construction engineers had pay and rotation pattern grievances which their union, the AUEW, was attempting to settle with the Offshore Contractors' Association. Impatient with what they took to be undue delay in reaching an agreement the men came out on unofficial strike in January and early February 1979 and tried to spread the dispute by picketing onshore oil company premises. Lafferty advised his members to ignore these pickets because he was anxious to convince the industry of the advantages of negotiating agreements with responsible trade unions. Work was eventually resumed towards the end of February but not before there had been acrimonious exchanges in the local press between the unofficial strike leaders and Lafferty.

*A decade later Lafferty was interviewed by Sewel and identified the circumstances of the 1979 strike as one of the most important factors in explaining the lack of trade unionism off-shore. According to Lafferty, the men saw it not only as a massive defeat, but as them being let down by their union. From then on it had become far more difficult to motivate the men to take an interest in trade unionism, at least until the late 1980s.*<sup>21</sup>

This episode may well have been a factor in the failure of trade unions to arouse the interest of offshore workers but it did not have the importance attributed to it by Lafferty. This man's judgment was not always sound and while the unofficial strike of early 1979 may, in retrospect, have seemed to him to have led to the repercussions he claimed, there is very little evidence to support his view. Moreover, the strikers were seeking to influence negotiations on the Offshore Construction Agreement and held their principal mass meetings in Glasgow, not Aberdeen. Again, this event took place right in the middle of the "Winter of Discontent"<sup>22</sup> when there were so many strikes that there was no reason why this one example should have been particularly remembered or have had any lasting effect. Finally, employees engaged on production installations were not involved and they were, by 1979, the principal target of the trade unions. Sewel and Penn do not mention any other local trade union leaders except Ronnie McDonald and this author suggests that discussions with Campbell Reid would have brought more balance to their article. The evidence available demonstrates that there were other lower profile but more enduring factors which accounted for the attitudes of offshore employees to trade unions. These have been argued earlier in this chapter.

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<sup>20</sup> Sewel, J. and Penn, R. (1996) *Trade Unionism in a Hostile Environment: an Account of the Attempts to organize the North Sea Oil Industry between 1970-1990*. This is a chapter in *Trade Unionism in Recession* edited by Penn, R., Gallie, D. and Rose M. Oxford University Press.

<sup>21</sup> Sewel and Penn op cit p. 299.

<sup>22</sup> v. Chapter Four, p. 59 supra.

### 3 Summary

The disinclination, to put it no stronger, among offshore employees to join trade unions is of particular interest because it was in sharp contrast to what was happening onshore. The early years of the offshore oil and gas industry coincided with continuous growth in trade union membership across the United Kingdom as a whole, as the following table demonstrates.

#### UNITED KINGDOM TRADE UNION MEMBERSHIP 1975 - 1981

1975	1976	1977	1978	1979	1980	1981
11,656,418	12,132,773	12,718,911	13,053,596	13,212,354	12,636,355	12,311,234

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Moreover, the accord on the Memorandum of Understanding was reached at a time when the government was actively promoting industrial democracy as part of its Social Contract with the unions and its direct intervention in the employee relations of the offshore oil and gas industry was part of that policy. In 1975, the year before the Memorandum on Access was agreed, the Bullock Committee had been set up to investigate the practicalities of trade union membership on the boards of private companies and ACAS had been established with the general duty to improve industrial relations through the extension of collective bargaining. At no period in British history, before or since, has trade unionism wielded such influence in the political life of the nation and this makes all the more interesting its almost complete lack of appeal to employees in the offshore oil and gas industry. This was the time when the unions needed to make their breakthrough into the offshore oil industry but, for the reasons given above, principally the lack of any basic research into the nature of the industry, they failed to do so. It was too late by 1979 because the political power of trade unionism was already waning despite another increase in membership and it was soon to hurtle downhill as manufacturing, the main base of British trade unionism, began to shed employees and therefore union members in their hundreds of thousands. Total trade union membership fell by two million between 1981 and 1988 with most of the losses among manual workers. The political and industrial climate was now antipathetic to trade unionism and attempts to attract membership among offshore workers were almost hopeless from the outset.



# CHAPTER ELEVEN

## INDUSTRIAL RELATIONS AND ACCIDENT PREVENTION

During Edward Heath's premiership (1970-1974) drilling ships roamed the Scottish and Norwegian waters of the North Sea and Lord Robens chaired a committee, which examined the current legislation affecting safety at work. The report<sup>1</sup> of this committee became the basis of the Health and Safety at Work Act 1974. The discovery of oil in the North Sea and the philosophy underlying the new safety legislation, although totally unconnected at the time, together provided the germ of a disagreement which continues to simmer until the present day.

Under the Health and Safety at Work Act there is a statutory obligation on all UK employers to provide a safe working environment. This general requirement is supplemented with further legislation where there are hazards specific to an industry such as nuclear power. By the very nature of its technology and location the North Sea oil and gas industry has presented special problems in the establishment and maintenance of a safe working environment. World-wide the industry has experienced many accidents, some attended by great loss of life and of the five major disasters listed by the International Labour Office as having had a major effect on safety policies and regulations, three have occurred in the North Sea. These did not include the air accident off Shetland when 45 oilmen died in a helicopter crash.<sup>2</sup> Since trade unions have always regarded accident prevention as one of their prime purposes it is not therefore surprising that they have pressed to become accepted as organizations which have a legitimate interest in the establishment of safe working practices offshore. In this objective they have been frustrated by the oil companies and, to a lesser extent, by the government; the former, as a matter of policy, have opposed any trade union influence within their industry and the latter has given no statutory rôle to trade unions in the maintenance of safety offshore.

The attitudes of management and organized labour to accident prevention in the oil and gas industry have already been introduced to this thesis in Chapter Four but it is important to repeat the philosophy which underlay the Robens Report and therefore the Health and Safety at Work Act 1974. The Robens philosophy replaced prescriptive legislation with regulations which set safety goals but left to the employer the decision concerning the means of attainment; in short, persuasion to act reasonably was seen as preferable to compulsion. Since this philosophy encompassed the principle of voluntarism there was, said Robens, *no legitimate scope for collective bargaining* in accident prevention discussions. It would be incorrect to claim that oil companies use this philosophy to justify their refusal to involve trade unions in the practice of accident prevention offshore because their attitude is far less subtle: they simply do not want to negotiate with trade unions on any issue. On the other hand the Robens philosophy has certainly

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<sup>1</sup> v. Chapter Six, p. 94 supra.

<sup>2</sup> v. Chapter Two, p. 28 supra.



fostered improved accident prevention across British industry although its introduction offshore came almost two decades later. When, after Piper Alpha, he was invited to report *any recommendations which he thinks fit to make with a view to the preservation of life and the avoidance of similar accidents in the future*,<sup>3</sup> Lord Cullen<sup>4</sup> found that far from having accepted the Robens philosophy the oil industry had *remained detailed, prescriptive, rigid and piecemeal, and ineffective, because the end result was a compliance not a safety culture. What was needed was a wholesale reform along goal-setting lines*.<sup>5</sup> His recommendations and the subsequent legislation represent what Roderick Allison, Chief Executive, Offshore Safety Division has termed *the logical culmination of the Robens philosophy*.<sup>6</sup>

## **1 Accident Prevention and the Trade Unions before Piper Alpha**

Concern for the safety of employees in the new offshore industry had not been entirely allayed by the accident prevention provisions contained in the Mineral Workings (Offshore Installations) Act, 1971.<sup>7</sup> Margo MacDonald MP alleged in January 1974 that the government was *prepared to put exploitation of the oil before safety. The Department of Trade and Industry and now the Department of Energy appear to be permitting proper considerations of safety for those directly and indirectly involved to be bypassed in the haste to get hold of the oil and its revenues*.<sup>8</sup> Neither she nor anyone else of any prominence drew attention at that time to the conflict of interest which existed where the government department overseeing the oil industry was the same body responsible for safe working practices within that industry.

This was at a time when the main activity in the industry was drilling and when the first production platforms were in the course of design and construction. There seems little doubt that on some drilling ships the determination to find oil meant that safety was not always accorded high priority even if some of the evidence is anecdotal rather than empirical. There was no legal obligation to report dangerous occurrences as was the case with land-based employment. The brutal comment of one drilling superintendent has been quoted earlier<sup>9</sup> and the oil industry consultant, Dr J. H. B. Vant, has stated to the author *that lots of accidents went unreported and there was cover-up of accidents, especially in the case of drillers*.

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<sup>3</sup> Cecil Parkinson, Secretary of State for Energy, 13th July, 1988 to Lord Cullen.

<sup>4</sup> Lord Cullen, the judge appointed by the Secretary of State for Energy to head the Public Inquiry into the causes of the explosion on Piper Alpha. See also note 29 infra.

<sup>5</sup> Roderick Allison, Chief Executive, Offshore Safety Division, October 1996 *Preparing for the Major Opportunities Afforded and the Challenges Presented by the Current Changes in the Offshore Safety Regime-the HSE Perspective*. Paper presented at "Safety '96" conference, Aberdeen.

<sup>6</sup> Allison, R. op cit.

<sup>7</sup> v. Chapter Six, p. 94 supra.

<sup>8</sup> Hansard (House of Commons) 16th January, 1974, columns 690-691.

<sup>9</sup> v. Chapter Two, p. 29 supra.



The trade unions in the immediate aftermath of the 1977 Memorandum on Access were sanguine about their ability to recruit members and thereby win from the oil companies the recognition which they considered to be their due. They assumed that they would secure negotiation rights which would include joint determination of safe working practices for they had, after all, wide experience in accident prevention. Were they not, through the Trades Union Congress, represented on the Health and Safety Commission and other national bodies with tripartite membership of employers, employees and the government?

As already mentioned<sup>10</sup> Tony Benn saw the monitoring of safety regulations as a more important factor in trade unionism than wage negotiation. He even seemed to imply that unions should assume a quasi- governmental rôle in this respect and that for this reason the government should intervene directly on their behalf in their struggle for recognition by the employers. By this time (1978) the more realistic union officers must have had some doubts about the outcome of their recruitment forays offshore but they continued in the hope that the early difficulties which had beset their visits - unsuitable accommodation, unhelpful installation management staff, last minute withdrawal of helicopter seat reservations - would be overcome. The return to power of a Conservative government in 1979 did not affect the offshore recruitment visits but increasingly they came to be regarded as almost fruitless. The trade unions thus needed a new strategy. They had failed to recruit offshore employees in sufficient numbers to extract from the oil companies any negotiation rights from which involvement in accident prevention would follow. The unions now pondered if the normal order of priority could be reversed and if accident prevention itself could be used as a vehicle whereby they could bring the oil companies to accept them as legitimate representatives of their employees? Statutory Instrument 500 of 1977 was a possible way.

The full title of SI 500 is "The Safety Representatives and Safety Committees Regulations" (often abbreviated to SRSC Regulations). SI 500 empowers recognised trade unions to appoint safety representatives at a place of work and to require employers to establish a safety committee if one does not already exist. These rights were accorded, it must be noticed, not to employee representatives but specifically to trade unions. Before considering this matter, however, it is necessary to look at the Burgoyne Committee.

The Mineral Workings (Offshore Installations) Act 1971 empowered the Department of Energy to regulate accident prevention measures for the North Sea oil and gas industry. The same government department was later entrusted through the Submarine and Petroleum Pipelines Act 1975 with safety matters relating to operations involving pipework and similar equipment associated with underwater technology. In 1977 the Health and Safety at Work Act 1974 was extended offshore by an Order in Council but this made virtually no impact since accident prevention remained the responsibility of the Department of Energy and certain Regulations such as SI 500 and the Reporting Incidents, Deaths and

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<sup>10</sup> v. Chapter Nine, p. 153 supra.



Dangerous Occurrences were still not applicable offshore.<sup>11</sup> Nevertheless, to assist the Health and Safety Commission in its offshore responsibilities, the government established in the following year the Oil Industry Advisory Committee (usually abbreviated to OIAC) which *advises the Health and Safety Commission (HSC) on the protection of people at work from hazards to health and safety arising from their occupation within the oil industry and the protection of the public from related hazards arising from such activities.*<sup>12</sup> OIAC consists today, as it did at its foundation, of eight nominees from both the employers and the trade unions and meets four times a year. Also in 1978 an agency agreement was entered into whereby the Petroleum Engineering Division (usually abbreviated to PED) of the Department of Energy would represent the HSC in monitoring government safety regulations offshore. This odd combination of the HSC having the nominal responsibility for offshore safety but the Department of Energy exercising the regulatory powers was described as *a schizophrenic set-up* by Foster and Woolfson in a publication on trade unions and accident prevention offshore.<sup>13</sup>

Margo MacDonald<sup>14</sup> was not the only public figure to voice concern about the safety of workers employed offshore. There was gradual but growing concern on this issue as the industry began to move into production as well as continuing to explore possible new fields. Diving attracted particular attention on account of the profession's high fatality rate. 55 divers lost their lives in northern European waters (almost all in the North Sea) between 1971 and 1984. Accordingly the government decided in 1978 to set up a Committee of Enquiry under the chairmanship of Dr J. H. Burgoyne with the following terms of reference:

*To consider so far as they are concerned with safety, the nature, coverage and effectiveness of the Department of Energy's regulations governing the exploration, development and production of oil and gas off-shore and their administration and enforcement.*

*To consider and assess the rôle of the Certifying authorities.*

*To present its report, conclusions and recommendations as soon as possible.*

The Committee consisted, in addition to the Chairman, of a technical consultant, (Professor Blyth McNaughton, Head of the Department of Mechanical and Offshore Engineering at Robert Gordon's Institute of Technology, Aberdeen<sup>15</sup>), two trade unionists (Roger Lyons of ASTMS and John Miller of TGWU) and four industry representatives. Proceedings were carried out in the usual fashion with representatives of the oil and gas industry, the Health and Safety Executive, the TUC and other relevant organizations being invited to give evidence and to attend meetings, which were held over forty full days. One of those who gave

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<sup>11</sup> Attention is drawn to Dr Vant's comment (p. 177 supra) on failure to report accidents.

<sup>12</sup> Definition of duties by Mark Addison, Chairman of OIAC, *Health and Safety News*. Issue 11, February 1995. HSC. London.

<sup>13</sup> Foster, J. and Woolfson, C. (1992) *Trade Unionism and Health and Safety Rights in Britain's Offshore Oil Industry*, p. 4. International Centre for Trade Union Rights, London. Although not an impartial account of offshore safety this publication is scrupulously accurate on factual matters and provides valuable information on the Burgoyne Committee.

<sup>14</sup> v. p. 177 supra.

<sup>15</sup> Now The Robert Gordon University.



evidence was Lieutenant Commander S. A. (Jackie) Warner, the Chief Inspector of Diving at the Department of Energy. He registered his deep concern that urgent amendments to the offshore diving regulations were being held up unnecessarily. In a book about the diving industry which he and a journalist wrote some ten years later Warner said that this criticism of the HSE arose out of its attempt to separate divers into four categories depending upon their skill, qualifications and experience. In his brusque quarter-deck language Warner castigated the HSE for making *a right cock-up of the designations chosen for the four standards which led to serious problems especially with regard to training.*<sup>16</sup>

The evidence from the TUC<sup>17</sup> was part of its strategy to secure recognition from the oil companies and thus it concentrated heavily on the contribution which their affiliated unions could make to safety on offshore installations. It began with an ILO statement on accident prevention drawing attention to the difference in the standards of work environment between those nations which had legislation providing for the establishment of safety committees attended by workers' representatives and those which did not. Immediately thereafter there followed the TUC opinion that *without the extension of the Safety Representatives and Safety Committees Regulations to offshore installations there is no effective means whereby the interests of the workers can be properly represented in relation to health and safety matters.* This was the card that the trade unions had been seeking to play from about 1978 and a government Committee of Enquiry presented them with a wonderful opportunity to do so. The TUC went on to ask for the full extension offshore of the Health and Safety at Work Act 1974, together with the ending of the agency agreement with PED. The evidence concluded with the statement that the Committee *should note the consistent opposition of certain companies to trade union recognition and that token non-union staff Health and Safety Committees, launched by certain offshore employers, have in no way ameliorated the situation.* As a document this submission to the Burgoyne Committee is important since it expresses succinctly the view of the trade unions on accident prevention and their perceived attitude of the oil companies towards them. In particular the TUC sought the application offshore of SI 500 which would mean that the employers, despite their consistent opposition to trade unions, would have to establish accident prevention committees where the employee membership would be union appointees.

Not surprisingly the oil companies argued (through UKOOA) that SI 500 was quite inappropriate in relation to offshore installations. In the language of compromise the Report concluded that there should be safety committees on all offshore installations but drew back from making any recommendations as to

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<sup>16</sup> Warner, J. and Park, F. (1990) *Requiem for a Diver*. p. 88. Brown, Son and Ferguson, Glasgow.

<sup>17</sup> The TUC's written evidence ran to about ten pages and included views on technical matters such as the control of the prevention of blowouts. Only the industrial relations aspects have been dealt with here and the full TUC submission on this (Item IV of its evidence) is reproduced as Appendix T.



their composition. The Report also advised the retention of the agency agreement with the PED. In general, the conclusions and recommendations of the Burgoyne Committee of Enquiry<sup>18</sup> contributed to improved accident prevention offshore and, with one exception, reflected the unanimous opinion of its members. The two trade union members agreed that *the government shall discharge its responsibility for offshore safety as a single agency* but, not accepting that the PED continue in this rôle, issued a long note of dissent wherein they proposed its replacement by the HSC and the extension of the provisions of the Health and Safety at Work Act 1974 (including SI 500) to offshore installations.

It is easy to be wise after the event and the Piper Alpha disaster is always brought in as evidence against Burgoyne for its decision to leave the PED as the body responsible for the implementation of safety offshore. Foster and Woolfson argue that in doing so Burgoyne *represented a tragic missed opportunity to harmonise offshore and onshore safety procedures.*<sup>19</sup> Burgoyne's claim that the oil industry required special knowledge and that therefore the Robens philosophy was not relevant is disputed by Foster and Woolfson who point out, that since the HSE was already responsible for petrochemicals onshore it would be equally effective offshore. They were also able to claim with some justice that PED did not implement some of Burgoyne's recommendations, particularly in respect of the interface of pipelines and platforms, where the possibility of a dangerous malfunction was foreseen. Sufficient attention to safety procedures and equipment in that area, including the installation of emergency shut-down valves, did not receive the attention recommended by Burgoyne because *PED remained grossly understaffed and under-resourced.*<sup>20</sup>

In defence of the majority report it must be said that since PED had been so recently allocated responsibility for offshore safety there had been little time for any appraisal of its performance. Warner believed that the right decision had been made because the HSE required consultation between government, industry and the trade unions and this would retard decision making. He was fairly caustic about the contribution made to the Burgoyne Committee by its two trade union members asserting that, since one of them attended for four days only and the other for a total of five full days and fourteen half days, their note of dissent after such small exposure to the evidence indicated a closed mind. The trade unions *would consider no other organization but the HSE taking over offshore safety which would, of course, have given them access to the vast offshore empire from which they were being kept out by the industry.*<sup>21</sup> He did not seem to recognise that the two trade union representatives were simply proposing the TUC view and that it would have been strange if they had done otherwise.

Access was the aim of the trade unions. Although Burgoyne did not recommend acceptance of SI 500 offshore he had recommended the appointment of safety

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<sup>18</sup> Burgoyne, J. N. (1980) *Offshore Safety: Report of the Committee*. Cmnd 7866. London : HMSO.

<sup>19</sup> Foster and Woolfson op cit p. 5.

<sup>20</sup> Foster and Woolfson op cit p. 6.

<sup>21</sup> Warner and Park op cit p. 92.



committees on each offshore installation.<sup>22</sup> On the principle that half a loaf is better than none the unions tried to use this as a route into the oil industry. Yet progress was so painfully slow that four years elapsed before a sub-committee of the OIAC was established to address the issue. This sub-committee took another year to circulate a discussion document, and met once in 1987 and again in January 1988 before Piper Alpha rendered any further meetings superfluous. Its history is a prime example of the ability of the oil companies to defeat any innovative measure which could possibly have led to an official presence of trade unions on their installations.

There is some documentation on this matter which is interesting from the industrial relations aspect. Jack Bromley, Assistant General Secretary of the Radio and Electronic Union, writing to Campbell Reid in June 1982 to support the nomination of a NUS official to OIAC, adds that *the maritime unions were very concerned at the lack of involvement of the Trade Union representatives who sat on the Burgoyne Committee.*<sup>23</sup> This echoes the criticism of Warner on the attendance of the trade union representatives at meetings of the Burgoyne Committee.<sup>24</sup> Since Bromley makes no comment about safety committees offshore it is reasonable to conclude that OIAC had not yet addressed this Burgoyne recommendation and indeed there is no documentation in IUOOC files on the matter until 1984.

This is not surprising since the first official document emanating from the Department of Energy about Burgoyne's recommendations on safety committees is dated 8th November, 1984.<sup>25</sup> It is from B. W. Hindley, a Principal Inspector, presumably with the PED, and, together with some trade union comments upon it, makes rewarding reading if approached in the context of industrial relations offshore.

Two small but relevant points deserve comment before the content of Hindley's letter is analysed. The first is that the name of the addressee (Campbell Reid) is mis-spelled, the organization of which he is secretary is incorrectly titled, the address is also mis-spelled and the post code is incomplete. This may be just carelessness at a clerical level but a letter is the responsibility of the person who signs it and failure to insert the correct name of an organization and its secretary can be interpreted as an indication of their value to the sender. This letter was not referring to a matter of slight importance but a request from a government department to a body which had a prime concern in the implementation of the Burgoyne Report recommendations. The second point is that Hindley stressed to Reid that his letter was being sent on an informal basis. Too much may be read into that statement but the lack of any urgency in implementing Burgoyne's recommendations on safety committees offshore is once more obvious when it is recalled that although four years had passed since the publication of the report consultation was only at an informal level.

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<sup>22</sup> Burgoyne, J. H. op cit para 5. 96.

<sup>23</sup> J. Bromley to C. Reid 18th June, 1982. Appendix U.

<sup>24</sup> v. p. 181 supra.

<sup>25</sup> Appendix V.



Hindley began by stating that the Burgoyne Report had recommended the setting up of safety committees on each offshore installation to which members would be *elected, appointed or co-opted* and he quoted the Report where it said *it did not consider it essential to embody these principles in mandatory regulations*. The letter went on to say that it would nevertheless be appropriate to consider whether the requirements for safety committees and representatives already implemented onshore (i. e. SI 500) could be used to introduce appropriate standards for the offshore oil and gas industry. Hindley then explained some practical difficulties which would arise if this course of action was adopted.

SI 500 placed duties on the employer who was the individual responsible for health and safety at a place of work but in the case of offshore installations there were generally several employers on account of contractor work. Consequently, if SI 500 were to be applied offshore, each set of employees would be entitled to elect safety representatives and so the situation would be unmanageable. The greatest difficulty was the stipulation by SI 500 that safety representatives had to be members of recognised trade unions, a status enjoyed by only a few unions on a very limited number of installations. Thus, concluded Hindley, it would be necessary to proceed along different lines if Burgoyne's recommendations on safety committees were to be implemented.

He saw three possible options. One was that the owners of the installations or pipeline works could set up safety committees and appoint representatives from among all those working on the installations or pipelines. Another option was for the owners to set up safety committees and appoint representatives who were trade union members, whether their union was recognised or not. His third option was that each employer on an installation or involved in pipeline work appoint safety representatives from among his employees subject to the *overriding control of the owner of the offshore installation or pipeline works*.

If one of these proposals was agreed there was then the question of the mechanism by which it would be implemented. Here the options were limited to two. The preferred proposal would be embodied in mandatory regulations or it would be implemented according to Department of Energy guidelines. Burgoyne had favoured the latter because it permitted wider flexibility to make arrangements best suited to the circumstances on each installation.

As was to be expected the trade unions were less than satisfied with the proposals. J. Melvin Keenan of the TGWU told Campbell Reid that mandatory regulations would, at least, make the operators work towards reaching some accommodation from the union point of view but that not one of the three proposals for membership of the safety committees was acceptable *since they all lead (sic)<sup>26</sup> the initiative and control very firmly with the owner of the installation or the several employers. I feel that we should try to devise a method*

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<sup>26</sup> Presumably he meant "leave".



*that will, if possible, leave the control in the hands of the Unions or at any rate the employees.*<sup>27</sup>

The view of Warren Duncan of the NUS was similar. He, too, favoured mandatory regulations. He was prepared to accept the second proposal for membership "faute de mieux" but believed that the unions should seek to add the words "in conjunction with the trade unions" after "owner". More interesting, however, was his additional comment about employers and their attitude to trade union attempts to become involved with offshore accident prevention. He had attended a meeting of OIAC six months earlier where the employers had *stated catagorically (sic) that under no circumstances would they entertain the idea of Trade Union representation on Safety matters in the Offshore Industry*. He described the debate on this subject as *pretty irate* and concluded his letter to Jack Kinaham at NUS Head Office with the gloomy but prophetic comment *I believe we will get bogged down with consultation and discussions and consensus seeking.*<sup>28</sup>

By mid-1988 desultory discussion on safety offshore was still continuing through the OIAC sub-committee but progress was minimal. When Burgoyne had recommended the appointment of safety committees, the unions had hoped for the extension offshore of SI 500 but the employers had quickly recognised this as a threat to their autonomy and had managed to prevent it. Accident prevention, like the Memorandum of Understanding on Trade Union Access to Offshore Installations, had provided no bridge across which the unions could enter the offshore fortress of the oil companies. They were as far as they ever had been from breaking the unilateral control of the employers over the working environment of the offshore oil and gas installations.

## **2 The Explosion on Occidental Caledonia's Piper Alpha Platform**

A great deal has been written about the Piper Alpha disaster. Some survivors have written graphic accounts of their escape; the causes of the explosion have been investigated by highly experienced oil technologists and subsequently published; the government immediately ordered a public enquiry, which was chaired by the Scottish judge, Lord Cullen, whose report<sup>29</sup> led to significant changes in the law as it applied to accident prevention in the offshore oil and gas industry; even before the publication of the Cullen Report the government used its powers under the Mineral Workings (Offshore Installations) Act 1971 to introduce new safety measures offshore. The causes of the fire which destroyed Piper Alpha have no part in this thesis but since there were inevitable industrial relations consequences a brief account of the tragic event is apposite. Being no scientist, the author prefers to provide the summary of the disaster given by the

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<sup>27</sup> J. Melvin Keenan to C. Reid, 23rd November, 1984.

<sup>28</sup> W. Duncan to J. Kinaham, 6th December, 1984. Appendix W.

<sup>29</sup> Cullen, The Hon.Lord, (1990) *The Public Inquiry into the Piper Alpha Disaster. Vol I & II*. Cmnd 1310. HMSO London.



Chief Executive of the Offshore Safety Division of the Health and Safety Executive.

*On 6th July 1988, 167 men died in the explosions and fire on the Piper Alpha fixed oil production platform in the North Sea. This was the biggest death toll in Britain for over 50 years; and the largest ever apart from major underground mining catastrophes.*

*The immediate cause was the emission of a leakage of gas condensate, resulting from the pressurisation of pipe work which was undergoing maintenance. The first explosion led quickly to a large crude oil fire. The heat from the fire resulted in a rupture of a riser on a gas pipeline from another platform, producing a second and much bigger explosion, some 20 minutes after the first. After that, the fire built up rapidly, fuelled by ruptures of further risers from connecting pipelines. A further massive explosion occurred some 50 minutes after the initial event. Following this, the structural collapse of the platform was hastened by a further series of explosions.*

*The rescuers faced an impossible task. Helicopters could not approach due to extensive smoke. All escape was by sea.*

*Extraordinary courage was shown by the crews of the fast rescue craft, who repeatedly approached the great heat of the fire, to search for survivors. Two rescue crew died in the accident and a number of those involved received bravery awards.<sup>30</sup>*

It is also appropriate to add here Paragraph 14.52 of Lord Cullen's Report which gave a résumé of the mismanagement of accident prevention on Piper Alpha by the operator, Occidental(Caledonia).

### **General observations**

*14.52 The evidence which I have considered in this chapter should be considered along with my observations in Chapters 11-13. It appears to me that there were significant flaws in the quality of Occidental's management of safety which affected the circumstances of the events of the disaster. Senior management were too easily satisfied that the PTW (Permit To Work) system was being operated correctly, relying on the absence of any feedback of problems as indicating that all was well. They failed to provide the training required to ensure that an effective PTW system was operated in practice. In the face of a known problem with the deluge system they did not become personally involved in probing the extent of the problem and what should be done to resolve it as soon as possible. They adopted a superficial response when issues of safety were raised by others, as at the time of Mr Saldana's report (he had suggested (June 1987) the possibility of an oil/gas riser rupture) and the Sutherland prosecution (following a fatal accident September 1987). They failed to ensure that emergency training was being provided as they intended. Platform*

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<sup>30</sup> Barrell, A. C., (1994) *North Sea Safety After Piper Alpha*, p. 7. Royal Academy of Engineering and Royal Society of Edinburgh Lecture.



*personnel and management were not prepared for a major emergency as they should have been.*

There was no suggestion from Lord Cullen that this typified in any way the approaches to the provision of safe working environments by other oil operators. Nevertheless an appalling disaster had taken place. Lord Cullen, having first exposed Occidental's inadequacy, both technically and organizationally, in preventing the catastrophe, (Volume One of the Report) then proposed radical changes in the management of accident prevention offshore (Volume Two). The Executive Summary of both volumes provides an excellent abstract of Lord Cullen's findings and recommendations and is included among the special appendices.<sup>31</sup>

### **3 Immediate Post-Piper Alpha Developments in Accident Prevention**

Television brought the horror of Piper Alpha into every home in the United Kingdom. The government was prompted into an immediate response and, not surprisingly, the reactions of the trade unions to the disaster included the claim that had there been appropriate trade union involvement in the operation of safety procedures on the installation the disaster might have been averted. For the oil companies the public inquiry into Piper Alpha represented the first serious challenge to their virtually autonomous rule in the North Sea.

#### **(a) Government Response.**

Seven days after Piper Alpha (the name of the installation is now commonly used in reference to the disaster without any accompanying word such as "disaster" or "explosion") Lord Cullen was appointed to chair a public enquiry into the accident. Since many months would inevitably pass before his investigation could be completed and his report made available, the government took other measures designed to improve the management of accident prevention offshore until new and comprehensive legislation could be enacted. Using its powers under the Mineral Workings (Offshore Installations) Act 1971 it introduced by an Order in Council the Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989 (Statutory Instrument 971) which required that there should be a safety committee on every offshore installation; unlike SI 500 of 1977 no right to appoint members of safety committees was granted to recognised trade unions.<sup>32</sup>

#### **(b) The Employers' Response**

It was only natural for the oil companies to present themselves as responsible organizations, which identified safe working environments as their top priority. On the whole this was probably true of most major operators, although no

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<sup>31</sup> The Executive Summary and other relevant documentation are reproduced in Appendix EEE.

<sup>32</sup> S. I. 971 was based on draft proposals for safety committees offshore which OIAC had been discussing but on which little progress had been made on account of the conflicting views of the trade unions and oil companies on the manner in which employee representatives would be appointed.



company can avoid the possibility of an error of judgment or a failure to follow standard procedures. Almost all offshore installations had safety committees of some type in place at the time of Piper Alpha but they varied widely in composition and effectiveness. While there do seem to have been some cases where complaints by employees regarding the safety of their work environment resulted in discontinuance of their employment these were few and at this distance in time are now impossible to quantify. One senior personnel manager said that there was *a grain of truth in the NRB action among the less-enlightened drilling companies in the 1980s but to say that NRB was the immediate response to anyone who raised a safety issue would be bad publicity*. A personnel director commented *apart from the humanitarian aspect of safety, which all good companies respect, it is only sensible to keep your employees safe and demonstrate to them that your working practices are the safest possible in the circumstances*. The personnel manager of one of the largest operators claimed that there was *no change in procedures post-Cullen as the company already had in place regular safety committees on all its installations* while another asserted that *injuries are now in decline in percentage terms over the last few years and this trend began before Piper Alpha*.<sup>33</sup>

As part of its strategy to redress the industry's image as one which gave a low priority to employee safety, UKOOA commemorated the twenty fifth anniversary of oil and gas exploration in the North Sea (1989) with a special publication. In the chapter on safety there appeared the following sentences. *The basic approach of the industry is to ensure that there are well designed facilities and that high quality people run them with procedures of a high standard. - Concern for human safety comes before purely commercial considerations. In any event, a safe installation is more reliable and more profitable than an unsafe one*.<sup>34</sup>

Perhaps the accident prevention régime on Piper Alpha had been far worse than on any other installation in the North Sea and possibly no other operator was guilty of what Lord Cullen called *a superficial attitude to the assessment of the risk of major hazard*.<sup>35</sup> What is certain is that the oil companies immediately after Piper Alpha mounted a damage limitation exercise. In particular they carried out thorough appraisals of their equipment and the safest methods of utilisation. For example, in the two years 1989 and 1990 the locations of over 400 emergency shut down valves were checked and more than 150 were repositioned. Evidence to Lord Cullen was presented by 64 expert witnesses of whom 34 were from operating companies in membership of UKOOA. Two months after Lord Cullen published his report Dr Harold Hughes, Director-General of UKOOA, summarised their contributions in a special article<sup>36</sup> which shows how UKOOA had depicted an industry at the forefront of modern safety management practices. Piper Alpha had been a tremendous jolt to their industry

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<sup>33</sup> These four comments were made to the author during interviews on accident prevention.

<sup>34</sup> UKOOA, (1989) *The North Sea Achievement*, p.29. UKOOA. London.

<sup>35</sup> Cullen Report para 1.14.

<sup>36</sup> Hughes, H. (1991) The offshore industry's response to Lord Cullen's recommendations. *Petroleum Review*, 45, pp. 5-8.



and it would have been irresponsible of the operators if they had not at once set about *urgent re-appraisals of our management practices and hardware*.<sup>37</sup> Consequently by the time Lord Cullen took evidence from UKOOA representatives they were able to give a lengthy and accurate account of the industry's current accident prevention measures.

It was obvious to UKOOA that the trade unions would use Piper Alpha as an argument to win for themselves some form of mandatory recognition such as the extension of SI 500 offshore and UKOOA was determined to avoid this. Changes in the working environment of all installations offshore were bound to follow Lord Cullen's report but there were some areas where the operators could argue that no change was required. In particular they were determined to retain control of industrial relations on their offshore installations.

This was revealed at the first quarterly meeting of IUOOC and UKOOA within seven weeks of Piper Alpha. The trade union organization asked UKOOA if their members had any further thoughts about the introduction of SI 500 (The Safety Representatives and Safety Committees Regulations) and received the answer that *the operating companies believed that the existing regulations offshore were by and large satisfactory and that there was no need to extend the Regulations to the offshore industry*.<sup>38</sup> This was the argument which UKOOA laid before Lord Cullen when their representatives gave evidence at the public inquiry.

### **(c) The Trade Unions' Response**

It would be utterly unfair to say that the trade unions saw Piper Alpha essentially as an opportunity too good to be missed; their sympathy for the families of Piper Alpha victims was no less than that of others and was in some ways greater. There still lies dormant within the British trade union movement a particular sentiment which wells up when a major industrial disaster happens and is expressed by workers sharing directly rather than indirectly the grief of the bereaved. This accounts, in part, for the manner in which some trade unionists gave evidence to Lord Cullen since they genuinely believed that the companies' opposition to trade unions deprived employees of a voice in the management of accident prevention offshore and was a factor in Piper Alpha. It may also account for the evidence of one trade union official being described to the author as *scurrilous in the extreme bearing no relation to facts*.<sup>39</sup>

Perhaps the union officers overplayed the safety issue when they declared to Lord Cullen that accident prevention was the main industrial relations factor offshore. If one adds together the various issues arising offshore which can be classed as industrial relations in the years before Piper Alpha, wage rates and earnings emerge as the principal factor. On the other hand they were able to argue that on account of their wealth of experience in accident prevention trade unions could make a positive and constructive contribution to improved safety

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<sup>37</sup> Hughes, H. op cit.

<sup>38</sup> IUOOC minute of meeting with UKOOA on 24th August, 1988.

<sup>39</sup> Comment by a senior personnel manager.



offshore.<sup>40</sup> The trade union officers had a realistic hope that when he made his report Lord Cullen would recommend that oil companies should offer the type of recognition they had so long been refused.

#### 4 The Cullen Report

Lord Cullen sent his report<sup>41</sup> to the Secretary of State for Energy, John Wakeham, on 19th October, 1990 and it was published three weeks later on 12th November. It consisted of two volumes, the first providing an account of the disaster and the second his recommendations on the measures necessary to improve accident prevention offshore. The trade unions were greatly disappointed that Lord Cullen made no recommendation for trade union appointment to offshore safety committees. As expected, he proposed that there should be a new regulatory body for the industry and by April 1991 a special division of the HSE, the Offshore Safety Division (OSD), had replaced PED. The HSE (and through it the OSD) was responsible to the Health and Safety Commission and there was thus now some official trade union influence on the industry. This influence was, however, remote, and a poor substitute for the direct representation on offshore safety committees to which the trade unions aspired.

Lord Cullen went to some lengths to explain why he did not recommend the appointment of trade union representatives to offshore safety committees. He said that his remit did *not extend to matters of industrial relations, whether or not the point at issue is a controversial one, as it is in the case of the offshore workforce.*<sup>42</sup> but, possibly out of courtesy to the trade unions, he did not leave it at that. In the following paragraph<sup>43</sup> there appear the words, much quoted subsequently by supporters of the trade union position, *I am prepared to accept that the appointment of offshore safety representatives by trade unions could be of some benefit in making the work of safety representatives and safety committees effective.* This comment, however, was prefaced with the words *In the light of the evidence which I have heard, which admittedly came almost entirely from trade union witnesses.* UKOOA had argued quite the opposite, maintaining that the 1989 regulations (SI 971) were adequate and that there was no evidence that trade unionists were more concerned than other employees with accident prevention. In any case they *did not prevent a trade union member becoming a safety representative and having trade union support.*<sup>44</sup> Thus Lord Cullen proposed to the government that the arrangements regarding employee

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<sup>40</sup> This point was strongly argued by Roger Lyons, now Assistant General Secretary of MSF (formerly ASTMS) and were reproduced in some detail by Lord Cullen at paras 21.79 and 21.80 of his report.

<sup>41</sup> The findings and recommendations of those parts of the Cullen Report relevant to this thesis are contained in a special appendix entitled "Cullen Report".

<sup>42</sup> v. Cullen Report para 21.83.

<sup>43</sup> v. Cullen Report para 21.84.

<sup>44</sup> v. Cullen Report para 21.81.



representation offshore should remain as they stood.<sup>45</sup> He nevertheless left some slight hope for the trade unions because he noted that the regulatory body intended to review the 1989 regulations after two years of their operation. He suggested that the regulatory body might amend the existing scheme *so as to require that safety representatives are appointed by trade unions in certain cases, such as where a trade union had achieved recognition in relation to a substantial aspect of labour relations and had a substantial membership on the installation in question.*<sup>46</sup>

When the regulatory body reviewed SI 971 at the end of 1991 virtually no trade union had achieved substantial membership on any installation and there was therefore no reason for it to recommend that membership of statutory safety committees should include trade union appointees. It is also possible that board members were aware of a recently published report commissioned by the HSE on the effectiveness of SI 500.<sup>47</sup> The authors, while not recommending that trade unions lose the powers granted to them under SI 500, concluded that *the approach of the management of an enterprise is still the most crucial factor in determining the extent to which it is able to develop its health and safety organisation.*<sup>48</sup> Moreover, they went on to remind HSE that the provisions for trade union appointed safety representatives were part of the Social Contract<sup>49</sup> under which *the government passed a package of legislative rights for employees and encouraged the development of more solid trade union organisation, in exchange for promises of pay restraint from the trade unions.*<sup>50</sup> By 1990 *commitment to collective bargaining as a basic institution of the regulation of industrial relations is no longer paramount*<sup>51</sup> and it would have been unlikely for a Conservative government to have disregarded the regulatory body's recommendations to the extent of requiring appointments of trade union nominees to offshore safety committees.

Any last hope that the trade unions entertained of securing their offshore objectives went with the publication of what is usually referred to as the Spaven Report.<sup>52</sup> This was a report on the effectiveness of SI 971 carried out under the auspices of the University of Aberdeen Offshore Study Group for the HSE. From the evidence gathered in 1992 across a wide spectrum of the offshore oil and gas

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<sup>45</sup> There was one minor exception and this was the transference of the cost of safety training wholly to the operator. This released the smaller contractors from the burden of meeting the costs of training their elected safety representatives but it was of scant interest to the trade unions.

<sup>46</sup> v. Cullen Report para 21.85.

<sup>47</sup> Walters, D. and Gourlay, S. 1990. *Statutory Involvement in Health and Safety at the Workplace: A Report of the Implementation and Effectiveness of the Safety Representatives and Safety Committees Regulations 1977*. HSE Contract Research Report No 20/1990. HMSO London.

<sup>48</sup> Walters, D. and Gourlay, S. op cit p. 101.

<sup>49</sup> v. Chapter Four, p. 58 supra.

<sup>50</sup> Walters, D. and Gourlay, S. op cit p. 126.

<sup>51</sup> Walters, D. and Gourlay, S. op cit p. 127.

<sup>52</sup> Spaven, M., Ras, H., Morrison, A. and Wright, C. (1993) *The Effectiveness of Offshore Safety Representatives and Safety Committees-A Report to the Health and Safety Executive..* HSE Report OTO 93 012, HSE Information Services, Sheffield.



industry during which 63 current safety representatives were interviewed, Spaven reached 38 conclusions, only two of which related to trade unions. One was that trade unionists, if elected onto offshore safety committees, should be permitted by their employers to attend trade union-provided training courses. This was hardly controversial but it was the other conclusion that put paid to any lingering hopes among the trade unions that a direct rôle might be found for them on offshore safety committees.

*Support for increased involvement of trade unions in the work of Safety Representatives is considerable among offshore workers. However there is no clear majority for a system of union appointment of Safety Representatives, and such a system, if widely applied, would present difficulties for the representational rights of non-members of trade unions.<sup>53</sup>*

## **5 Conflicting Perceptions of the Trade Union Rôle in Accident Prevention**

The totally different perceptions of trade unions and employers towards the management of accident prevention offshore have prevented them reaching any compromise. The trade unions believe that accident prevention cannot be separated from industrial relations because methods of work and the environment within which that work is carried out directly affect an employee's well-being. They contend that when a conflict of opinion on the safety of a working environment arises a trade union or a representative with trade union backing is in a better position than an employee to argue the case. Understandably, they draw attention to Norwegian trade unions which enjoy statutory backing for their direct participative rôle aboard installations operating above Norway's continental shelf. The different status of Norwegian unions was brought into sharp focus by an oil installation manager of Elf Petroleum Norge at a conference on the oil industry in 1996 when he said that a major cost reduction exercise had been carried out by a steering committee which included a trade union member.<sup>54</sup> Unions cannot share responsibility because that belongs wholly to management but British trade unions consider that they ought to be able to influence decisions on accident prevention in the same way as their Norwegian brothers. This right has been granted to British unions onshore under SI 500 and is a substantive right which they will never willingly surrender.

With equal determination the oil and gas employers will seek to prevent trade unions from enjoying similar rights offshore. This is unequivocally stated in the evidence of oil company representatives to the House of Commons Energy Committee in 1991. An MP had asked Robert McKee, who was then chairman of Conoco, if a safety representative on an offshore installation was not in a better position to carry out his responsibilities if he was supported by a trade union. McKee answered *I cannot think of any case individually where anyone has gotten into a conflict about safety things. There is certainly lots of discussion*

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<sup>53</sup> Spaven Report para 6.4.1.

<sup>54</sup> Christian Hansen at the Fifth Oil Installation Managers Conference organized by The Robert Gordon University at Aberdeen on 16th April, 1996.



*and debate, especially if it is something that is controversial that others do not agree with, but everyone has a forum in which to put their ideas forward.....management invariably supports them.*<sup>55</sup> The rationale of the industry's policy in this matter was given more succinctly by the Director-General of UKOOA, Harold Hughes, when he told the Committee that *the connection between the management of offshore safety, and trade union aspects of industrial relations is, at least in our minds, tenuous.*<sup>56</sup>

In conversation with the author, a former operations director of an international oil company translated this concept into more concrete terms. He argued that accident prevention is best achieved on a project basis where the safety committees act like audit committees looking at all aspects of the work carried out on their installations. Consequently, to be an effective member of a safety committee it is important that each member understands the entire breadth of the operations of the installation. If an accident has occurred, the immediate question must be "Where did we go wrong?" and in order to answer this question there must be full comprehension of the safety aspects of individual jobs. There is thus no benefit from the presence of a trade union nominee because an ordinary employee, competent at his task and knowledgeable about the processes involved on the installation, will make an excellent contribution to the maintenance of a secure working environment. This is what is now happening offshore and the safety committee system is proving its worth.

In any case there is a forum where trade unions and oil industry employers meet on a regular basis and discuss accident prevention. This is the Offshore Petroleum Industry Training Organisation (OPITO), the origins of which go back to the Petroleum Industry Training Board (PITB). Training Boards vested with certain statutory powers were set up under the Industry Training Act (1964) to improve standards of training across all major industries and accident prevention, an inevitable concomitant of training, received its due attention. By 1980 the government considered that most ITBs had achieved their purpose and closed them down, apart from a few where training was deemed still to need government support and persuasion. The oil operating companies had been appalled at the laxity of accident prevention among some of their contractors and for this reason UKOOA asked for the PITB to be among those that were to be retained. The government decided to allow the offshore side of the existing PITB to survive as a statutory body, the Offshore Petroleum I T B, but to wind down the onshore side which had a short existence as the Petroleum Training Federation. Several years later the Offshore Industry ITB became the non-statutory Offshore Petroleum Industry Training Organisation (OPITO) which remains with us to-day. As in the PITB and the Offshore Industry ITB trade unions continue to be involved as full members in the work of OPITO and contribute their views on safety as well as on all other matters concerned with employment offshore.

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<sup>55</sup> Seventh Report, Session 1990/1991, House of Commons Energy Committee, *Offshore Safety Management*. HC43 p. 42. HMSO.

<sup>56</sup> *Ibid* p. 23.



Arguments over the differing perceptions of employee and union participation in accident prevention were not confined to installations on the United Kingdom continental shelf. In April 1986 Roger Lyons and John Miller, who now represented the TUC on OIAC,<sup>57</sup> attended a meeting in Geneva of the Petroleum Committee of the International Labour Organization. In discussions on an agreed Resolution of ILO concerning freedom of association in the petroleum industry a fierce debate took place on the interpretation of the term "independent workers' representatives". Miller and Lyons wanted this to be rendered as "trade union representatives" but met strong opposition not only from the multinational oil companies, which they had expected, but also from the ILO administrative staff. The latter insisted that successive ILO conferences and the ILO Governing Board had always used the term "workers' representatives". During informal consultations with representatives of non-English speaking nations Miller and Lyons found that "independent workers' representatives" was widely accepted as meaning "trade union representatives". The UK, USA, Australian and Canadian trade union representatives along with their Norwegian confrères agreed at a meeting of the Workers' Group at this conference that references to "workers' representatives" were not *in the best interests of developing trade union rights in the Petroleum Industry, as supported by ILO Conventions and previous Resolutions of the Petroleum Committee.*<sup>58</sup>

Thus the trade unions could not even claim that the oil companies were in breach of any agreed Resolution of the International Labour Organization. Not that the oil companies relied on this since it was almost a question of semantics and not strong ground to defend. If the trade unions wanted to fight for their preferred interpretation that was their business but the industry would oppose any change if and when it was proposed.

Interpretation of "independent workers' representatives" and whether or not accident prevention is an industrial relations matter requiring a trade union dimension are relevant to any debate on the management of offshore safety. Their weakness from the trade union aspect is that the unions have far too few members in employment offshore. Indeed, trade union membership is so poor that it renders superfluous any debate based on the premises of an interpretation of an ILO Resolution or of the employers' dictum that safety management offshore needs no trade union input. To use military parlance the unions just do not have enough troops on the ground and the reasons for this have been analysed and discussed earlier.<sup>59</sup> Lord Cullen had said that the regulatory body might amend SI 971 to require safety representatives to be appointed by trade unions but this would be where a union had achieved *a substantial membership on the installation in question*. Only one has done so, MSF, on Phillips' Maureen installation and this happened immediately after Piper Alpha.<sup>60</sup> No other union

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<sup>57</sup> They had also been the two TUC representatives on the Burgoyne Committee. v. p. 177 supra.

<sup>58</sup> Part of Report to TUC by Miller and Lyons on the meeting of the ILO Petroleum Committee at Geneva 9th -17th April, 1986. v. Appendix X.

<sup>59</sup> v. Chapter Ten.

<sup>60</sup> v. p. 2 of Appendix S.



can claim any success and, as already stated,<sup>61</sup> the regulatory body made no requirement concerning the appointment of trade union representatives to offshore safety committees. This remains the position today.

Trade unions and offshore operators have diametrically opposed policies on the management of accident prevention. The operators, perhaps with a certain degree of arrogance, believe that they can best exercise this responsibility where, working on the joint consultative principle with elected safety representatives, they retain unchallenged control of working environments. Shell Exploration and Production's head of safety and environment legislation has asserted that *the new regulations encouraged workforce participation in the safety process through the statutory safety committees*.<sup>62</sup> The trade unions believe that, despite the protestations of the employers, there are times when the demands of production will outweigh proper considerations of safety and that only trade union representation can provide the protection which offshore workers require. This view has been expressed in a 1995 paper presented at the Leith International Conference by Dr Charles Woolfson and Dr Matthias Beck,<sup>63</sup> two academics who argue that the industry's drive to reduce its overall costs - for which the term Cost Reduction Initiative in the New Era or CRINE had been coined - *may well be accompanied by a longer run deterioration of safety standards*.<sup>64</sup> Not unnaturally UKOOA has riposted with an instant and indignant rebuttal wherein it has declared that the huge sum of £5bn<sup>65</sup> has been spent on improving offshore safety since 1990 and that the accident statistics demonstrate an ever reducing accident rate.<sup>66</sup> UKOOA further contends that the paucity of trade union membership offshore indicates that their employees are satisfied with things as they are.

Academic support for this view is provided by some recent research carried out by the Offshore Management Centre of The Robert Gordon University in conjunction with the Norwegian University of Science.<sup>67</sup> The mainly non-unionised British workers appear to be just as satisfied with safety on their installations as the unionised Norwegian workers.<sup>68</sup> Trade union safety delegates did not prevent the Alexander Kielland tragedy and it seems unlikely that British

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<sup>61</sup> v. p. 190 supra.

<sup>62</sup> Seager, A., 1995 *Maximising Safety into the Next Century*. Expro-update (a Shell in-house publication).

<sup>63</sup> Beck, M. and Woolfson, C (1995) *The Piper Alpha Disaster and the Hidden Deregulation of Britain's Offshore Oil Industry*. (The term "Leith" is given to an annual conference on offshore safety which was held in its first few years at Leith but now takes place at different venues in Scotland each year. The 1995 conference was at Aberdeen.) This paper was later published (also 1995) as an occasional paper by the University of Glasgow but with an amended title: *Seven Years after Piper Alpha: Safety Claims and the New Safety Case Régime*.

<sup>64</sup> Beck and Woolfson, op cit p. 3.

<sup>65</sup> v. UKOOA statement published by the Dundee Courier and Advertiser, 7th December, 1996.

<sup>66</sup> Appendix Y.

<sup>67</sup> At Trondheim, Norway.

<sup>68</sup> Fleming, M., Flin, R., Mearns, K. Gordon, R. and Rundmo, T. (1997) *A Comparative Study of Risk Perception and Safety in UK and Norwegian Offshore Personnel*. Offshore Technology Report OTO 96 049 prepared for the Offshore Safety Division of the U K Health and Safety Executive.



trade union appointees to a safety committee could have prevented Piper Alpha. Norwegian and British managerial cultures differ but there is no conclusive evidence of greater levels of stress among one or the other workforce who share the common problems of employment on isolated installations in the North Sea.<sup>69</sup>

A contrasting opinion to Woolfson and Beck has been expressed by another academic, Peter Kidger, who has argued that since there is statutory participation by trade unions on safety committees in workplaces onshore, there has been little opportunity to study the experience of committees where the employee representation is not union influenced other than on installations offshore since 1989. He even goes so far as to suggest that *the system operating on North Sea oil installations provides a useful model which could be drawn upon for application onshore.*<sup>70</sup> Kidger's argument is based on the Robens principle that in their joint consultative approach to offshore safety the oil companies are interpreting correctly the philosophy of the Health and Safety at Work Act 1974.

Nine years have passed since Piper Alpha. As a direct result the management of accident prevention was considerably altered and industrial relations were affected to the extent that safety committees had to conform to a certain structure. This structure, however, has been designed to encourage joint consultation and thereby has helped the employers to impede trade union attempts to win that direct participation for which they have always striven. The IUOOC<sup>71</sup> trade unions, while retaining representation on safety committees as an objective, have left it to academics such as Dr Woolfson to fight this battle on their behalf. The employers remain vigilant in their defence of the current system which denies representation to trade unions. The senior HSE official who said that *the perfect safety management system is one where there are shared values*<sup>72</sup> was looking for a nirvana into which the oil companies and the trade unions are unlikely to enter.

## 6 Summary

When Lord Robens looked at industrial safety in the early 1970s he found a mass of prescriptive legislation. He advised that this approach should be jettisoned in favour of a philosophy based upon the setting of goals where the manner in which they were attained could be left to the employer. He saw *no legitimate scope for collective bargaining* although there was the tacit assumption that organized labour would participate in the setting and monitoring of the safety

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<sup>69</sup> Offshore Technology Report OTO 96 049 (note 68 supra) is a distillation of the research of the five authors over the period 1992-1997. Rundmo's contribution was in the area of stress measurement.

<sup>70</sup> Kidger, P., (1993) op cit pp. 21-35 and *Should Union Appointed or Elected Safety Representatives be the Model for the UK?* University of Salford Working Paper No 9003.

<sup>71</sup> The attitude of OILC (which is excluded from IUOOC) is different. Its primary objective is direct representation on offshore oil safety committees and it continues to fight for this.

<sup>72</sup> Spaven Report p. 117. .



goals. This philosophy was embodied in the Health and Safety at Work Act 1974 and three years later SI 500 - The Safety Representatives and Safety Committees Regulations - gave to recognised trade unions the statutory right to demand the establishment of accident prevention committees where none existed and to appoint representatives to them.

The Health and Safety at Work Act 1974 was extended offshore in 1977. However, this had a minimum effect on offshore industry since its regulatory powers were delegated to the Petroleum Engineering Division of the Department of Energy and SI 500 could not apply since it could be invoked only by recognised trade unions. In consequence a compliance rather than a safety culture emerged offshore where trade unions were denied participation.

British industry has always recognised trade union interest in accident prevention as legitimate and the TUC has representation along with industry and the government on the Health and Safety Commission. When the trade unions realised that their recruitment efforts offshore had failed they tried to use safety as a vehicle which would bring them to the offshore negotiating table. It was a strategy that was pursued over many years but which ultimately failed although there were occasions when it seemed events on the national stage (Burgoyne Committee and Piper Alpha) might have assisted the unions to attain their objective.

From the very start of the North Sea oil and gas industry's entry onto the British scene fears and warnings had been expressed about the industry's commitment to safe working environments. An Oil Industry Advisory Committee (OIAC) had been formed in 1978 but the catalogue of deaths and serious injuries among employees led to the government setting up the Burgoyne Committee to investigate and to advise on offshore safety. Here was an opportunity for the trade unions to advance their point of view before a body which could recommend to the government that they had a contribution to make in accident prevention offshore as well as onshore. Trade union officers gave evidence critical of the employer policy of refusing to negotiate with them and of the token non-union staff safety committees on installations. They demanded the extension of SI 500 offshore and the replacement of PED by the HSE. The employers argued to the contrary and the Burgoyne Committee's report (1980) made no recommendations which upset the status quo. Safety committees were recommended for every installation but their composition was delegated to a subcommittee of OIAC which did not start serious negotiations until 1984. Mainly on account of its trade union representatives insisting on some form of mandatory trade union membership of offshore safety committees no agreement had been reached before Piper Alpha. Trade union correspondence over the four years 1984-88 indicates total dissatisfaction with Department of Energy suggestions on the make up of the Burgoyne-proposed safety committees since each suggestion left total control with the employers. Burgoyne had not provided the unions with a bridge to cross into the offshore oil and gas industry.



Nor did Piper Alpha, which had far fewer consequences for industrial relations than the extent of the disaster had portended. Lord Cullen was appointed to chair a public inquiry but the oil companies mounted a damage limitation exercise aimed at showing that the unacceptable level of accident prevention procedures and practice on Piper Alpha was exceptional and that the industry was highly responsible in its approach to the provision of safe working practices. The government had introduced SI 971 requiring a safety committee on every offshore installation but, unlike SI 500, it made no provision for trade union membership as of right. The trade unions argued before Lord Cullen that they had a legitimate part to play in accident prevention offshore and that the contribution of organized labour towards the maintenance of safe working environments had been demonstrated by the successful part played by trade unions within the Norwegian oil and gas industry. The Cullen Report (1990), however, concerned itself principally with the introduction of specific safety procedures and made no recommendation for the mandatory appointment of trade union representatives onto safety committees. It suggested that if a trade union were subsequently to achieve *substantial membership* on an installation the existing safety committee scheme might be amended to allow trade union appointees.

Neither the regulatory body in 1991 nor the Spaven Report in 1993 saw any reason to suggest that trade unions should have a statutory right to participate on accident prevention committees offshore. The trade unions had not been able to recruit the substantial number of members which, Cullen had indicated, might justify such appointments and Spaven believed that the representational rights of non-members of trade unions would be infringed if employee representatives were to be limited to trade unionists.

Industrial relations offshore have continued to develop along paths where the trade unions may not tread because the employers have been able to deny them access. The joint consultative approach which conforms to the preferred industrial relations mode of the employers is putting down ever deeper roots in the industry through the statutory safety committees on each installation. The trade unions long battle to secure mandatory rights in appointments to these safety committees has been lost and with it any prospect of collective bargaining in the foreseeable future.

## CHAPTER TWELVE



## OFFSHORE CONTRACTING

Derbyshire was the site of the earliest discovery of oil in the United Kingdom.<sup>1</sup> In the 1930s and early 1940s exploration was undertaken there and in other parts of the country<sup>2</sup> with further small onshore discoveries made after 1950. As in the United States of America, all the drilling of onshore sites was done by contractors and self-employed persons and not by the operators, although by 1955 BP had developed its own teams for this work. Hence, when it was known that there were huge reserves of oil and gas in the North Sea, BP and other operators had no alternative but to hire American drilling companies which alone had the necessary technology and experience for exploration on this vast scale.

These drilling companies brought with them a rough, at times brutal, authoritarianism to their employee relationships. In the early days of the industry in the North Sea it was not unusual for men to be refused further employment because the chief driller did not like them or, on the flimsiest of grounds, did not think they were pulling their weight. The unadulterated absolutism practised by one chief driller has already been described in an earlier chapter<sup>3</sup> but gradually British employment law came to have a moderating effect.

By 1974 a new form of contracting had arrived offshore and it expanded in relation to the number of oil fields discovered. This covered the engineering and related work involved in hook-up which may be defined as *the activity following offshore development installation (of a platform) during which all connections and services are made operable for commissioning and start-up.*<sup>4</sup> Almost from the beginning the relationships between the contractors and their employees engaged on hook-up have been regulated under special offshore construction agreements negotiated between contractor organizations and trade unions.

From the time of their commissioning the installations are in permanent need of maintenance and servicing and the operators devolve this responsibility to contractors. There are only about twenty operators but thousands of contracting companies ranging from local one-man enterprises to engineering companies such as Brown and Root which are comparable in size to the operators themselves. By 1990 about four fifths of all offshore workers were employed by contractors and in stark contrast to the hook-up stage (sometimes also called construction) their terms and conditions of employment have never been discussed with the trade unions.<sup>5</sup>

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<sup>1</sup> Shale oil had been produced at Pumpherston in West Lothian from the middle of the 19th century. It was derived from aromatic hydrocarbon and converted into naphthalene but had limited uses as a fuel. In any case it could not compete with liquid petroleum which became available before the end of the century.

<sup>2</sup> Interestingly, Dr J. H. B. Vant, to whose research in the oil industry reference has been made above and later in this chapter, was present at Tuxford, Nottinghamshire in 1942 when a Canadian firm was drilling for oil and he observed some of the work being carried out.

<sup>3</sup> v. Chapter Eight.

<sup>4</sup> Bank of Scotland International Division *Oil and Gas Handbook*. 1989. op cit.

<sup>5</sup> Electrical work is an exception. v. p. 201 infra.



## 1 Offshore Construction Agreements

### (a) Their General Pattern

An offshore platform is something like a miniature oil refinery and petrochemical complex situated on an offshore island with the power requirements (which it must generate itself) of a town of 20,000 inhabitants. There must also be accommodation for about 200 persons or more together with administration and technical facilities. When there is major work in progress, such as during hook-up or large structural modifications, extra accommodation may be needed for as many as seven hundred persons and in such cases sleeping quarters are provided in "flotels", which are temporary surface modules moored adjacent to the installation. Today most platforms are concrete and can be finished in sheltered onshore locations where much of the hook-up and commissioning can be completed before the platform is towed out. In the 1970s and 1980s, however, hook-up was a much more complicated and lengthy process. This is how it was described in a 1984 publication.

*Steel jackets (the legs or substructure of the steel platform) are floated to location on barges or flotation units, in the horizontal position, launched, up-ended and placed on the seabed by controlled ballasting. After piling into the seabed, the deck and modules are lifted onto the top of the jacket. Modules are large "boxes" containing all the equipment necessary to operate the platform. Even the crews' quarters are lifted onto the platform as fully fitted out modules, usually with the helipad on top. After installation several months are required for hook-up and commissioning of equipment before the platform is ready to start operating.<sup>6</sup>*

It was in 1974 that the Oil Chemical Plant Constructors Association (OCPCA) started to have discussions with UKOOA on the probable manpower needs offshore once the installations were ready to be floated out into the North Sea and constructed. It was soon clear to the operators that the OCPCA firms would have to rely to a great extent on employees with strong trade union affiliations<sup>7</sup> who were currently building the jackets and modules at the onshore construction sites such as Nigg and Loch Kishorn. Most of the other men needed for work on hook-up contracts would be in different forms of engineering production or maintenance onshore and also accustomed to having their conditions of employment settled through the process of collective bargaining. Since the operators had already incurred immense expenditure on the exploration and development of their fields they were anxious to see as quick a return as possible on their investment, especially with the price of oil at \$30 per barrel. They foresaw that this would not happen if companies which were awarded hook-up contracts suddenly ceased to negotiate with trade unions.

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<sup>6</sup> The Institute of Petroleum (1994). *Know More About Oil - The North Sea*. p. 15. This edition updates the maps but retains the 1984 text.

<sup>7</sup> The influence wielded by trade unionists at the Nigg construction yard has been discussed in Chapter Six, pp.96-97 supra..



Accordingly the OCPCA drew up a model agreement on terms and conditions of work and submitted it to the operators for their comments. After further discussion their approval was obtained and thus there was initiated the practice, which continues to the present day, of the operators retaining a considerable amount of control over the pay and conditions of work of their contractors. Woolfson, Foster and Beck<sup>8</sup> are almost certainly correct when they say that the operators always ensured that there was a differential in favour of their own staff in order to retain their loyalty and to implement, at least in the first decade and a half of oil production, a divide and rule policy.

By the end of 1976 operators and contractors were ready to consult the appropriate craft trade unions led by John Baldwin, General Secretary of the TUC National Engineering Construction Committee. Since the proposed pay and other conditions were attractive, collective bargaining rights guaranteed and shop steward activities permitted, the first hook-up agreement was reached with the minimum of difficulty. Its formal title was the Northern Waters Offshore Construction Agreement.

Thus, while retaining their own adamant opposition to the recognition of trade unions, the operators accepted that during hook-up work contractors could recognise trade unions and negotiate rates of pay, which were high enough to deter most workers from any unofficial industrial action. In addition shop stewards would be allowed to perform their traditional functions and so minor disputes could be settled before they escalated into stoppages of work.

The content of an agreement on pay and conditions for workers engaged on hook-up does not differ in essence from that of the many others specifying rates of pay, hours of work and disciplinary procedures across the whole range of British industry. There is, however, one notable difference; workers employed on production, drilling, maintenance, underwater pipelaying, diving, catering and any other duties not designated as engineering construction or electrical installation work are excluded from the agreement. This means that, although a worker engaged in direct hook-up employment can raise a matter through his shop steward, such a facility is denied to a worker, possibly in the same union, who is laying pipes or carrying out general maintenance. Moreover, when all the hook-up work is completed and oil is extracted from the ocean bed, the agreement immediately lapses and employees can find themselves within the course of twenty-four hours bereft of trade union protection and remunerated under different and usually less advantageous conditions of employment. In the jargon of the industry "first oil" is the description given to the earliest successful extraction of oil for commercial purposes and terminations of hook-up contracts are said to take place "from first oil".

At intervals unions and management negotiate a new offshore construction agreement or OCA. The original contracting parties were, for the employers, the

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<sup>8</sup> Woolfson, C., Foster, J. and Beck, M. (1996) *Paying for the Piper* p. 91. Mansell, London.



Oil and Chemical Plant Constructors' Association (OCPCA) and the Electrical Contractors' Association and for the trade unions the Amalgamated Union of Engineering Workers (AUEW), Electrical, Electronic, Telecommunication and Plumbing Union (EETPU) and the General Municipal Boilermakers and Allied Trade Union (GMBATU). In 1984 the employers set up the Offshore Contractors' Council to represent their interests including that of negotiating the OCAs. (Unfortunately, to some extent, OCA has now become also the abbreviation for the Offshore Contractors' Association, the title which replaced the Offshore Contractors' Council in 1996 but the chance of any confusion is slight.) Ostensibly these OCAs are negotiated solely and freely between the signatory parties but the operators have always made sure that no clause is injected which is not to their liking. The degree of influence exercised by the operators over OCAs is not, however, as great as that which they are able to wield over the catering contractors.<sup>9</sup>

### **(b) The SJIB Offshore Post-Construction Agreement**

There is one anomalous offshore agreement. Determined though they are to keep trade unions off their platforms once they are in production, the operators make an exception in the case of electricians employed by contractors who are members of the Scottish Joint Industry Board (SJIB) for the Electrical Contracting Industry. The reasons for this can only be a matter of conjecture. It may be the operators believe that the possibility of any industrial action is remote because the length of a contract is often short and sometimes the numbers of electricians few. Another reason may be that when this issue first arose the operators wanted to foster what other trade unions decried as the EETPU penchant for currying favour with managements.<sup>10</sup> Again, the decision may have been reached on the pragmatic grounds that any fracas between an employee and the SJIB contractor on an installation can affect the whole functioning of the installation. Whatever the reasons, the operators agree to the union and the SJIB negotiating Offshore Post-Construction Agreements. Rates of pay are nevertheless lower than those earned on hook-up and the agreement does not apply to electrical workers whose employers are not members of the Electrical Contractors Association. Similar agreements have been sought by trade unions representing other categories of worker but have never been conceded.

## **2 Disputes during Hook-Up Contracts**

There have been few disputes between contractors and their employees engaged on hook-up work and this may be the result of the prudence of the operators in accepting traditional trade union and management relationships offshore. Only two disputes deserve attention.

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<sup>9</sup> v. Chapter Nine.

<sup>10</sup> By the mid-1980s single union bargaining had become an objective of employers and the EETPU was fairly unscrupulous in how it achieved that status for itself. It eventually led to EETPU being suspended for some time from the TUC. In 1992 the AEU (formerly AUEW) amalgamated with the EETPU to form the AEEU.



### **(a) The Ninian Field Dispute**

The first of these arose out of an understandable complaint on the part of the contractors' employees on hook-up. Originally, both the oil companies and the contractors had operated work cycles of two weeks offshore and one week onshore but in 1978 the operators added a week to the onshore period, thus equalising the time spent offshore and onshore. The contractors' employees, however, were still required to work under the original agreement. There were also grievances over pay and travel allowances which exacerbated the unrest. In September 1978 hook-up workers on Chevron's Ninian field went on unofficial strike and were airlifted onshore. Within a fortnight trade union officials had persuaded their members to return on the understanding that the principal grievances would be addressed during negotiations for the 1979 OCA which were about to take place. However, impatient with what they saw as lack of progress on a new OCA, their shop stewards brought them out on strike again in the first week of January 1979 with rates of pay now assuming greater significance. Throughout January and into February the strike spread to several other North Sea platforms involving as many as 4,000 offshore workers at its peak. It took intervention by the Under-Secretary of State for Energy, Dr Dickson Mabon, and national officers of the trade unions to secure a resumption of work by the end of February on the understanding that negotiations with the Offshore Contractors' Council would be resumed. The national officers agreed a settlement with OCC and although its terms were rejected by the workers it was nevertheless implemented by the employers without any subsequent unrest. In short, the strikers had gained very little at some financial cost to themselves.

Some authorities<sup>11</sup> believe that the manner in which the full time trade union officers handled this dispute was an important factor in the apathy, to put it no stronger, displayed by offshore employees towards union recruitment drives in the 1980s. Yet it is difficult to identify another course of action that the trade union officers could have followed. Unofficial strikes always pose difficulties for trade unions but the dispute in 1978/79 could not have happened at a worse time. The Memorandum of Understanding on Trade Union Access to Offshore Installations had been agreed in 1976 followed in 1977 by the Guidelines through which Recognition may be Achieved. Offshore Construction Agreements had been accepted by the operators for hook-up and union officers were now anxious to extend this recognition to include installations which had come on stream. They were pressing this case on the grounds that negotiations on pay and conditions could be conducted in a structured and orderly manner and that the disciplinary and grievance procedures which would form part of any agreement would provide a channel for swift resolution of issues without resort to industrial sanctions. To maintain the credibility of their case for recognition the trade union officers had to adhere to the current OCA and not endorse the unofficial action which was now taking place. Moreover, when the strike committee tried to spread the dispute by setting pickets outside oil-related

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<sup>11</sup> Penn, R and the Lord Sewel, (1996) *Trade Unionism in a Hostile Environment* pp 286-318 of *Trade Unionism in Recession* (edited by Penn, R., Gallie, D. and Rose, R). Oxford University Press and Woolfson, C., Foster, J. and Beck, M. (1996) op cit pp 93-94..



establishments onshore, Tommy Lafferty, the AUEW district secretary, advised his members to ignore them.

Interviewed by Lord Sewel in 1989 Lafferty stated that the inability of the unions to support the strikers other than by attempting to negotiate a new OCA (which the employers refused to do until the strike was over) was neither understood nor accepted by the unofficial strikers. He sensed that the strikers felt let down and he claimed that attempts to recruit offshore were often frustrated by accusations that when union support was needed, as in 1978/79, it had been denied.<sup>12</sup> Woolfson, Foster and Beck simply say that a divide was created between union officers and offshore construction employees many of whom exhibited *cynicism and apathy* towards union attempts to recruit members in the 1980s.<sup>13</sup>

There is little evidence for Lafferty's claim that subsequent disappointing recruitment figures reflected employee disenchantment with trade unions over the manner in which the construction workers' grievances had been handled in 1978/79. The dispute took place during the "Winter of Discontent" when strikes, both official and unofficial, reached a height unprecedented since 1926 and the unofficial construction workers' action in the North Sea was just one among many throughout the United Kingdom. Again, as research carried out by Vant and Livy<sup>14</sup> showed, there was a constantly changing workforce offshore and it is unlikely that some sort of folklore about trade union neglect of employee interests would have been generated and passed down to every new worker. More credible reasons for poor recruitment success offshore have already been given in Chapter Eight.

#### **(b) The Easington-Rough Dispute**

The second strike which merits attention moves on to the less familiar waters of the southern part of the North Sea off the East Riding of Yorkshire. The Rough gas field was discovered in 1968 but the decision to develop it with a pipeline to Easington, the nearest town on the coast, was delayed until after 1980. The dispute in 1984 is accordingly given the name of the Easington-Rough sit-in.

The usual arrangements with contractors were made for hook-up but since the work was demanding in its technology and likely to last several months it was necessary to recruit employees with the requisite expertise. Inevitably this meant that the majority of the workers were men who had served contractors in the northern part of the North Sea and were accustomed to conditions of employment negotiated under the current Northern Waters Offshore Construction Agreement. This OCA did not apply in southern waters where the men found that pay and other allowances were inferior<sup>15</sup> to those prevailing in northern waters. In 1984 they "sat in" for four weeks, adopting this tactic

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<sup>12</sup> Penn, R. and the Lord Sewel, op cit p. 299.

<sup>13</sup> Woolfson, C., Foster, J. and Beck, M. op cit p. 94.

<sup>14</sup> Vant, J. H. B., and Livy, B. op cit.

<sup>15</sup> The conditions of employment were not "grossly inferior" as claimed by the OILC in its 1991 publication "Striking Out" published by the Offshore Information Centre, Aberdeen.



because it meant they could prevent any further work being done by replacement labour. Their unions negotiated a settlement which met the main demands of their members and simultaneously established their right to recognition from the contractors. This Southern Waters Agreement became a model for subsequent hook-up agreements in that sector of the North Sea until 1991<sup>16</sup> and although work in northern waters still attracted better pay and allowances there were sound reasons for this. The climate there makes the physical conditions of work more unpleasant, there is greater travelling time from shore to installation (up to three hours in comparison with twenty to thirty minutes) and employment on the more remote platforms has to be compensated with additional special allowances.

### 3 Developments in Operator-Contractor Relationships

#### (a) The Drive to Reduce Costs

Reference has already been made in the previous chapter to CRINE (Cost Reduction Initiative in the New Era). The origins of CRINE go back to 1986 when the international price of oil plummeted from near \$30 a barrel to below \$15<sup>17</sup> and pressure to identify savings was compounded by the expenditure incurred in order to meet the stringent conditions on safety requirements following the Piper Alpha accident. By 1990 production and revenue were still falling and E. J. P Browne, Chief of BP Exploration, stated:

*Competitive advantage within the upstream business is governed by the simple equation: Profit = volume multiplied by (price - costs). As a company we cannot control the price and so we are left with two variables over which we have some control - cost and volume. As to cost I think the central thrust of getting rewards for the stockholder lies in driving down not only the operational costs - that is by achieving the lowest costs for exploration, development and production - but also by driving down the costs of running the business. That is a continuous process - not a one off cost cutting exercise. It is something we must keep doing in order to maintain our competitive position.<sup>18</sup>*

In particular, operators were becoming concerned at the high cost of engineering work in the North Sea as compared with work of a similar nature in the Gulf of Mexico and the Far East and it was through the initiative of the government and the industry that CRINE was established. It has a small secretariat funded jointly by government and the industry and is very similar to its Norwegian equivalent NORSOK. The CRINE secretariat co-ordinates the work of committees, the membership of which is drawn largely from the oil industry and to which it has delegated the responsibility to investigate the perceived areas where cost reductions can be implemented. In October 1992 as part of the initiative

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<sup>16</sup> By the 1991 OCA wage rates were equalized but special allowances for travelling time and work on remote installations remained.

<sup>17</sup> Briefly it fell below \$10.

<sup>18</sup> Browne, E. J. P. (1990) *BP Exploration Performance and Strategy*. BP.



UKOOA members committed themselves to a joint investigative project on cost saving with representatives of contractors.

Some two years earlier the two main British companies, Shell and BP, concerned that costs were rising and revenue declining, discussed this problem with Michael Heseltine, President of the Board of Trade, who subsequently ordered his department to investigate competitiveness on the UK Continental Shelf. The DTI Report of the Working Group on Competitiveness in the UK Continental Shelf was published in February 1993 and, as stated by Tim Eggar, Minister for Energy, it called *for a wide - ranging culture change across the industry to meet new market conditions, with 29 recommendations for action by the industry and Government*<sup>19</sup>. By November 1993 the first CRINE recommendations<sup>20</sup> had been published with expectations of a 30% reduction in capital costs over the next two years.

The findings of both the DTI and CRINE reports were similar in their essential points and both recognised that standardization of industrial and business practices was the prime objective. This meant that operators and contractors would have to work in harmony. As the Minister of Energy stated in April 1994 *New approaches were evident in development projects throughout 1993, with contractors and suppliers involved early in project planning and having a more direct input into identifying areas of cost saving.*<sup>21</sup>

This collaboration between operators and contractors portrayed more than anything else the culture change to which the Minister of Energy had referred. Whereas previously operators and contractors had regarded each other as adversaries, a totally new set of characteristics began to emerge in their relationships, which, in their turn, had an impact upon industrial relations.<sup>22</sup> As already stated<sup>23</sup> the Offshore Construction Agreements were usually drawn up in ways which ensured that the pay and conditions of contractors' employees were less attractive than those enjoyed by the direct staff employed by the operators. In some cases there were even different dining and amenity areas on installations. When operators began to study ways in which unnecessary costs could be eliminated, they realised that such distinctions between men who were, after all, employed in the same industry and had the same objective of producing oil and gas, were not in their interests. A new form of relationship began to develop whereby operators and contractors sought ways of working together

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<sup>19</sup> Eggar, T., (1994) *The Energy Report* p. iii. Department of Trade and Industry, HMSO.

<sup>20</sup> CRINE Secretariat (1993) *Cost Reduction Initiative for the New Era Report*. St Paul's Press, London.

<sup>21</sup> Eggar, T., (1994) *op cit.*

<sup>22</sup> Green, R. L. (1994) *Collaborative Relationships between Producers and Contractors in the UK Oil and Gas Production Industry*. This paper, presented at the British Academy of Management Annual Conference, is an authoritative account of the position reached by mid-1994 in the development of better relationships between operators and contractors. The author is indebted to his colleague, Dr Green, whose research on partnering between operators and contractors carried out at The Robert Gordon University has been of great assistance in this segment of Chapter 10.

<sup>23</sup> v. p. 200 *supra*.



harmoniously for mutual benefit. Operators came to appreciate the value of dealing with fewer contractors (BP announced in August 1993 that it was reducing the number of its major contractors from 300 to 100<sup>24</sup>) and this was inevitably accompanied by improvements in relationships between contractor and client since communication became regular and more frequent. One particular benefit of the new culture was that it rendered superfluous the expensive checking of technical competence because no contractor was going to risk his reputation for reliability through failure to deliver work of the standard required by his client. In short, mutual trust became the essence of partnerings<sup>25</sup> or alliances, the latter term usually being applied to an agreement whereby an operator and his contractors will work towards common goals and share any gains or losses.

As the professional association for engineers and scientists in the oil industry, the Institute of Petroleum considered that it must contribute its considerable influence to discussions on these new developments and in May 1995 organized Scenario Planning Workshop which offered some structure and thinking about the future of the offshore industry. The workshop identified 14 key "drivers" which would shape the industry over the next two decades. The third of these "drivers" was the development of relationships within the industry which was defined as follows:

*At best, there would be streamlined and synergistic relationships between operators, suppliers and other contractors and subcontractors. They would be well managed and driven by agreed common goals.*<sup>26</sup>

The tendency to apply the word "partnering" to all such relationships must be avoided since their nature and size can be very different.<sup>27</sup> One agreement may be no more than a willingness by the supplier to accept a lower price from the operator for the security of a long-term contract. An agreement where there would be an identifiable degree of partnering would be one in which operator and contractor combine their expertise to improve standards and design including joint ownership of any resultant technology. More advanced than that will be the form of alliance where one operator and several suppliers combine to work together *to achieve a degree of synergy that might have been impossible under the old one-to-one customer-supplier relationship.*<sup>28</sup> Finally there is the delivery by the client of almost the whole operation to one "lead" contractor who will manage the other contractors.

In some cases the proportion of contracted personnel on board an installation has now become so high that Sandy Clark, Chairman of OCA, commented *How far are we from the day our member companies become responsible for operating*

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<sup>24</sup> Aberdeen Petroleum Review, Nos 32 &33, August, 1993.

<sup>25</sup> This is rather a clumsy word but it is used to avoid "partnership" which has a specific legal connotation.

<sup>26</sup> Upton, D., (1996) *Waves of Fortune*, p. 109. John Wiley, Chichester.

<sup>27</sup> Upton, D. *ibid* p. 151.

<sup>28</sup> Upton, D. *ibid* p. 151.



*the platform on behalf of the oil company?*<sup>29</sup> Iain Bell, Secretary of OCA, said it was good news for his organization that the multi-nationals were concentrating more and more on producing and selling oil and gas and leaving the rest to contractors. *It means more work for his members, who will in future be responsible for designing, building, operating and eventually disposing of rigs for the multi-nationals.*<sup>30</sup>

In almost all fields the oil producing companies had always used contractors to look after specific parts of the operation such as production chemicals and maintaining the downhole pumps. From these traditional forms of out-sourcing the offshore contractors have now expanded their contribution to the industry to include the designing and building of rigs and platforms, commissioning them at sea and carrying out maintenance and repair to the point where they can accept responsibility for the entire offshore operation on behalf of the oil companies. Indeed, within months of Clark's comment, Sun Oil had sold its Balmoral field to AGIP which immediately contracted it out to Brown and Root and Oryx UK Energy had handed over to Atlantic Power and Gas almost all its operations on the Hutton, Lyell and Murchison fields only a year after it took over these three fields from Conoco.

The cost of producing a barrel of crude oil in the UK sector of the North Sea had risen from \$2:50 to \$4:00 between 1989 and 1991 and this was higher than in any other oil province.<sup>31</sup> It was for this reason that the objective of the new relationships was to reduce costs. *It isn't philanthropy: the aim is to secure the best commercial advantage.*<sup>32</sup> In their monumental and authoritative work Woolfson, Foster and Beck<sup>33</sup> stress this feature to the point where the positive aspects of collaboration become obscured. They assert that the operators controlled the whole process so that the costs of reducing expenditure were borne entirely by the suppliers and that the bargains were for that reason very one-sided. *The operators were now in a position to tell contract firms precisely what they had to do: form alliances, use low cost methods, co-operate in the development of standardized systems and above all cut their own costs. If suppliers were not willing to work on those terms, they would be out of the ring.*<sup>34</sup>

The authors deduce from this that the contractors had to look for operational savings and that these were found through a reduction in accident prevention measures. This is one of the principal themes of their book and is outside the

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<sup>29</sup> Offshore Contractors' Council Annual Review 1994.

<sup>30</sup> Fraser, S. Safety Hopes buried at Sea. *Scotland on Sunday*, p. 8. 22nd October, 1995.

<sup>31</sup> Report of the Working Group on Competitiveness in the UK Continental Shelf. Department of Trade and Industry, February 1993.

<sup>32</sup> Roxborough, I. (1993) *Avoiding Infringement of Procurement/Competition Law in Partnering Agreements and Consortia Bidding*. This was a paper given at The Practicalities of Successful Partnering and Closer Working Relationships Conference, Aberdeen, 7th & 8th December, 1993. IIR London.

<sup>33</sup> Woolfson, C., Foster, J. and Beck, M. op cit.

<sup>34</sup> Woolfson, C., Foster, J., and Beck, M. op cit p.315.



remit of this thesis. It should be added, however, that the oil industry has resented this slur on their reputation and has used every opportunity to rebut it.

### **(b) The Effects on Industrial Relations**

The emphasis in alliances and partnerings is on collaboration, on team working, on recognition that problems need joint resolution not complaints that another group is at fault and in general *where customer and supplier develop such a close and long term relationship that the two work together as partners.*<sup>35</sup> The transfer of personnel from operator to supplier is a consequence of these developments and, while the ratio of operator to contractor personnel does not remain unchanged, it would be totally incorrect to state that on installations there has been simply a transfer of some staff from the operator's to the contractor's payroll. Sometimes whole functions have been moved from the direct responsibility of an operator to a contractor but this would be carried out over several months. When an operator has decided to outsource a particular function this has come about as a result of careful discussions within the operator's company followed by a tightly negotiated contract with a supplier. The operator, no longer needing certain of his employees, will have made them redundant and, since they had skills for which contractors were now looking, it was inevitable that some found themselves back in their previous jobs but under a different employer. Indeed, for many former direct employees of an offshore operator, redundancy pay brought a substantial financial bonus because the gap in obtaining new employment could be as short as a few days. Again, as a result of a decision to reduce the number of contractors, there were occasions when a firm already on contract to an operator became, instead, a sub-contractor responsible to a main contractor.

The change of status from direct employee of an oil company to that of a contractor has not always been achieved with total harmony although there has never been any significant industrial action. When direct staff have learned that contractors will be taking over their work some have immediately felt threatened by redundancy while existing contractor staff, in their turn, may also have felt threatened because they will have been unsure whether they will be able to cope with the responsibilities which their new jobs will entail.<sup>36</sup> This will be particularly the case where there is delay in the implementation of the new working methods. These disturbances of familiar employment patterns provide situations highly appropriate for negotiation by trade unions on behalf of those affected but since the operators, apart from a few rare examples such as Phillips Petroleum, have never conceded collective bargaining to trade unions, and the contractors have fallen in with this policy as regards their offshore employees, third party intervention has seldom been involved.

A member of the DTI Working Group on Competitiveness in the UK Continental Shelf<sup>37</sup> had been Campbell Christie, General Secretary of the Scottish TUC and he had insisted on the inclusion in the Report of some

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<sup>35</sup> Roxborough, I. (1993) op cit.

<sup>36</sup> Green, R. L. op cit.

<sup>37</sup> v. p. 205 supra.



commitment by the industry to consult trade unions. He was, however, a single voice and the employers were able to lessen the effect of the commitment by insisting that consultation should be at national level. As already argued in earlier chapters the unions at national level had achieved little since 1977 and tended to immerse themselves in pointless disputes about rights to recruit offshore workers. If national officers of trade unions did seek talks with employers they were turned down on the grounds that they had insufficient membership offshore to justify their claim to represent employees. More importantly, the insistence that any consultation should be at national level effectively excluded the Offshore Industry Liaison Committee, whose activities were beginning to alarm employers.

Accordingly, this immense change in the structure of the offshore oil and gas industry with its accompanying re-alignment of employee-employer relationships affecting thousands of workers took place with the minimum of consultation with organized labour. All the evidence indicates that trade unions were informed at national level when a major development took place but that any thought of negotiation was absent from the minds of operators and their suppliers. The OILC was able to make an occasional impact but its small membership and exclusion from the Scottish TUC allowed employers to ignore it with impunity.

The operators, however, could not have carried through these changes without the application of a carefully considered industrial relations policy. They never practised collective bargaining in the sense that it is a confrontational exercise wherein the opposing objectives of management and labour are gradually modified to the point where a compromise solution is reached. Instead they used the alternative process of joint consultation so derided by the trade unions as ineffectual on the grounds that the employees inevitably have the weaker bargaining counters. Offshore installations have some similarities to a factory or other land-based establishment but their isolation hundreds of miles out in the North Sea makes it almost impossible for workers on one installation to enjoy easy communication with workers on another. This makes it difficult to mount joint or supportive industrial action when workers on one installation believe that they are being unfairly treated by their employer. On the other hand the physical location, the nature of employment and the regular contact among everyone on board render each installation "sui generis". Consequently a major transfer of work following a collaborative agreement was able to be carried out after full consultation between employee representatives and operators on an agenda which referred to specific installations and not to general employment issues within the industry. In this way industry-wide disruption was avoided.

The discussions which concluded with mutually satisfactory settlements required skill and patience and give the answer to those who assert that industrial relations personnel in the industry are little more than administrators of centrally devised policies. Any fears of the employees were allayed in a manner which can be described as a major victory for the joint consultation process over that of collective bargaining. The lengths to which the operators were prepared to go to



assist a smooth passage to new working alliances were remarkable even for the most enlightened employers of the 1990s. An example of this is when Chevron decided to sell its interest in the Ninian field to Oryx UK Energy. Chevron flew<sup>38</sup> a prominent Aberdeen solicitor out to one of its installations where he remained for five days during which any employee who was unsure of his legal rights could have them explained to him in private.<sup>39</sup>

For some employees, particularly those with many years of service, the change in their conditions of service allowed them huge financial benefits if they decided to accept redundancy terms. The operators agreed to pay redundancy payments far beyond the minimum amounts stipulated by statute and, in addition, pensions were offered at the age of 50. In exceptional cases this could mean retirement from the industry with a six figure redundancy sum and a pension. It is therefore not unfair to say that the oil operators prevented any industrial relations problems arising as a result of the new working arrangements offshore through the simple method of making it worthwhile financially for their employees to accept the companies' terms.

There were exceptions none more so than when BP handed over most of its accounting to Arthur Andersen without any consultation at all.<sup>40</sup> However, the fact that these movements of offshore workers among different employers were accomplished without resort to industrial action represented a triumph for the industry's preferred method of managing its employee relationships.

### **(c) Payment in the Offshore Contracting Industry**

This symbiotic relationship between operators and OCA members is seen at its clearest in the manner of tendering and in the payment structure of the industry. When an operator requires work from a contractor it is today unlikely that a general invitation to tender will be published in the local press or appropriate trade journals. Where once contractors were selected on the basis of the minimum cost tender, it is now more usual for a few contractors, who have won the confidence of the operator over a number of years, to be invited to tender. In addition they will almost certainly have been involved in a collaborative agreement with him. To have won such confidence from a major operator is a prize jealously and carefully guarded by contractors ensuring that they provide a service that satisfies their client on account of its high technical quality and completion within the time agreed. The contractors make certain that during the period of the contract their human resource management is in accord with the industrial relations practice of their clients.

It is also in the interests of the operators that they are au fait with the contracting industry's system of remuneration. Employees on an installation will be in one of three categories. They may be direct employees of the operating company and

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<sup>38</sup> February 1997.

<sup>39</sup> Information supplied to the author by the solicitor. He was heavily occupied throughout his stay.

<sup>40</sup> Its accounts staff had no idea that they had a new employer until they arrived at work one Monday.



these are usually salaried administrative and higher technical staff members. The others will either be direct employees of contractors or agency staff, the latter preferring to sacrifice any benefits accruing to continuous employment status (e.g. superannuation, right to claim unfair dismissal) in favour of the higher remuneration which their independence attracts. Currently, for example, a lead engineer is likely to be paid about £65,000 per annum if he is an agency employee compared with about £47,000 if he is employed by either the operator or the contractor.

Any tender for an offshore contract is determined in large part by labour costs which are almost always the highest percentage of any contractor's outgoings. These labour costs are now calculated in a most precise and detailed manner, which leaves scope for only the slightest difference in remuneration between employees engaged on similar duties on different installations under different contractors.

#### **4 The Fight for Post-Construction Agreements**

As already stated, once an oil platform has been fully commissioned and made ready for "first oil" the operators revert to their standard industrial relations practice of refusing to recognise trade unions. The trade unions have made enormous efforts to wrench post-construction agreements from the industry but the operators have refused even to discuss the possibility. Although, as demonstrated in a previous chapter,<sup>41</sup> the high hopes engendered by the Memorandum on Access and the Guidelines on Recognition had been succeeded by near total disillusion in the mid 1980s, some account must be given of the attempts made to obtain post-construction agreements.

The operators accorded scant, if any, praise to the trade unions for their refusal to support their members' unofficial action during the Ninian field disputes of 1978 and 1979.<sup>42</sup> The unions continued to argue the value of a post-construction agreement for the employers and by mid-1981 had a strategy in place. Three Labour members of parliament, John Prescott (Hull), Bob Hughes (Aberdeen) and Ernie Ross (Dundee) agreed to act as a liaison group for the trade unions in the House of Commons.<sup>43</sup> They and the IUOOC issued a "North Sea Charter", a document<sup>44</sup> listing twenty objectives, including recognition of trade unions and grant of negotiation rights but the operators refused to discuss the "Charter" in whole or part. John Baldwin, General Secretary of the National Engineering Construction Committee, won agreement from his organization's constituent members that NECC should approach the industry for talks at national level on post-construction agreements. He wrote to George Williams, Director-General of UKOOA, suggesting that there should be discussions on an agreement similar to offshore construction agreements and supported his argument by pointing out

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<sup>41</sup> Chapter Nine.

<sup>42</sup> v. pp. 202-203 supra.

<sup>43</sup> C. Reid to IUOOC, 5th June, 1981.

<sup>44</sup> v. Appendix Z.



that there was a growing number of contractors' men offshore who were not represented by trade unions.<sup>45</sup> The reply came within seven days and was predictable. UKOOA was not a negotiating body and in any case its Liaison Committee, which met the IUOOC regularly, was responsible for employee relations offshore.<sup>46</sup> That was where the issue should be raised.

Baldwin then attempted to persuade the Oil Chemical Plant Constructors' Association (OCPCA) to start negotiations on a post-construction agreement. The extent to which the contractors were in thrall to the operators was admitted with astonishing frankness in the letter from OCPCA which declined the offer of discussions with NECC. *The client oil companies had made it very clear to us that they could not support such an agreement.*<sup>47</sup> The reason for this was that the operating companies considered that any post-construction agreement would have been almost unworkable. Employment in the North Sea oil industry varied in its nature according to an installation's requirements. Contractors' men were part of a mobile work force moving from one installation to another or from contractor to contractor as opportunities for work presented themselves. There were changes, too, in the companies which obtained contracts on particular installations. For these reasons a post-construction agreement covering all installations would have been inoperable. In addition, national and industry-wide agreements were in retreat by the mid 1980s. In 1983 Keith Sisson and William Brown wrote that *there are already signs that managements are trying to shift the emphasis away from collective bargaining to joint consultation. A clear consequence of this would be diminished willingness of management to codify matters in written agreements.*<sup>48</sup> Sisson and Brown were to be proved correct in their assessment of employer/employee relationships as Kessler and Bayliss confirmed nine years later, when they referred to *a continuation in the reduced importance of industry-wide collective bargaining.*<sup>49</sup>

More specific in its refusal to countenance trade union presence offshore was Mobil North Sea. When Campbell Reid asked to visit Beryl "A", T. P. Boston, the company's Employee Relations Manager, replied that a visit from him would *jeopardize our immediate objective to resolve the issues through direct consultation with our employees.*<sup>50</sup> While this comment related to Mobil North Sea's own staff it was clearly the policy which would apply to all contractors' personnel. Mobil North Sea, however, was to find that its industrial relations policy was now attracting the attention of the General Secretary of ASTMS who never turned down any opportunity to engage in conflict with employers. Clive Jenkins, informed by his National Officer, Roger Lyons, of Campbell Reid's treatment by Mobil North Sea, accused<sup>51</sup> Thomas Kempner, Principal of Henley Management College, of running courses which had a large element of anti-trade

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<sup>45</sup> J. Baldwin to G. Williams, 12th June, 1981.

<sup>46</sup> G. Williams to J. Baldwin, 18th June, 1981.

<sup>47</sup> T. Garfit to J. Baldwin, 14th March, 1983.

<sup>48</sup> Bain, G. S. (editor) (1983) *Industrial Relations in Britain*, p. 153. Basil Blackwood, Oxford.

<sup>49</sup> Kessler, S. and Bayliss, F. *op cit* p. 98.

<sup>50</sup> T. P. Boston to C. Reid, 26th July, 1982. See Appendix AA.

<sup>51</sup> C. Jenkins to T. Kempner, 26th August, 1982.



unionism; in a phrase current at the time, he accused Kempner of "union bashing". He was already aware that Mobil North Sea was receiving assistance on employer-employee relationships through a Henley College course run by consultant called de Board and without any evidence he linked Boston's letter to the advice emanating from the consultant. An angry Kempner replied<sup>52</sup> that his college was not in the business of advising employers *on how to avoid trade unions or how to subvert them*. Jenkins riposted<sup>53</sup> with the accusation that Henley had organized a three day workshop on management competence for Mobil North Sea managers where the *effect would be to sharpen up these managers' attitudes to oppose the unions*. In a short answer<sup>54</sup> in which a sigh of exasperation can almost be heard, Kempner says he can see no anti-union content in the course and tells Jenkins *Your life seems to be very hard and full of conflict*.

As Buchan found in his research which was carried out in the period 1981-1983, there was a decrease in the number of contractors with any trade union agreements at all and an increase in the number of small non-unionised contractors paying low rates during this period of high unemployment.<sup>55</sup> Although it must by now have seemed a futile exercise, the trade union officials in Aberdeen kept on trying to bring the employers to the negotiating table. Their desperation to obtain a post-construction agreement is demonstrated by their offer in January 1985, before the commencement of negotiations on a new OCA, to concede a complete standstill on wages in return for a post construction agreement. This might have seemed a generous offer until it is recalled that at this period hook-up work had declined dramatically from its peak around 1980-81 and that most employees offshore were now contractors' men engaged upon maintenance and general repair work. The offer brought the inevitable refusal from the employers. The following January the trade union officers charged with negotiating the 1986 OCA initially refused to reach an agreement with OCPCA unless the terms of the agreement applied to maintenance work as well. They did have some support from OCPCA and indeed an agreement applicable to work in the Northern Waters was reached between the Offshore Contractors' Council and the trade unions. It was even published as a handbook but the oil companies again made it clear that contractors operating under a trade union negotiated agreement would not be acceptable offshore. Nevertheless on certain BP installations it was used "sub rosa" by personnel managers as a guide in discussions on payments and disciplinary issues.<sup>56</sup>

Later that year when the international price of oil fell dramatically<sup>57</sup> contractors were glad to get any work offshore and neither they nor their employees were in any position to negotiate. It is estimated that between July and December 1986

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<sup>52</sup> T. Kempner to C. Jenkins, 6th September, 1982. See Appendix BB.

<sup>53</sup> C. Jenkins to T. Kempner, 17th September, 1982.

<sup>54</sup> T. Kempner to C. Jenkins, 30th September, 1982.

<sup>55</sup> Buchan, J. McD. *op cit* pp. 361 & 365. This was also the time when the decline in manufacturing employment was at its height.

<sup>56</sup> Information passed to the author by a former BP personnel manager.

<sup>57</sup> *v. p. 204 supra*.



around 10,000 oil-related jobs were lost. In March 1987 Bob Eadie of the EETPU complained to the Parliamentary Select Committee on Energy that despite a membership of 90% among electricians and plumbers working offshore on post-construction work there was no union agreement.<sup>58</sup> This was little more than a squawk of indignation about a state of affairs which neither he nor a parliamentary committee could alter. Two years were to pass before there was further trade union agitation for a post-construction agreement and by that time a new force had appeared on the Aberdeen oil scene. This was the Offshore Industry Liaison Committee whose origins were largely concerned with a grass roots demand for a negotiated employment agreement for all offshore workers.

## 5 Summary

A full understanding of industrial relations in the offshore oil and gas industry is impossible unless it is realised that the operators alone have decreed the policy. Had they been employers of all offshore personnel this would have been unremarkable but from the early 1980s only about a fifth to a quarter of them have been direct employees. The rest have been employees of contractors and it has not been unusual to have several different firms engaged on contracts on one installation. Consequently the contracting system has meant that there has been a continually shifting population offshore and quite apart from operator hostility to trade unionism this mix of employees has constituted a huge barrier to trade union recruitment. From around 1990 when the advantages of partnering began to be realised operators have reduced the number of contractors on installations but contractor employees have continued to constitute ever higher proportions of the offshore workforce. Nevertheless, no matter how long and amicable has been a contractor's relationship with trade unions onshore, he will be in no doubt that a tender for work offshore will be unacceptable if he has negotiated the terms and conditions of work with a trade union.

It was a different matter at hook-up and the historical precedent of the offshore construction agreement reached through collective bargaining remains unaltered, although the nature of this operation has changed greatly in recent years. This demonstrates the pragmatic nature of the oil companies' industrial relations policy which is driven not by consistency but by a fairly narrow self-interest of what they perceive to suit them best at different stages in the life of an oil installation. It was not surprising that trade unions, having been invited to negotiate terms and conditions of employment for their members employed on hook-up, assumed that this would be followed by negotiations on post-construction agreements. The trade unions have sought post-construction agreements for almost twenty years but have yet to record a single success, with the exception of EETPU in the restricted case of SJIB contracts.<sup>59</sup>

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<sup>58</sup> R. W. Eadie to P. Silk, Clerk to the All-Party Select Committee on Energy, 6th March, 1987.

<sup>59</sup> v. p. 199 supra.



Hook-up agreements were not devoid of disputes. The unofficial action in the winter of 1978-79 in the Ninian field which spread to other North Sea platforms embarrassed trade union officers who were still trying to persuade the operators of the value of negotiated terms and conditions of employment. Deprived of the support of their unions the strike collapsed and views differ on how far this affected subsequent trade union efforts to retain and recruit members among offshore employees. The strikers in the 1984 Easington-Rough dispute showed that remaining on the installation was a sound tactic and this was remembered five years later in the 1989 and 1990 disputes.

When the oil price collapsed in 1986 there began a drive in the oil industry to reduce costs, and this has continued up to the present day. One area where the operators looked for cost reduction was in offshore contracting and this, together with government support, encouraged oil companies and their contractors to re-appraise their relationships. This has resulted in the development of partnering schemes where operator and contractor no longer see their relationship as simply that of company and client but as an alliance with shared objectives. These relationships will be, as quoted earlier in this chapter, *well managed and driven by agreed common goals*.<sup>60</sup>

As regards industrial relations it has meant that the operators have been able to reinforce their own particular goal of permanent exclusion of trade union influence from offshore production units. Some writers link this with the parallel development of CRINE (Cost Reduction Initiative in the New Era) and support the trade union claim that it has been accompanied by rising injury and fatality rates because savings have been made on accident prevention measures.

The almost total absence of industrial unrest offshore during the steadily increased outsourcing of work by the operators deserves attention.<sup>61</sup> Trade unions and therefore collective bargaining have played and continue to play no part in the discussions which have surrounded the changes affecting thousands of workers. The acceptance by so many employees of new conditions of work must be attributed in large part to the skills of the operators' employee relations specialists. There are always fears of redundancy and other issues affecting employment in situations of this nature and the joint consultative procedures have been shown to be successful. Mobil North Sea was not the only company to garner success from its determination to pursue direct consultation with its employees.<sup>62</sup> As a result of visits to several human resource departments of operating companies the author obtained a high opinion of the ethical approach to industrial relations by the companies and the professional skill of those appointed to carry it out.

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<sup>60</sup> Upton, D. op cit p. 109. v. p. 206 supra.

<sup>61</sup> The industrial disruption offshore during the summers of 1989 and 1990 had a different provenance and will be discussed in the next chapter.

<sup>62</sup> v. p. 212 supra.



## THE OFFSHORE INDUSTRY LIAISON COMMITTEE

It is now necessary to look at the Offshore Industry Liaison Committee. In analysing the emergence and survival of a trade union determined to challenge the traditional unions for the allegiance of employees in the offshore energy industry, detail and incident play a great part. As already stated in the methodology, this causes an untidy but unavoidable structure when history has to be interpreted through an examination of the activities of individuals over a brief period of time.<sup>1</sup> In addition, as one of Richard Cobb's successors<sup>2</sup> has pointed out, to adhere strictly to narrative at all times suggests a coherence which will *obscure the fundamentally chaotic quality of contemporary experience*. There was no coherence in the sudden irruption of the OILC onto the offshore oil scene, not least because its origins are somewhat uncertain. The impact of OILC is not so much one of events to which individuals have reacted but more of individuals who have determined the events which have brought a new actor onto the stage of the offshore oil industry. In particular it is the creation of one man whose organizational ability and natural talent for public relations together with a sheer determination to succeed in his mission enabled a new trade union to be formed.

The popular assumption that OILC was a direct outcome of the Piper Alpha disaster is an excellent example of the logical fallacy "post hoc ergo propter hoc"<sup>3</sup> where sequence is confused with consequence. There are significant events in history such as Napoleon's defeat at Waterloo and Gorbachev's policy of devolving power within the USSR which have had consequences directly attributable to them. On the other hand, although Piper Alpha was a significant event in the history of the oil industry because it prompted immediate and wide-ranging legislation concerning offshore working practices, other conditions in the industry continued unaffected. Indeed, it can be argued that OILC and the industrial relations climate which it engendered would still have happened had Piper Alpha never taken place. In a paper given at a fringe meeting of the TUC at Blackpool on 5th September, 1989, Ronnie McDonald, the virtual founder of OILC, said that trade unions had become *utterly impotent* and that *By the time Piper came along the feeling was already afoot that something had to be done.*<sup>4</sup>

### 1 The Genesis of the Offshore Industry Liaison Committee

#### (a) The IUOOC and Post-Construction Agreements

The agitation for a post-construction agreement, which was discussed in the previous chapter, provided the soil in which the seeds of OILC were nurtured.

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<sup>1</sup> v. Chapter One, p. 13.

<sup>2</sup> Niall Ferguson, Fellow in History of Jesus College, Oxford writing in *The Spectator*, 17th May, 1997.

<sup>3</sup> A rough translation is "it happened after the event and therefore was caused by that event".

<sup>4</sup> McDonald, R., (1989) *Discussion Document - Offshore Industry Liaison Committee*. This paper, given at the Pembroke Hotel, Blackpool, outlines the background to the OILC and is a prime original source for this chapter. Appendix CC.



This campaign had run aground by 1986 when the dramatic drop in the price of oil was accompanied by thousands of job losses but it was a goal of which the IUOOC never lost sight. Tommy Lafferty warned the employers of pending industrial action in 1986 or 1987<sup>5</sup> but the oil industry knew that his threat could never be translated into action on account of the powerlessness of the trade unions offshore. Official trade union records as compared with publicly claimed membership demonstrate the paltry numbers of trade unionists employed offshore in production. TGWU, for example, had 915 members in April 1987 but of these 570 were in catering and 270 on rescue ships.<sup>6</sup> Moreover, membership was not being maintained and inter-union bickering, endemic among IUOOC members, flared up again when Campbell Reid was virtually accused of using his position as secretary of IUOOC to recruit offshore employees to his union and to impede recruitment by officials of other IUOOC unions.<sup>7</sup> In October 1987 ASTMS achieved a slight measure of success when it secured a representational agreement on five Shell<sup>8</sup> platforms but this was for grievance and disciplinary hearings only and specifically excluded any rights to negotiation. Shell dismissed the result of the ACAS-conducted ballot as a near irrelevance since it affected fewer than 10 % of the company's offshore workforce.<sup>9</sup>

That the oil operators' opinion of their trade union relations was just one step short of derision is indicated by the UKOOA statement that *Numbers and members and latent support was (sic) not relevant in many cases as the operators had their own ways of finding the opinion of their employees*<sup>10</sup> and by Britoil's assertion that it had no intention of granting recognition to any trade union although it conceded that over 50% of its employees were trade union members.<sup>11</sup> There was some justice in the claim made by IUOOC that the oil companies were not acting within the terms of the agreement of June 1977 on how recognition could be achieved<sup>12</sup> and it is not surprising that some IUOOC representatives suggested that their meetings with UKOOA were becoming pointless.

However, IUOOC members decided to continue with the quarterly meetings on the ground that some contact with the employers' organization was better than none. There had been mergers among unions, notably that between ASTMS and TASS<sup>13</sup> to form the new Manufacturing Science and Finance Union (MSF) and a new IUOOC constitution<sup>14</sup> was agreed by May 1988 with Ian Macfarlane of

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<sup>5</sup> Minute of quarterly meeting of IUOOC and UKOOA, 5th March, 1986.

<sup>6</sup> J. Melvin Keenan, District Officer, TGWU to C. Reid, 5th May, 1987.

<sup>7</sup> R. W. Eadie, Area Official, EETPU to C. Reid, 23rd February, 1987. Appendix DD.

<sup>8</sup> Auk, Fulmar Alpha, Brent Bravo, Brent Delta and Cormorant Alpha.

<sup>9</sup> Scotsman, p. 11, 10th October, 1987.

<sup>10</sup> Notes made by C. Reid on quarterly meeting of IUOOC and UKOOA, 2nd September, 1987.

<sup>11</sup> Minute of IUOOC, 2nd December, 1987. It is unclear whether IUOOC was including onshore as well as offshore employees in this total.

<sup>12</sup> v. Appendix K.

<sup>13</sup> Technical Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers. (AUEW resumed its traditional title of AEU for a brief period before uniting in 1992 with EETPU to form today's Amalgamated Engineering and Electrical Union.)

<sup>14</sup> Appendix EE



AEU as chairman. Tommy Lafferty considered that IUOOC was forgetting that its principal purpose was to seek recognition from all offshore employers and to check that employers were adhering to their agreements. At the UKOOA/IUOOC meeting on 1st June, 1988 he took up again the question of post construction agreements. He also claimed that not one contractor had submitted bids based on the existing OCA<sup>15</sup> and consequently a new OCA should be negotiated. UKOOA did accept that, if contractors were acting contrary to the terms of the OCA, the oil companies, when informed, would investigate, yet another example of their over-riding control of the industry because none of them was a party to the OCA.

Piper Alpha was soon to divert attention to other matters but at their next meeting with UKOOA (24th August, 1988) IUOOC members resumed their request for a new OCA to be discussed. There was, however, an new item on the trade union agenda. Whereas in June 1988 they had been asking for the negotiation of a new OCA, which brought improved pay and conditions but did not differ in essentials from previous Offshore Construction Agreements, they now sought to add a further dimension to the offshore employment scene: namely, that employees on long term contracts should enjoy the same salaries and conditions of employment as direct workers of oil companies. The trade unions argued that there was no justification for two classes of employee with significant differentials in pay and conditions of work. This shows for the first time the move towards common conditions of employment among all offshore workers as distinct from a post- construction agreement where some differentials between direct and contractors' employees may well have been acceptable in the interests of winning an agreement.

It is important to point to a connection between the demand for common conditions of service made at this meeting and a discussion which had taken place at the meeting of the IUOOC five weeks earlier. Here Tommy Lafferty reported that many shop stewards responsible for the collection of contributions to assist the families of Piper Alpha victims were unhappy that the money was going towards the Lord Provost's Disaster Fund.<sup>16</sup> He said that they were asking for the formation of a separate fund to be administered by the trade unions, *because of the difference in benefits received by oil company personnel and contractors' employees, and many of the workers believed that there should be additional funds made available for those not entitled to death in service benefits.*<sup>17</sup>

It is thus legitimate to argue that Piper Alpha drew attention in a particularly poignant way to the difference in conditions of employment between direct and contractors' employees and thus prompted the IUOOC to ask for a post-construction agreement where this anomaly would be expunged. True to form, UKOOA refused to discuss the matter but within a year the oil operators were to

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<sup>15</sup> Offshore Construction Agreement: v.Chapter Twelve, pp. 197-199.

<sup>16</sup> This was the official fund which would be used to help the families of victims of the Piper Alpha disaster.

<sup>17</sup> Minute of Extraordinary Meeting of IUOOC, 22nd July, 1988. Appendix FF.



become involved in an industrial dispute where a single agreement for all offshore employees would be a principal objective. It was a dispute which the trade unions were to carry out by proxy through an organization which was totally unknown in 1988: the Offshore Industry Liaison Committee.

Wisely, the IUOOC rejected Lafferty's suggestion that the trade unions should set up their own disaster fund for victims of Piper Alpha. There would be too many problems with a separate trade union fund and members resolved that money collected by shop stewards should continue to go towards the Lord Provost's Fund. To what extent Tommy Lafferty accepted this decision is unclear but he did become involved with the management of a separate AEU fund which would be a factor in his tragic death five years later.

**(b) "Bear Facts"**

By 1983 some trade union officers took the realistic view that traditional methods of securing negotiating rights with offshore employers had failed and that consequently other tactics should be used. Four full-time officers - Lafferty and Gray (AUEW), McCartney (Boilermakers), Carrigan (EETPU) - encouraged a few activists, including Ronnie McDonald, to form local groups in Aberdeen and Glasgow, which, it was hoped, would make a start to mobilising the offshore employees by propagating the advantages of trade union membership. There were never more than ten of these men who published and distributed at heliports a lively broadsheet called "Bear<sup>18</sup> Facts" directed mainly at construction workers. "Bear Facts" sought to draw attention to grievances and other aspects of employment offshore.

Although this rank and file movement existed for only eighteen months, ceasing activities in 1985, OILC has always claimed some descent from it. McDonald stated that immediately after the trade unions signed the OCA for 1989 *an attempt at the creation of rank and file involvement was made again*<sup>19</sup> in order to maintain pressure for an agreement in 1990 which included union recognition for post-construction employment. This must refer to the establishment of OILC early in 1989 and McDonald has never claimed that the "Bear Facts" group was still active after three and a half years. As he himself has stated, prior to Piper Alpha *our activists offshore did not even number ten*.<sup>20</sup> Woolfson, Foster and Beck<sup>21</sup> refer to *reactivating the unofficial committee, after it had been dormant for two and a half years* but considerable doubt must be cast on how far there was still in existence after over two years a tiny group capable of being reactivated. A safer conclusion is that while OILC inherited the aspirations of the "Bear Facts" activists its descent from them is, at best, indirect.

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<sup>18</sup> The term "Bear" had now become the colloquial term for tradesmen on the construction and maintenance aspects of offshore employment.

<sup>19</sup> Appendix CC

<sup>20</sup> *ibid.*

<sup>21</sup> Woolfson, Foster and Beck, *op cit* p. 113.



### **(c) The Demand for an Offshore Construction Agreement with a Post-Construction Element**

Unrest on a major hook-up project in the latter half of 1988 and subsequent unofficial industrial action offshore in 1989 play a central rôle in the foundation of the Offshore Industry Liaison Committee and also influenced negotiations for the Offshore Construction Agreement to apply in 1990. During the two years following the collapse of the oil price in 1986 there had been almost no hook-up work and consequently no employment offshore where conditions of service were regulated according to a collective bargain negotiated between trade unions and management. By 1988 the economic future for the industry had brightened and some hook-up work was re-started. The biggest project was Shell and Esso's development of the Tern oilfield which was scheduled to begin production in mid-1989.<sup>22</sup> Work began on 1st July, 1988, just a few days before Piper Alpha was engulfed in flames. The first and principal reaction of all trade unions was sheer horror and sympathy for the victims and their families, but, in addition, they genuinely felt that, had there been official trade union presence aboard with influence to affect accident prevention measures, the disaster might have been avoided.

The men on Tern were engaged under hook-up agreement conditions and had elected shop stewards who held mass meetings on safety and other issues related to their employment. The most prominent of them was an electrician, Bobby Buirds, who had been rather surprised to have had his application for employment on Tern accepted on account of some earlier disagreements with contractors over trade unionism and he believes it was accounted for by the fact that his interview took place in Glasgow where his activism was unknown.<sup>23</sup> The main theme of the mass meetings was the lack of trade union protection from the moment of "first oil". Buirds and other activists wrote pamphlets and newsletters,<sup>24</sup> which they distributed among Tern employees and, through fellow activists met during shore leave, among men on other installations. The shop stewards and their members were well aware that after they had completed work on Tern most of them were to be transferred to a gas lift project, a major engineering work in the Forties field. This would not be hook-up work and so the employers would not be obliged to accept any trade union representation on conditions of employment. Nor were the employers likely to recognize shop stewards or permit them to call and address mass meetings. The trade unions saw that they had only a short time available to mount agitation for post-construction recognition.

Resuscitating their policy with the "Bear Facts" committee of 1983-85, Lafferty, Gray, Carrigan and Eddie Bree<sup>25</sup> encouraged activists both onshore and offshore to stir up support for action in support of a post-construction agreement for the

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<sup>22</sup> This target was met.

<sup>23</sup> Information supplied to the author by Mr Buirds.

<sup>24</sup> Their local trade union offices were happy to print them; e.g. by word processor.

<sup>25</sup> Bree had succeeded McCartney when the Boilermakers had merged with other unions to form the General Municipal Boilermakers and Allied Trades Union, usually referred to as GMB.



industry. Among the shop stewards on Tern was Ronnie McDonald, a rigger employed by Press Offshore and he and his colleagues took the view that the *hook-up agreement should be ripped up unless the operators finally conceded post hook-up recognition*.<sup>26</sup> Contrary to general belief McDonald did not play a leading rôle on Tern and it was Buirds who addressed a mass meeting on the BP flotel "Safe Felicia" in December 1988 saying *We must tell the national officers that the OCA should not be signed. All it has ever done is give the oil companies protection when they most need it, for nothing in return*.<sup>27</sup>

The Tern workforce gave almost unanimous support to a motion that their national trade union officials should not accept another Offshore Construction Agreement unless it included some post-construction concessions on trade union representation for their members. Refusing to be hustled into an industrial dispute which a demand of this nature would inevitably have occasioned, the trade unions signed an agreement similar to its predecessors but issued a warning to the Offshore Contractors' Council. This stated that unless the contractors persuaded the operators to concede a post-construction agreement within twelve months the trade unions would not sign an OCA for 1990.

One must deduce from the events which followed its foundation in February 1989 that the OILC was part of the unions' strategy for obtaining a comprehensive post-construction agreement. Nothing has, until this thesis, been published about how the name OILC was chosen or what discussions took place between Tern and other activists and local union officers such as Lafferty and Bree. McDonald, who was appointed its spokesman, is totally silent on the matter and in his paper of 5th September, 1989<sup>28</sup> moves straight from commenting on the background to the 1989 OCA to the industrial action of summer 1989. Even Woolfson, Foster and Beck whose lengthy volume is packed with detail on many less important matters merely state that OILC was established with the encouragement of local union officers.<sup>29</sup>

The facts are, however, perfectly straightforward.<sup>30</sup> Lafferty in particular among trade union officials wanted to keep the spirit of Tern alive and conceived the idea of OILC as the type of organization which could achieve this. The name Offshore Industry Liaison Committee was suggested by Eddie Bree. McDonald who was well known to Lafferty<sup>31</sup> was available<sup>32</sup> to head up OILC and was appointed. While he may have been Lafferty's preferred choice as someone whom he could control, subsequent events were to demonstrate that he was particularly well equipped intellectually and administratively for the job.

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<sup>26</sup> McDonald, R. (1992) Novice's Guide to the Hook-Up Agreement. *Blowout*, 29, p. 11.

<sup>27</sup> *ibid.*

<sup>28</sup> Appendix CC.

<sup>29</sup> Woolfson, Foster and Beck, *op cit* p.113.

<sup>30</sup> Information supplied to the author by Mr Buirds.

<sup>31</sup> He was a member of the Construction Engineering Section of the former AUEW, which Lafferty had led in North East Scotland since the early 1980s.

<sup>32</sup> He had been dismissed by Press Offshore.



It is now generally accepted that the trade union officials at local level believed that since OILC was to a large extent their own creation they would always be able to control it. The very title made clear that its purpose was to act as a point of convergence for the views of offshore employees in a way which would assist the trade unions to formulate a common policy towards the industry. Its value to the trade unions was that it was an unofficial body. Notice of strikes and balloting of members' willingness to take part in them were now part of employment law and registered trade unions which flouted the law could be heavily fined. OILC, however, could exercise sanctions against employers without trade unions having to bear any responsibility for what occurred. McDonald himself is reported as having stated at a meeting of OILC on 7th March, 1990 that *OILC was formed as an illegal enabling and mediating body*.<sup>33</sup> Woolfson, Foster and Beck use the word "catpaw"<sup>34</sup> to define this relationship of OILC to the trade unions and for about eighteen months this was to be an accurate description of its rôle. However, a glance at the Concise Oxford Dictionary shows that, after giving the better known explanation of the term as a person used as a tool by another, there is added the second meaning of a "slight breeze rippling the waters in places". OILC may have begun as a slight breeze rippling the waters of offshore industrial relations but gradually the trade unions were to find that they had unleashed a storm which blew in directions which they had not expected.

Throughout the summer of 1989 there were a number of "sit-ins" on platforms and, while OILC encouraged and supported them, it cannot be said to have co-ordinated these actions, since that would suggest a degree of control which was not possible. McDonald was to refer later to the inadequacy of their communications and the absence of detailed logistical planning.<sup>35</sup> In military terms it would be described as guerrilla warfare. The "sit ins", some as short as twelve hours, were instigated by union activists and had as a common theme some form of recognition of trade unions once a platform was in production. McDonald arranged over seventy mass meetings onshore and he claimed, with justification, that *the agitation that led to the summer of discontent was wholly from these meetings*.<sup>36</sup> There was action on 37 installations, almost all production platforms, and McDonald noted the value of non-participation by the catering workers *as the best way to sustain the action would be to feed the bears*<sup>37</sup> although he recognised that their unions, TGWU and NUS, had dissuaded them from giving any support to the action since negotiations for the next COTA agreement were imminent. The main grievance among contractors' employees was the considerable difference in pay and conditions of work (not least security of employment) between them and the direct workers of the operating companies and McDonald perceived that this *universal sense of injustice felt by the indirectly employed workforce is a unifying force*.<sup>38</sup> It was as if the employees

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<sup>33</sup> See Appendix GG.

<sup>34</sup> Woolfson, Foster and Beck, op cit p. 113.

<sup>35</sup> Appendix CC.

<sup>36</sup> *ibid.*

<sup>37</sup> *ibid.*

<sup>38</sup> *ibid.*



were flexing their industrial muscles to see how far they could push their employers and reminding them that the OCA for 1990 was conditional upon a post-construction agreement.

The response from some of the major contractors was surprisingly conciliatory. Some promised to raise the question of recognition with their client companies, the operators, and some went even further with promises to arrange ballots on platforms to find out the wishes of their employees concerning representation by trade unions. There were two positive results for the contractors' employees. The first was a significant increase in hourly rates of pay and the second a unified pay and conditions structure for persons employed by members of the Offshore Contractors' Council to which the description "Model Terms and Conditions" came to be applied. This was not negotiated with the trade unions which referred to it, quite correctly, as "imposed" but it was eventually accepted by trade unions and employees as the template for terms and conditions of employment in offshore contracting.

The operators saw things in a totally different light. Marathon Oil UK had two installations on Brae field which had been subject to a series of "sit-ins" from 20th May to 21st July and the company went so far as to have counsel prepare a petition<sup>39</sup> to the Court of Session seeking an interdict *prohibiting (the Respondents) from wrongful actings (sic) on the said installations*. In explaining the background to the request for the interdict the Petitioners state that the industrial action *appears to be co-ordinated by officials of the Amalgamated Union of Engineering Workers through a body termed "The Offshore Industry Liaison Committee"* This assessment of OILC's relationship to the AUEW (and also one which Lafferty would not, privately, have disputed) was unlikely to be that of just one company and there is thus as early as July 1989 a document which demonstrates that OILC had become known to the oil operators as a body through which a major trade union was carrying out industrial action against them by proxy.

For the trade unions there was encouragement that offshore employees were prepared to take industrial action in support of trade union recognition. McDonald, from his narrower perspective within OILC, had seen how offshore workers could act in concert when sufficiently motivated in contrast with the trade unions which had shown little cohesion in their efforts to develop a presence in the offshore oil and gas industry. In May 1989 he and some other activists had published the "One Union Discussion Document", which, despite its name, did not propose a trade union of offshore workers to replace the existing unions. Some OILC members undoubtedly already had aspirations in that direction but the document's purpose was to stress the importance of all employee organizations combining in a common strategy to secure the basic right of all offshore workers to be represented by a trade union. The influence of OILC had grown since its foundation and McDonald now felt confident enough

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<sup>39</sup> A copy of this document was given to the author on the understanding that it would not be published in full and it therefore does not appear as an appendix. In the event the petition was never served.



to propose that the trade unions should use OILC as a mediator through which their differences could be reconciled. He said that a *suitable forum must be found to enable these, at times, conflicting interests to be reconciled in the cause of organising the N. Sea effectively. This document would also like to suggest that the authentic voice and active participation of the N. Sea workforce can be brought to bear through the OILC.*<sup>40</sup> Now with the title of Chairman of OILC he was beginning to carve for himself the rôle of a principal player in offshore industrial relations.

Discussions had begun in July 1989 between the Offshore Contractors' Council and the trade unions wherein the question of a post-construction agreement was raised as well as other less contentious issues. The operators were aware of this and in the Autumn of 1989 they told the contracting companies that no work would be offered to any organization which included a post-construction agreement in its tender. This put paid to any thoughts of ballots of contractors' employees on the subject of trade union recognition offshore. At a meeting on 18th December, 1989 the trade unions stated that they would not negotiate further on an Offshore Construction Agreement for 1990 unless OCC agreed to include post-construction work within it together with a merger with the Southern Waters Agreement<sup>41</sup> and a commitment to training on an NAECI basis.<sup>42</sup> The Offshore Contractors' Council met the Employment Practices Committee of UKOOA on 12th January, 1990 and were told that while the oil companies were prepared to see harmonization of OCA and SWA they would not countenance an OCA/SWA which encompassed post-construction work. OCC, realising that an impasse had been reached, cancelled the meeting arranged with the trade unions for 24th January, 1990.

This did not mean immediate disruption offshore because the unions, not being recognized by the employers, were in no position to carry out the legal preliminaries that now had to precede industrial action. On the other hand the summer of 1989 had shown that there was sufficient militancy offshore for another bout of disaffection to find expression. The trade unions began to plan an offensive for the summer of 1990 with OILC playing a central part in the strategy.

#### **(d) The OILC becomes established**

Industrial action offshore petered out during September 1989<sup>43</sup> but OILC had no intention of maintaining a low profile until called into action again by trade

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<sup>40</sup> Appendix CC.

<sup>41</sup> v. Chapter Twelve, p. 202.

<sup>42</sup> The National Agreement for the Engineering Construction Industry had been reached in the mid-1980s and brought to an end separate negotiations between the employers and three unions: AUEW(Construction Section), EETPU and GMB. The unions now negotiated as one body and there was thus what is now known as a single table agreement. In return, the employers offered training in order that members could keep up-to-date with modern technology affecting the industry.

<sup>43</sup> There was some small degree of unrest among catering staff later in the year but that was related solely to new COTA rates and had nothing to do with the OILC, although McDonald pledged support.



union officials. Nor was this the wish of Lafferty who was thoroughly supportive of OILC at all times and Marathon Oil's perception of his union's rôle was very near the truth.<sup>44</sup> The influence of OILC had now spread beyond Aberdeen to oil ports in the north of England and McDonald had addressed a meeting during the Trades Union Congress. OILC had a small, inchoate, but fast developing administration of its own. From donations from oil workers it generated a small income sufficient to pay its chairman a modest salary and, from August, to rent accommodation above the Criterion Bar, a public house in Guild Street near the railway station. In this it was repeating the history of many of the older trade unions, which held their earliest meetings in public houses.<sup>45</sup> This somewhat cramped accommodation was given the title of the Oil Information Centre and registered itself as a charity *the purpose of which is the provision of information, advice, assistance and educational facilities for offshore workers in matters relating to their terms and conditions of employment in so far as they affect their health and safety.*<sup>46</sup> McDonald now also had the title of manager of the Oil Information Centre.

OILC also had its own publication - "Blowout" - which began in mid-1989 as little more than a duplicated news-sheet giving information about OILC matters. It has gradually emerged to become a triumph of trade union journalism considering the narrow financial base upon which it has always rested.

McDonald had known from the outset that there was no future for an organization, which was concerned solely with fighting a general grievance without an underlying philosophy around which the industrial action could focus. It was for this reason that he and his colleagues had given priority to preparing the "One Union Discussion Document" which stressed the importance of unified action by all oil workers.<sup>47</sup> He knew that little could be achieved without a great deal of preparation and consequently saw the "sit-ins" almost as a practice run for a more serious confrontation at a time and in a manner which OILC would choose.

Meanwhile he consolidated his position as a growing force in trade union life. Following a proposal of Lafferty he was invited to attend meetings of IUOOC which still regarded OILC as an organization which it had nurtured and which it could rein back when circumstances required. Although not a full member he was allowed to speak on matters concerning OILC. At a meeting on 4th July, 1989 attended by representatives of all seven trade unions with membership offshore, except BALPA, together with Frank Doran, MP for Aberdeen South and Lewis Macdonald<sup>48</sup> his research assistant, Lafferty reported on the industrial

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<sup>44</sup> v. p. 223 supra.

<sup>45</sup> This was because before trade unions achieved legal status under the Trade Union Act 1871, they could not sue or be sued: owners of property were therefore reluctant to lease premises in case they were not paid for them.

<sup>46</sup> As stated on p. v of "*Striking Out*", a 1991 Oil Information Centre publication.

<sup>47</sup> v. p. 223 supra.

<sup>48</sup> Dr Macdonald is not related to Ronnie McDonald. He advised Tom Clark MP (1993-97) and is now assisting Mr Doran again on the latter's return to Parliament after a gap of five years (1992-1997).



action offshore, to which the IUOOC gave total support. Members then criticised the EETPU for concluding another SJIB agreement<sup>49</sup> but Bob Eadie defended his national officers on the ground that this mutual understanding with the offshore employers *would not be allowed to wither in favour of any one industry agreement.*<sup>50</sup> Ronnie McDonald argued that by signing this new SJIB agreement *the EETPU had lost credibility within their own membership.* Despite this criticism Eadie and the other EETPU delegate supported the IUOOC resolution which was released later that day to the press.

*We state our intention to pursue with vigour the establishment of a single offshore agreement with the representatives of all offshore employers covering all the contract workers in the offshore oil industry.*

By the time of the next meeting of the IUOOC on 9th August, 1989 the contract workers' dispute was still in progress. Possibly feeling that OILC was beginning to exercise power without responsibility, the IUOOC resolved that there was now a need for *closer relationship between IUOOC and OILC and it was agreed that this should be done by the Committee being represented at all meetings of the OILC in the coming months.* Since Campbell Reid and Tommy Lafferty were appointed to be the IUOOC representatives at OILC meetings, the relationship between Lafferty and McDonald was now official as well as personal and became even closer by the end of 1989 when Lafferty succeeded Reid, who had taken early retirement, as Secretary of IUOOC.

The first meeting of OILC to have its minute recorded in typescript<sup>51</sup> took place the following day. Before this there had been little more than rough manuscript notes without dates and although there does appear to have been some discussion about whether OILC should be a separate union nothing is clear. From this date, however, the minutes of OILC meetings provide a wealth of information on the industrial relations of the oil industry from the trade union point of view and must be read in conjunction with those of IUOOC to obtain a full understanding of what was happening.

That this meeting was held in Glasgow demonstrates that OILC was not just a small pressure group based in Aberdeen. Lafferty and Reid were present and McDonald produced a draft constitution for discussion. This minute offers undisputed evidence that OILC saw its purpose to be dedicated to industrial relations activity in a manner which circumvented the law as it now applied to registered trade unions. The draft constitution stated that the organization intended to operate outside the restraints of current and future anti-trade union legislation and that to do so successfully *it must maintain the loose ad hoc association that it is.* It had no intention of becoming a trade union because *The OILC does not have members-only participants.*

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<sup>49</sup> v. Chapter Twelve, p. 201 supra.

<sup>50</sup> Minute of meeting of IUOOC of 4th July, 1989.

<sup>51</sup> OILC had obtained office accommodation in August 1989. v. p. 225 supra.



At another committee meeting in Glasgow on 12th October, 1989 McDonald reported that he had met Campbell Christie, General Secretary of the Scottish Trades Union Congress, on the 14th September, 1989 and that he had spoken at a meeting during the Trades Union Congress with Jimmy Airlie of the AUEW in the chair and thirteen national officers of trade unions present.<sup>52</sup> At the meeting on 2nd November it was minuted that *Campbell Christie was very supportive of the OILC's aims in assisting the Trade Unions' drive to organise the offshore industry.* This was the rôle which OILC saw for itself at this time but it is of equal relevance that McDonald was now accepted by the Scottish trade union hierarchy as someone worthy of notice and encouragement.

By December 1989 the OILC had widened its influence to the extent that it was rivalling IUOOC as the representative body for offshore employees. The IUOOC was essentially Aberdeen-based while OILC now had branches in Newcastle, Middlesbrough, Great Yarmouth and Liverpool as well as Aberdeen and Glasgow. On 6th December McDonald was in Great Yarmouth speaking to supporters at a meeting covered by television and in the presence of Frank Doran, the Opposition spokesman on energy. Lafferty revelled in his rôle as IUOOC representative on the OILC committee and at its meeting on 5th December, 1989 had proposed *that it (IUOOC) should reconstitute itself to include a lay delegate from each of the constituent unions. It was felt that this would make the IUOOC more relevant to the men and more effective in its future dealings in the industry.* It is unusual for a motion on the constitution of one body to be proposed and accepted at a meeting of another, but IUOOC agreed to amend its constitution to include lay representation, although insisting that individual trade unions would decide the basis upon which any lay nomination would be made.<sup>53</sup> At the final 1989 meeting of IUOOC a revised constitution incorporating the right of lay members of trade unions to become representatives was presented and accepted. In addition, McDonald's somewhat anomalous position on the IUOOC was regularised when the IUOOC decided that *the manager of the Offshore Information Committee be co-opted onto the IUOOC.*<sup>54</sup> The IUOOC probably still considered the OILC as a subordinate body but, somewhat pusillanimously, had accepted the OILC proposal for a radical alteration to its constitution and had elevated its chairman to the same status as the representatives of the eight unions which constituted the IUOOC.

Thus OILC, founded early in 1989 as a small group of activists prepared to work within the trade union framework to co-ordinate action for a post-construction agreement, had, by the end of the year, developed into an organization which enjoyed full membership of IUOOC almost as if it was a trade union in its own right. It had its own accommodation and income and its chairman, Ronnie McDonald, virtually unknown at the start of the year, had become accepted by national officers of trade unions as a valuable auxiliary in their fight to win full negotiating rights offshore.

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<sup>52</sup> It is reasonable to assume that this is the meeting of 5th September, 1989. Appendix CC.

<sup>53</sup> IUOOC minute of 6th December, 1989.

<sup>54</sup> IUOOC minute of 14th December, 1989.



## **2 The Action Offshore in 1990**

### **(a) OILC: its Leadership, its Relationship with Trade Unions and the Reaction of the Oil Operators**

1990 has been the only year when the oil companies operating on the UK continental shelf have faced concerted industrial action from the trade unions. Since the Offshore Industry Liaison Committee was the principal instrument of this action it is necessary to look at its leadership, its connection with other employee organizations and the reaction of the oil operators to its emergence upon the industrial relations scene. This must, however, be preceded by a short commentary on industrial relations within the oil industry at the beginning of 1990.

The new decade began with relationships between trade union and industry organizations very different from their form twelve months earlier. 1988 had seen Piper Alpha and some activism from employees engaged on hook-ups but by January 1989 the public inquiry headed by Lord Cullen had begun its proceedings and the trade unions had negotiated an Offshore Construction Agreement for 1989. There seemed little to disrupt the quiet waters of North Sea offshore employment in the coming months. By January 1990, however, the placid industrial relations which the employers had enjoyed throughout the 1980s no longer existed. During the summer there had been unofficial industrial action offshore centred upon a demand for a post-construction agreement and, although work had resumed, the trade unions had refused to negotiate an OCA for 1990 and it was not difficult to foresee that before long the unions would bring up the issue again. Moreover, the agitation offshore had been associated with a new employee body, the Offshore Industry Liaison Committee, which might be, technically, no more than an ad hoc body acting with the tacit consent of the official trade unions, but which had now achieved considerable prominence, even to the extent of being regarded by the press as the voice of the offshore worker.

It is very difficult to separate OILC from its leader, Ronnie McDonald. It has been suggested that he may have been a "plant" by Lafferty, who felt that he was being outmanoeuvred by TGWU and MSF in the quest for offshore members and that, once established, McDonald would recruit for the AEU but instead McDonald saw an opportunity to create a new trade union for offshore workers.<sup>55</sup> Whatever the reasons for the appointment of McDonald to his special task he soon demonstrated that he had all the qualities of effective leadership required to develop a small group of dedicated trade unionists into a coherent and active force. He displayed a natural talent for public relations, which was of inestimable value to OILC since it attracted the attention of press, radio and television journalists. This accomplishment was part of his superb command and

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<sup>55</sup> This theory appears in the thesis because it was suggested to the author by a highly respected former director of a prominent oil operating company. McDonald has told the author it is not the case.



understanding of the power of communication in general, whether addressing fellow trade unionists or contributing to *Blowout*, the bi-monthly organ of OILC.

As already stated he was also the manager of the Oil Information Centre, which was in effect the OILC in legal guise. It published OILC information and discussion pamphlets and here McDonald received great assistance from Dr Charles Woolfson of Glasgow University, an academic who shared his general political philosophy and since that time has appeared on many academic and trade union platforms as a spokesman on the industrial relations of the North Sea oil and gas industry. Some of the lengthier and more academic publications of the Oil Information Centre bear the mark of Dr Woolfson's exemplary literary style and particular philosophical outlook.

IUOOC began 1990 with a new constitution, a new chairman, Warren Duncan of NUS,<sup>56</sup> and a new secretary, Tommy Lafferty. Its decision to appoint Lafferty was not in its best interests because it had replaced a highly competent administrative officer, Campbell Reid, by someone who, whatever his other merits as a union official, lacked the expertise appropriate for the secretaryship of a trade union joint committee. Moreover it had been Lafferty's idea to introduce onto IUOOC the lay membership which was likely to be supportive of OILC. Lafferty's main objective was to extract from the oil industry the post-construction agreement that he so desperately wanted not least because his union was the natural home for most offshore construction workers. Indeed, he saw OILC as a tool which he could use to deliver this prize to his union.

Senior officials of the trade unions at Scottish level were aware of the nature and intent of OILC and regarded it as an autonomous pressure group which they could support and, when judged appropriate, use as an adjunct in any sanctions which they might take in pursuing their offshore objectives. In particular, OILC received encouragement from Jimmy Airlie,<sup>57</sup> who had himself risen to prominence through extra-trade union agitation on Clydeside and was now on the executive of the AEU. Even Campbell Christie, General Secretary of the Scottish TUC, had met McDonald who described his attitude as *supportive*.<sup>58</sup>

The oil operators quickly understood that OILC constituted a threat to the industrial relations system which they had established with the trade unions. For about fifteen years representative bodies of the trade unions and the operators, IUOOC and the Liaison Panel of the Employee Practices Committee of UKOOA, had been meeting at regular intervals to discuss matters of mutual interest. Concerning negotiating rights in the context of post-construction work on which the vast majority of employees were engaged, the operators maintained an adamant opposition and any prospect of such rights remained a distant prospect for the unions although some companies had conceded representational

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<sup>56</sup> Soon to merge with rail and other transport workers and become the National Union of Rail, Maritime and Transport Workers (usually abbreviated to RMT).

<sup>57</sup> Airlie's personal assistant was Charles Whelan, now an advisor to the Chancellor of the Exchequer.

<sup>58</sup> v. p. 227 *supra*.



rights at disciplinary and grievance hearings. The current system satisfied the oil companies because it did not interfere with their philosophy of management-controlled joint consultation and kept the trade unions quiescent. When it became known that the IUOOC had amended its constitution to include lay representatives, UKOOA immediately cancelled the quarterly meetings between the Liaison Panel of its Employee Practices Committee and IUOOC until further notice. This was not a display of petty malice but a shrewd tactic which denied to the trade unions the only official contact they had with the operators.<sup>59</sup> The employers could not abolish OILC but they could seek to prevent the spread of its influence through the official trade unions with which they wanted to retain the form of contact they had so far enjoyed.

General information about OILC was available in the newspapers because McDonald used the press as an ally in his campaign for the rights of offshore workers. It was another matter when it came to details of the campaign which OILC was planning with the trade unions and so UKOOA simply infiltrated the organization. How this was done is, at present, unknown but the documentary evidence exists. There is a report described as *a note which came into my hands from a source I prefer not to disclose* sent to all oil operating companies by Dr Harold Hughes, Director-General of UKOOA. This concerns the OILC meeting held in the Aberdeen Trades Council offices on 7th March, 1990 with an audience of about 160 offshore workers.<sup>60</sup> On 30th March, 1990, UKOOA was able to send out to all the major oil operators a six page report on meetings, which McDonald had addressed in Newcastle and Middlesbrough only two days earlier where the OILC chairman had outlined the nature and details of the industrial action that his organization intended to pursue.<sup>61</sup>

There are also notes made at an OILC meeting of 29th May, 1990, revealing that the writer cannot have known much about the local trade union personalities involved<sup>62</sup> because he refers to a "Tom McLaffery" (obviously Tommy Lafferty) but which provided for UKOOA a most useful account of how the action offshore was progressing from the point of view of OILC. This is, however, to anticipate events. Once they became aware of the existence and purpose of the Offshore Industry Liaison Committee, the oil companies, powerful and wealthy organizations with their well-resourced and at times ruthless employers' organization, were soon in possession of all they needed to know about the upstart body which was seeking to upset the industrial relations status quo offshore.

### **(b) Armed Neutrality**

UKOOA knew that OILC was gaining influence among oil workers and as early as January 1990 companies were preparing for the conflict that they were certain

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<sup>59</sup> The trade unions did meet the operators as members of OPITO (Offshore Petroleum Industry Training Organization) but these meetings had a different agenda and purpose.v. Chapter Eleven, p. 192 supra..

<sup>60</sup> v. p. 222 supra and Appendix GG.

<sup>61</sup> See Appendix HH.

<sup>62</sup> He also refers to oil contractors "Salonus" and "Masalle", presumably Salamis and Lasalle.



would erupt within a few months. At a meeting of senior managers of oil operating companies in Aberdeen on 22nd January, 1990 there was general agreement that *none of the operators had been prepared for the emergence of the OILC as a power group in 1989*<sup>63</sup> and that *Our job for this year is to become more pro-active and head off some of the difficulty*. They felt that their position was stronger in 1990 because of the *more uniform and acceptable level of pay for contractors' employees*.<sup>64</sup> Certainly Shell and BP exercised pro-activity by calling their major contractors to a meeting on 27th February, 1990. *The contractors were advised that Shell intend to award an across the board increase of 11.7% to all categories of contractor personnel including catering crews, effective 1 April, 1990*. Shell also advised their contractors that *all contractor employees will be guaranteed similar privileges offshore as Shell employees, e. g. no "apartheid" in the canteen, no accommodation differentials etc*. The operators also insisted that their contractors would be expected to have pension schemes, improved travel and subsistence allowances and to raise death benefit from £25,000 to £50,000 and sickness benefit from £30 to £100 per week.<sup>65</sup> Thus, without consulting other oil operators, Shell and BP raised substantially the pay of construction workers on their installations and ceased the practice whereby contractors' employees were disadvantaged in terms of accommodation, travel allowances and other benefits in comparison with directly employed staff.

This was an attempt by the two largest oil companies to buy themselves out of any future trouble because they had a considerable amount of work projected for the next few months. Other operators were less than thrilled with this unilateral decision.<sup>66</sup> Nevertheless they had to follow suit in case they suffered shortages of experienced offshore workers because men would naturally seek employment where the wage rates were highest.

McDonald could see that the considerable concessions made by the operators were intended to deflect employee support from what he and the trade unions regarded as the more substantial goal of a post-construction agreement. Inevitably the markedly improved pay and conditions of work offshore were bound to reduce the appeal of OILC for industrial action in the coming months. McDonald himself had earlier referred to the differences in pay and conditions of work between contractors' employees and direct workers of the operators as an injustice which acted as a *unifying force*.<sup>67</sup> The employers had trumped his ace and it was now going to be more difficult to engender common cause offshore for a post-construction agreement. Accordingly he branded the non-negotiated award as a bribe.<sup>68</sup>

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<sup>63</sup> The quotations in this paragraph are from a confidential memorandum sent on 26th January, 1990 to a senior manager of a major oil operating company by his subordinate responsible for industrial relations.

<sup>64</sup> v. p. 223 supra.

<sup>65</sup> Report on the Shell decision to senior management of another operator from its company human resources manager, 28th February, 1990.

<sup>66</sup> One operator, Marathon, complained of "*being led by the nose by Shell*".

<sup>67</sup> v. p. 222 supra.

<sup>68</sup> *Scotsman*, 3rd March, 1990.



Meanwhile there had been some unease offshore among OILC activists at the lack of response from national officers of trade unions whom McDonald had addressed on OILC and its objectives<sup>69</sup> during the Trades Union Congress in September 1989. They had promised to meet in order to consider ways in which they could assist offshore workers and advised that a single table approach should be discussed. Single table bargaining had become an important issue at the national level of British industrial relations.<sup>70</sup> It was a method of negotiation whereby an employer or employers' association did not negotiate separately with each recognised union but with a representative body of all the unions which had already agreed their common objectives. By March 1990 the national officers had still not met but OILC and IUOOC had already drafted a single table agreement, which came to be known as the Continental Shelf Agreement. It demanded from offshore employers recognition of trade unions for negotiating purposes, the right to elect shop stewards and certain other concessions, all of which were standard practice onshore, not least in the establishments of those oil companies which were so opposed to granting similar rights to their offshore workers.

Eventually a meeting between national officers of trade unions which were involved in hook-up agreements took place on 18th April, 1990 during the Scottish Trades Union Congress. They constituted themselves the National Offshore Committee (NOC) with Tom MacLean, national secretary of the AEU's construction section, as its secretary and charged OILC to *Deliver action offshore*. A national paper reported *This is the first time all the unions in the North Sea have gone forward with a unified strategy. It was probably the best, most constructive and united meeting of its kind about the North Sea.*<sup>71</sup> NOC met local and OILC officials on 8th May, 1990 in London and endorsed the draft Continental Shelf Agreement. The NOC press release stated: *The National Officers reaffirm support for an objective of a Continental Shelf Agreement to cover terms and conditions of all employees engaged in offshore work. To this end we will not conclude any agreement that does not encompass these principles*<sup>72</sup>. By this time the OILC was in the early stages of delivering action offshore and it was agreed that NOC would meet on a regular basis with MacLean keeping in daily communication with OILC and local officials. Events were to show that the National Offshore Committee's enthusiastic endorsement of the Continental Shelf Agreement was near the limit of the support it gave to OILC.

### **(c) Confrontation in the North Sea Oil and Gas Industry during 1990**

The confrontation offshore in the summer of 1990 was sought, organized and led by OILC with the objective of winning employer recognition of the Continental Shelf Agreement. Its leadership operated within the framework of the trade unions, which supported the OILC initiative but did not themselves become

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<sup>69</sup> Appendix CC.

<sup>70</sup> It had been the subject of a TUC Special Review Body during 1989.

<sup>71</sup> *Scotsman*, 19th April, 1990.

<sup>72</sup> Minute of OILC committee 8th May, 1990.



officially involved. The dispute centred on the single principle of full trade union recognition by the employers. As McDonald had always made clear, money was not an issue and so this dispute was never to become clouded by secondary issues. For their part, the operators were determined not to concede full recognition to the trade unions.

Since OILC had made no secret of its intention to take industrial action the employers were prepared when it came. As stated above, the two main operators, Shell and BP, had arranged for a large increase in wage rates, additional to the annual award made only a few months previously, to begin in April 1990. UKOOA also opened an office in Aberdeen so that it now had direct local communication with its member companies and, when required, with the trade unions. This was to be a considerable factor during the confrontation because *UKOOA maintained a much higher public relations image which did much to minimise the OILC's media campaign*<sup>73</sup>

The OILC strategy was to initiate the confrontation with an overtime ban and then to escalate the activity to withdrawal of labour when that would be most likely to inconvenience the employers. This would be the late summer when, in addition to the normal repair and maintenance programmes, operators would have to meet the Department of Energy requirement to fit emergency shut-down valves (ESVs) on their installations by the end of the year. OILC targeted late summer for its major trial of strength with the industry because it knew that at the height of the shut-down programme there would be many workers with trade union allegiances employed offshore. The timing of the industrial action would be crucial to the success of the campaign.

There was also a further point. The government had introduced the Employment Bill 1990 which, when enacted, would require trade unions to repudiate any unofficial industrial action by any of its officials, including shop stewards. It must be remembered that at this time OILC was acting with the approval of the major UK manual worker unions, which had formed a special committee, the NOC, to support its struggle against the oil operators. However, once the bill received royal assent, support from a trade union for any industrial action such as that carried out by OILC would have to be repudiated or the trade union(s) concerned would be held responsible at law for any claim for damages from the employers affected by the unofficial action.

By April, 1990 McDonald was in a dilemma. There was a real danger that enthusiasm for industrial action would wane once the enhanced wage rates were experienced by offshore workers. Moreover he was finding it difficult to restrain OILC activists, especially those who had always favoured a separate offshore workers' union, from initiating sanctions. Yet he knew it was too early to begin the action. Since delay might make matters worse circumstances forced him to open the campaign.

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<sup>73</sup> From a paper (13th March, 1991) reviewing industrial relations in the offshore oil industry during 1989 and 1990 prepared for the senior management of Marathon Oil UK.



The overtime ban got off to a rather stuttering start on account of uncertainty by the OILC leadership of the extent to which this form of sanction would be successful. The ban was referred to as “working to contract” because, very conveniently for OILC, the Department of Energy had issued a safety notice<sup>74</sup> advising that the “normal” working day should not exceed twelve hours and that “only in very special circumstances” should a maximum of sixteen hours per day be exceeded. Since 1986 fifteen hours had become normal on many installations and the three hours of overtime pay had acted as a sufficient palliative for any physical or other inconvenience it caused. By mid-May the overtime ban was being implemented with some success and at the end of June about 27 installations were involved. In retrospect it has become clear that very little was achieved and that the employers were irritated rather than injured. Many workers were not dedicated trade unionists and disliked the ban since it reduced their earnings. Also from the aspect of the OILC strategy it had come too early because the employers decided to delay their installation shut-downs, partially for technical reasons but also to allow support for the ban to decline. Worst of all there was dissension within IUOOC, where support should have been at its strongest, because both MSF and EETPU wanted to reverse the decision to accept lay delegates and so resume their meetings with UKOOA. McDonald realised that his presence on IUOOC was the principal reason for UKOOA breaking off relationships with that body and at a meeting of IUOOC held in London on 17th July, 1990 (when NOC also met IUOOC representatives) he said that he did not wish to attend any future UKOOA / IUOOC meetings.<sup>75</sup> He thus made a personal contribution to healing the dissension within IUOOC. Almost immediately UKOOA was informed it agreed that the meetings between it and IUOOC would be resumed on 5th September, 1990.<sup>76</sup>

By July the offshore activists were demanding that complete stoppages of work were necessary if any momentum was to be retained. Lafferty was showing impatience and looking for more effective action offshore. In addition some unrelated events fuelled the demand for the promised escalation of the dispute. On 25th May, 1990 the Fatal Accident Inquiry was opened in Aberdeen into the death of Timothy Williams. He had been a wireless operator on the drilling vessel Ocean Odyssey, which experienced a high pressure blow-out on 22nd September, 1988 and after everyone had been safely evacuated he had been ordered back onto the burning vessel where he had succumbed to the flames. Then on 25th July, 1990 the rotor blade of a helicopter collided with the jib of the crane on Brent Spar, the aircraft collapsed into the sea and six men lost their lives. These fatal accidents highlighted one of the principal complaints of the offshore activists continually voiced by OILC, namely, that accident prevention, despite Piper Alpha, still had insufficient priority in the minds of management and that this defect could be remedied solely by the fullest involvement of trade union representatives on all installation safety committees.

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<sup>74</sup> Department of Energy, Petroleum Engineering Division Safety Notice S1/90, 10th January, 1990.

<sup>75</sup> Minute of IUOOC, 17th July, 1990.

<sup>76</sup> Minute of IUOOC, 16th August, 1990.



In early June there occurred an incident which seemed indicative of the type of employer under whom persons were required to work without the type of protection enshrined in the Continental Shelf Agreement. Some workers on Beryl Alpha protested about the disciplining of a colleague and immediately their employer, Press Offshore, dismissed not only them but all those on leave as well.

There was also some pressure from the NOC which met for only the second time on 17th July, 1990 and decided to demonstrate its commitment to the offshore workers by attempting to carry out a registration campaign. Official backing for industrial action could be provided only when there was sufficient support from registered union members as indicated through a ballot. Although the unions tried to carry this through over the following months, two factors were to render the attempt fruitless: the implacable employer opposition to any co-operation, such as releasing the names of their employees and the movement of employees from one contract to another.

McDonald knew that it was too early to escalate the action but he was under pressure from the men who were carrying the burden of the industrial action on the installations. Accordingly OILC called the first 24 hour strike on 2nd August, 1990 and about 35 installations in the northern sector of the North Sea were affected. There was some action during August on installations in the southern sector but it was poorly co-ordinated and soon ineffectual. The major action revolved around Shell installations in the northern sector with workers "sitting -in" and refusing to go onshore. Shell sought an interdict against OILC in the Court of Session, where the case came before Lord Cameron. OILC, at considerable expense, defended the occupation on the grounds that trespass was a concept foreign to Scots law and that the occupiers were engaged in an industrial dispute. Shell did not obtain an order for eviction but since Lord Cameron advised that the dispute should now be conducted onshore the men decided that they had won a moral victory and ended their occupation. The action then dribbled to a halt and McDonald called off any further sit-ins at the end of August.

In their book "Paying for the Piper" to which reference has already been made, the authors provide, in exhaustive detail, a well-documented account of the industrial action of summer 1990. The book is written very much from the OILC perspective and the authors would be the first to concede this as a statement of fact and not as a criticism. It would be appropriate, therefore, to look briefly at how the action was interpreted by the senior management of a prominent oil company, Marathon Oil, UK.

On 2nd August, 1990, R. J. Carter, the company's External and Corporate Affairs Manager supplied a paper on industrial relations offshore for J. V. Parziale, the company's London President.<sup>77</sup> He reported that *Oil (sic) Industry*

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<sup>77</sup> Appendix II.



*Liaison Committee has sought to put pressure on the operating companies to obtain a National Offshore Agreement. They have pressed their claim under the guise of seeking better representation on safety committees, but this is really a cover for the bigger issue. (Recognition of trade union demands as outlined in the CSA). He further stated that in the absence of any national agreement the industry collectively has been compelled to follow the negotiated settlements of BP and Shell who broke ranks and conceded to the demands<sup>78</sup> being made. The result has been that the remaining companies have had no influence over events, whereas if a national agreement were in place we would naturally have an input into any negotiations.* Carter then went on to argue the case for a national offshore agreement. This conciliatory approach - possibly reflecting the personal view of a former Labour MP - was unusual among oil operating company managers. His comments also indicated the dominance of Shell and BP within the industry.

Four days later the company's General Manager in Aberdeen, D. E. Smith, reported to Parziale that contract workers on the company's Brae A and Brae B installations had struck.<sup>79</sup> He had immediately sent back onshore 154 men who had refused to return to work *to sort out their difficulty with their respective employers.* These men were mainly welders, fitters and riggers and Smith stated *Production operations continue in a normal manner on both platforms and drilling has not been affected.* After commenting that only OILC, not the unions, was presenting the case for the strikers via the media, he tells Parziale that across the North Sea *it is unlikely that much, if any, production is currently affected.*

A fortnight later, when the industrial action was beginning to decline, Smith wrote again to Parziale *from the operations end of the business, regarding R. J. Carter's letter of 2nd August, 1990.*<sup>80</sup> His use of this terminology indicates a degree of impatience with someone far away from the practical problems of dealing with a strike offshore and a determination to give his superior a more realistic account of what was going on. He stated that UKOOA *have done a creditable job of presenting the industry view that safety is not the issue, only the lever being used by the organizers.* Despite three weeks of industrial action *production in the North Sea has been affected very little at all. Planned construction and maintenance programs have been deferred, but with little pain to the industry. The resolve of the major operators (Shell and BP) has been demonstrated by their willingness to demobilize the striking members of their workforce. In summary, the workers being led by OILC have not succeeded in causing major problems for the industry. They have begun to lose substantial work time and consequently wages. With the only objective being representation, the strikers' resolve is beginning to weaken.* What is noticeable here is how Smith's perspective of the rôle of Shell and BP is very different from that of Carter. Again, while Carter saw value in a national offshore agreement, Smith

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<sup>78</sup> It is not clear to what Carter is referring unless it is to the decision by Shell and BP on 27th February, 1990 that contractors must award offshore workers a pay increase and other improved conditions of employment as stated at p. 229 supra.

<sup>79</sup> Appendix JJ.

<sup>80</sup> Appendix KK.



took a totally different view on the grounds that *the union would have leverage to severely impact production by calling out a wider scope of workers than they can now accomplish and we should direct our efforts to continue frustrating the efforts to organize.*

In his next paragraph Smith provides an admirable summary of the problems that face trade unions, which seek to organize membership among offshore workers and how *the unions are unwilling to surrender power to OILC although OILC has presented a focal point.* His conclusion is that *unionization does not appear to be inevitable (as argued by Carter) and we can play an important rôle in preventing it.*

In March 1991 a paper<sup>81</sup> was prepared for senior Marathon Oil managers as a basis for discussion on its industrial relations in the coming year. It contained summaries of the disputes in 1989 and 1990 and that for 1990 claimed, quite correctly as we now know, that *The strikes were not as widespread or as successful as reported and that firm action by the Operators and OCC in isolating disputes, cancelling work programmes and dismissing personnel who had failed to follow formal disputes/grievance procedures minimised their effectiveness.*

OILC had failed to obtain a single concession from management and Smith's comment on how Marathon Oil could assist in preventing the unionization of its offshore employees would have been echoed by Shell and BP and other major UKOOA members.

### **3 The Offshore Industry Liaison Committee becomes an Independent Trade Union**

#### **(a) The Marginalization of the OILC by the National Unions**

Once industrial action ceased, the OILC became an embarrassment to the trade unions. Having refused to re-negotiate an Offshore Construction Agreement for 1990<sup>82</sup> the unions had deprived themselves of the one important collective bargain they had ever held in the industry and with the employers. The Employment Act 1990<sup>83</sup> was about to come into force and they did not want semi-autonomous bodies such as OILC taking any action which would compromise their relations with the employers with whom they were now anxious to re-establish their lines of communication. The trade unions realised that they had promised their offshore members far more than they could deliver and that there had never been the slightest likelihood that the employers would have accepted the Continental Shelf Agreement as a basis for discussion. They saw that any accommodation with the employers implied the abandonment of the

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<sup>81</sup> The name of the person who wrote this discussion report is not mentioned. The paper was faxed to Aberdeen and the date at the foot of each page is 13th March, 1990.

<sup>82</sup> v. p. 224 supra.

<sup>83</sup> v. p. 233 supra.



Continental Shelf Agreement, which they had endorsed a few months earlier and distancing themselves from the OILC.

This may have been a shabby display of ingratitude towards the OILC which had fought for the basic principles of trade unionism but realism dictated trade union policy. As early as 31st August, 1990 Jimmy Airlie was claiming that the trade unions had not overtly supported the action offshore - a blatant untruth - although they would not repudiate them.<sup>84</sup> EETPU made overtures to the employers to resurrect the SJIB agreement and RMT, the new union into which NUS had been absorbed, believed that *this OILC/National Offshore Committee is tying up too much of our time for negligible return.*<sup>85</sup> Only four members of IUOOC turned up for a special meeting to discuss future offshore policy with OILC. By early 1991 the Offshore Contractors' Council entered into discussions at national level with AEU, EETPU and GMB on a new Offshore Construction Agreement, excluding from the process MSF, which had been a previous signatory, another example of the divide and rule policy through which employers weakened the unity of the trade unions. Tommy Lafferty, still committed to the principle of a negotiated agreement involving post-construction as well as hook-up, believed this was letting down his members who had involved themselves in the industrial action of the previous summer, many of whom were still unemployed as a result. He continued to work in association with OILC, many of whose supporters, it must be recalled, were members of AEU, until June 1991 when he informed OILC that he had been instructed to discontinue contact with it.<sup>86</sup> Earlier in the year Jimmy Airlie is reported by McDonald as having said at a meeting of national officers that *the OILC had not produced any results in the last 2 years,*<sup>87</sup> a clear indication that he saw no further rôle for it. By mid-summer 1991 the details of a new OCA had been agreed and were signed amid a glare of publicity in August. Ever the realist, Airlie said *What's the alternative to an agreement? It's no agreement,*<sup>88</sup> although McDonald despised it as *a squalid little sectional deal signed on the backs of the sacked workers.*<sup>89</sup> He also claimed that by signing the agreement the trade unions *had endorsed their own marginalization* but, in truth, it was OILC which had been marginalized.

### **(b) The Publication of "Striking Out"**

The question which McDonald and his colleagues had to face on the cessation of industrial action was whether there was a future for the Offshore Industry Liaison Committee. They had been encouraged to "deliver action offshore" by national officers who, for their part, had promised not to reach any settlements with employers which breached the principles of the Continental Shelf Agreement. OILC had kept its side of the bargain but the trade unions had reneged on theirs. Although there is no minute of any decision to continue its

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<sup>84</sup> *Financial Times*, 31st August, 1990.

<sup>85</sup> Report of Aberdeen branch, RMT, for July - September, 1990.

<sup>86</sup> Minute of OILC Standing Committee, 20th June, 1991.

<sup>87</sup> Minute of OILC Standing Committee, 28th March, 1991.

<sup>88</sup> AEU press conference, 28th August, 1991.

<sup>89</sup> *Scottish Daily Express*, 29th August, 1991.



activities, OILC was determined to retain its organization as far as possible and to continue to press, within the trade union movement, for an offshore post-construction agreement. Pay was not an issue and the differences in conditions of service between operators' and contractors' men were now significantly reduced but trade union representation on accident prevention committees was denied to them. It was on this aspect that OILC sought to focus attention and thus justify their *raison d'être*.

It must be remembered that OILC was still little more than a pressure group working within the trade union movement. Its officers and supporters were members of established trade unions and OILC remained, as described in its constitution, *a loose ad hoc association* without members of its own.<sup>90</sup> Unsurprisingly it lost support after September 1990, not least because many who had been its strongest adherents were now unemployed. The Hull office was closed in December 1990 with debts of £4,000.<sup>91</sup>

Attendance at what were still referred to as "mass meetings" had fallen below 30 by March 1991.<sup>92</sup> McDonald and his colleagues, however, were determined to show that OILC, far from being a guttering candle flickering towards extinction, was still a vibrant association of committed trade unionists.

They published "Striking Out: New Directions for Offshore Workers and their Unions" in time for the Scottish Trade Union Congress in April 1991,<sup>93</sup> presenting it as a discussion document on how effective trade union organization might be achieved on the UK Continental Shelf. The introduction drew attention to the OILC policy of trade union recognition as a necessary factor in improved accident prevention. *It is the position of the OILC that we owe it to those who have already died and who have been injured and to the thousands who remain at risk today to ensure that effective safety provision is established. We believe: that this cannot be done without full trade union recognition--.*<sup>94</sup> It criticised the IUOOC as *not currently a vehicle capable of organising the UK Continental Shelf*<sup>95</sup> but avoided any suggestion that the OILC might set itself up as an independent trade union for all offshore workers. Nevertheless, there were members of the Standing Committee of OILC who were beginning to have thoughts in this direction and the editor of "Blowout" had to be restrained from including a ballot paper on precisely this matter.

"Striking Out" served two purposes. It was a public relations coup for the OILC, demonstrating that it was still very much to the fore in offshore industrial relations. It attracted a lot of media attention and brought OILC back into the public eye after a period when it seemed to be a declining force. It was also the first analytical account of the offshore disturbances during 1989 and 1990 and one which posed questions that trade unions in the offshore oil and gas industry

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<sup>90</sup> v. p. 226 supra.

<sup>91</sup> Minute of OILC 2nd December, 1990.

<sup>92</sup> Minute of OILC 28th March, 1991.

<sup>93</sup> It was almost certainly written by Dr Charles Woolfson of Glasgow University.

<sup>94</sup> 1991 *Striking Out*, p.1. Offshore Information Centre.

<sup>95</sup> *ibid* p. 82.



would have to address. In particular, it argued for the trade union movement as a whole to take the lead on the offshore representation issue.

Although it was not intended to be so, "Striking Out" can now be seen as the point where OILC crossed the Rubicon. It had published "Striking Out" to stimulate debate at the Scottish TUC on the question of offshore representation and had included a suggestion for a Federation formed from offshore sections which trade unions could set up within their own organizations. Such an Offshore Federation could seek a Certificate of Independence from the Registrar of Trade Unions and Employers' Associations and there was no reason why employees could not enjoy dual membership of both the Federation and their own trade union.<sup>96</sup> Although this proposal was put forward with the best of intentions and, indeed, was to be taken up by the trade unions at national level later in the year, it received short shrift at the Scottish TUC. This was principally because "Striking Out" was published when the negotiations which Airlie, MacLean and other national officers were having with the Offshore Contracting Council had reached a crucial stage and they regarded any suggestions from OILC as an unwelcome intrusion. McDonald himself had logically, but perhaps unwisely, stated to the press that if the idea of an Offshore Federation was rejected it might lead to the foundation of a separate trade union for offshore workers.<sup>97</sup> This gave Airlie an opportunity to lambast the OILC at the Scottish TUC warning it that *history is littered with the corpses of men who thought that they could take a different line from the official movement.*<sup>98</sup> As "The Herald" reported, relations between the unions and the OILC had reached breaking point.<sup>99</sup>

### **(c) The Offshore Industry Liaison Committee and the IUOOC**

Lafferty was still secretary of the IUOOC during 1990 and did not demit office until July 1991, when his union ordered him to distance himself from OILC.<sup>100</sup> The minutes, where they survive, are few and uninformative during his period of office and consequently there is a paucity of original records at a time when it would have been interesting to read of the relationships between OILC (which, in effect, meant McDonald) and IUOOC. Campbell Reid was re-appointed in his place and the minutes immediately become full of relevant detail. We learn from a minute of a IUOOC/UKOOA meeting that IUOOC was concerned from September 1990 about the number of offshore workers who were unemployed as a result of the industrial action and IUOOC told UKOOA that *all sacked men should be re-instated before any settled work could be achieved.*<sup>101</sup> This was to be a constant theme at all meetings until well into 1991 and UKOOA always gave the same answer: the dispute had been between contractors and their employees and since UKOOA did not negotiate with OCC the issue could be raised only on a client-contractor basis. This reply contrasts with the UKOOA

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<sup>96</sup> *ibid* p. 99.

<sup>97</sup> OILC Press Conference, 16th April, 1991.

<sup>98</sup> Scottish TUC Conference, 17th April, 1991.

<sup>99</sup> *Herald*, 18th April, 1991.

<sup>100</sup> *v. p.* 238 *supra*.

<sup>101</sup> Minute of meeting of UKOOA and IUOOC, 5th September, 1990.



statement of 1st June, 1988 that it would investigate the IUOOC claim that contractors were not submitting bids based on the existing OCA. For McDonald it was a matter of moral integrity that he should fight for the rights of these men and his bitter condemnation of the August 1991 Offshore Construction Agreement reflected his disgust at their virtual abandonment by their unions.<sup>102</sup>

McDonald's position on the IUOOC must have been becoming tenuous by mid-summer 1991. Whatever may have been the relationships which he had with local officials in the North East of Scotland - and there is no evidence of acrimony- it must have been known that at national level he and his organization were not regarded with any favour. Nevertheless, when he reported at the IUOOC meeting of 26th July, 1991 that two trade unions had sought to prevent his attendance at an international offshore unions conference in Norway his IUOOC confrères supported his application to attend as a full member. Moreover, he must still have had some influence since at this meeting the IUOOC agreed unanimously *that it would wish to investigate further a proposition to re-organise the IUOOC on similar lines to the Confederation of Shipbuilding and Engineering Unions. It was felt that this could possibly assist the Unions in their long running battle to achieve recognition in the offshore industry.*<sup>103</sup> This was exactly what had been proposed in "Striking Out" but the decision of IUOOC to ask their national officers to give it serious consideration did not indicate an entirely new policy. IUOOC had already (in July 1989) assured OILC that it was the intention of IUOOC to work towards a single offshore agreement for all contract workers in the industry.<sup>104</sup> The IUOOC probably had in mind then something like the Continental Shelf Agreement<sup>105</sup> but this new IUOOC proposal did not differ in essentials from the policy agreed back in 1989. It also demonstrates that despite the unfavourable comment about IUOOC in "Striking Out" its member organizations believed the proposal had merit despite its provenance. Accordingly Campbell Reid invited the general secretaries of all the trade unions with an interest in the North Sea oil and gas industry to instruct their senior official with responsibility in this area to attend a meeting in Glasgow on 5th September, 1991 during the Trades Union Congress.<sup>106</sup>

There is a paper in the IUOOC files (infuriatingly undated) which outlines the problems of recruitment offshore and how this might be improved if *The Offshore Sections* (of the trade unions with interests offshore) *are brought together in a "Confederation" based loosely on the CSEU.* It is reasonable to assume that this paper<sup>107</sup> was the working document to which Reid refers in his letter.

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<sup>102</sup> v. p. 238 supra.

<sup>103</sup> This quotation is taken not from the actual minute but from a letter dated 12th August, 1991 sent by Campbell Reid to the general secretaries of all the trade unions with an interest in the North Sea oil and gas industry. This letter is reproduced in full as Appendix LL.

<sup>104</sup> v. p. 226 supra and Appendix MM.

<sup>105</sup> v. p. 232 supra.

<sup>106</sup> C. Reid to general secretaries of all unions with members employed in the oil and gas industry, 12th August, 1991.

<sup>107</sup> v. Appendix NN.



Researchers are indebted to Campbell Reid for a manuscript note, which he inserted among the IUOOC minutes, of this meeting in Glasgow on 5th September, 1991. During what appears to have been a discussion on SI 971 (Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989<sup>108</sup> McDonald said that Certification was the only way in which trade unions could exercise influence offshore. It is almost certain that he was referring to the solution already suggested in "Striking Out" and repeated in its sequel, "The Crisis in Offshore Trade Unionism",<sup>109</sup> that an offshore federation could seek a Certificate of Independence from the Registrar of Trade Unions and Employers' Associations and thus meet Lord Cullen's stipulation that the only arrangements that were relevant in matters of safety were those which involved the "total workforce". The value of Reid's note is that it reveals the presence of Alex Ferry, General Secretary of the Confederation of Shipbuilding and Engineering Unions. Reid reports Ferry as saying that *CSEU could accept an invitation from national officers to assist in the formation of a confederation for offshore either through the present CSEU or independently.*

Ferry was one of the ablest trade union leaders of the period.<sup>110</sup> Had Ferry been given the support of the AEU and the EETPU there was every chance that even at this late date the OILC could have been retained within the trade union movement as a whole. It would have been able to contribute its enthusiasm and dedication towards obtaining some concessions for organized labour from the employers. Both Ronnie McDonald and David Robertson have told the author that Ferry was sympathetic to OILC and probably would have been able to fashion a rôle for it within whatever joint union body he was able to construct out of the unions with membership of the IUOOC. It is difficult to disagree with the authors of "Paying for the Piper" that the two major unions offshore, the AEU and the EETPU, amalgamated as AEEU by 1992, had no intention of ever allowing the formation of an offshore federation and that their disruptive tactics at meetings brought to naught the efforts of Alex Ferry.<sup>111</sup> As the authors of "The Crisis in Offshore Trade Unionism" foresaw, the national officers of these two unions had negotiated a new OCA in 1991 because they were *attempting to create a new craft super union which will dominate the areas of manufacturing and engineering onshore. The signing of the Hook-up Agreement only begins to make sense when analysed as part of this game plan.*<sup>112</sup>

OILC was, however, unable to make any further contribution towards the formation of an offshore federation after the meeting in Glasgow of 5th September, 1991. The OCA, ratified a few days earlier, was anathema to OILC and McDonald's strong condemnation<sup>113</sup> could not go unnoticed by the signatory

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<sup>108</sup> v. Chapter Eleven, p. 186 supra.

<sup>109</sup> 1991 *The Crisis in Offshore Trade Unionism*. Oil Information Centre, Aberdeen.

<sup>110</sup> When the secretaryship of the Labour Party became vacant in 1982 the final choice lay between Ferry and Jim Mortimer, a former leader of DATA. Unaccountably the post went to Mortimer, which was disastrous for both the Labour Party and him. Alex Ferry, who knew the author well, told him "It destroyed Jim".

<sup>111</sup> Woolfson, Foster and Beck (1996) op cit pp. 506-508.

<sup>112</sup> 1991 *The Crisis in Offshore Trade Unionism*. p.14.

<sup>113</sup> v. p. 238 supra.



unions. This was probably why the trade union national officers made it clear that OILC was to have no part in the discussions about a possible offshore confederation. It was a parting of the ways when OILC sought independent trade union status. McDonald applied to IUOOC for OILC to be accepted as a trade union member but this was turned down and simultaneously IUOOC withdrew its invitation to him as a delegate of the Offshore Information Centre, the status under which he had been attending since December, 1989.<sup>114</sup>

Campbell Reid's meticulous minutes provide brief glimpses of subsequent OILC and IUOOC relationships. At its meeting in December 1991, IUOOC agreed to oppose the OILC campaign for recognition by the Scottish TUC and the Labour Party. The Edinburgh Trades Council had withdrawn *moral and financial assistance* from OILC but it still had support from the Aberdeen Trades Council which was to host a debate between Ronnie McDonald and Harry Bygate (of RMT) on 19th February, 1992.<sup>115</sup> The lay membership introduced through Lafferty's agency in December, 1989<sup>116</sup> continued and David Robertson attended as GMB representative on 26th July, 1991 and 20th October, 1991. He attended again on 12th November, 1992 (and to judge from a letter sent to Fraser Adam, the recently appointed GMB Regional Organiser, also on an earlier occasion that year) but was seen as an OILC spokesman rather than as a GMB lay representative and was asked to leave.

Two letters from Campbell Reid strike an almost poignant note about the IUOOC. The first is that referred to immediately above when he asks the new GBM Regional Organiser to specify which lay delegate is to represent the union *when you are unable to attend meetings*. Meetings were often poorly attended by officers, almost as if they were implying that IUOOC had now little purpose to serve. The GMB Regional Organisers had been particularly remiss in this way because Eddie Bree, who had been elected chairman in July 1991, attended no meetings at all before he resigned his post in June 1992. In view of the time and effort Reid devoted to his work as secretary of the organization, one can understand his disappointment, to put it no stronger, at the lack of reciprocal effort by other local union officials.

The other letter is to Campbell Christie, General Secretary of the Scottish TUC. Here we find Reid writing almost in sadness to ask Christie to try to ensure that STUC affiliates do not give support to the OILC, now that it has set itself up as an independent trade union. He recognises that OILC has made a significant contribution to trade unionism in the North Sea and that *the IUOOC accepted that there was a genuine attempt being made (i. e. by the OILC) to organise the offshore workforce and to represent their aspirations both in Health and Safety terms and in the area of terms and conditions of employment*. He continues a few lines later with charge that *Many of us have felt for years that the unions at national level have been less than whole-hearted in their approach to the*

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<sup>114</sup> Minute of meeting of IUOOC, 30th October, 1991. Also Appendices OO(i), OO(ii) & OO(iii).

<sup>115</sup> Minute of meeting of IUOOC, 29th January, 1992.

<sup>116</sup> v. p. 227 supra.



organisation of the offshore workforce. He goes on to say that *The OILC has in the past gone on record urging the Trades Unions to organise themselves along the lines described in the previous paragraph* (the efforts of Alex Ferry to establish an Offshore Federation) and that although it is no longer a member of IUOOC, OILC has been *made aware of progress on an informal basis*. Clearly Campbell Reid regretted the way events had turned out and felt it was necessary to make the most senior trade union official in Scotland aware that there were many who did not go down the OILC road but were appreciative of what it had contributed to offshore industrial relations.<sup>117</sup>

By October 1992 Tommy Lafferty, one of the more colourful figures in offshore industrial relations, had ceased to play any official part in trade union life. An active player from the earliest days of the Scottish based oil industry,<sup>118</sup> he failed to retain his post as his union's divisional organizer in a bitterly contested election<sup>119</sup> where his close association with OILC was a factor in his defeat. The following year the AEEU investigated the special hardship fund which Lafferty, despite IUOOC advice, had set up for families of Piper Alpha victims.<sup>120</sup> Unfortunately, Lafferty had arranged for himself to be the sole signatory for withdrawal of funds and had not surrendered control of it to his successor; worse, he had allowed his own personal accounts to become inextricably mixed up with it. This was sheer administrative incompetence and not speculation but inevitably questions were asked and rumour abounded. Overwhelmed by the loss of his prestigious post, the suicide of his son and his union's investigation into the accounts of the fund, he took his own life in October 1993.<sup>121</sup>

**(d) The Metamorphosis of an Association into an Independent Trade Union**  
The nature of the OILC's public criticism of the new Offshore Construction Agreement finally broke the link between it and the trade unions. It was the culmination of a series of disagreements on policy between the OILC and the trade unions which had begun when the national officers, abandoning the Continental Shelf Agreement, had opened discussions with the Offshore Contractors' Council on a new OCA. McDonald had described the new settlement as a squalid deal<sup>122</sup> - scarcely the language to rehabilitate his already deteriorating relationship with the national officers - and the Offshore Information Centre had just published "The Crisis in Offshore Trade Unionism". While "Striking Out" had displeased Airlie and the other national officers, this second emanation from the OILC publishing house went beyond their frontier of tolerance. It referred to the new hook-up agreement as *a backward step* and, as already stated, asserted that it *only begins to make sense when analysed as part of a game plan*, an attempt by the AEU and the EETPU to create a new craft

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<sup>117</sup> These letters, 30th November, 1991 and 8th January, 1992 (the date 1991 which appears on the second letter is obviously a mistake for 1992) are reproduced as Appendices PP and QQ.

<sup>118</sup> v. Chapter Six, p. 97 supra.

<sup>119</sup> Bill McCarthy (Lord McCarthy), now the doyen of industrial relations academics, told the author a few years ago that being an officer in the AEU was a continual election battle.

<sup>120</sup> v. pp. 218 & 219 supra.

<sup>121</sup> A detailed account of this sad end to Lafferty's career (upon which this paragraph is based) is given in the *Scotsman*, 5th November, 1993.

<sup>122</sup> v. p. 238 supra.



*super union which will dominate the areas of manufacturing and engineering offshore.*<sup>123</sup> Although this was a valid interpretation of the new agreement, especially since MSF had been excluded from the discussions,<sup>124</sup> it was unacceptable to the national leaders that a group of members as critical of them as OILC could continue as a legitimate organization within their unions. "The Crisis in Offshore Trade Unionism" included the sentence *In some respects the OILC seems to be on a collision course with national union officials*<sup>125</sup> and this point had now been reached. Thus when the national officers denied OILC a seat at the discussions with Alex Ferry on the formation of an Offshore Federation and permission to use AEU premises for its meetings was withdrawn, OILC had to contemplate its future.

It could either dissolve the organization or continue to fight for its objectives outside the main trade union movement. Neither was an attractive option. Dissolution was the easier decision but would be seen as a betrayal of what OILC had fought for and an abandonment of the 500 or so offshore workers who had supported industrial action and were still unemployed. To continue as an independent body required a tremendous act of faith in the organization's ability to survive as a viable entity. It was all very well for a member to rejoice *that the unions have unshackled us*<sup>126</sup> but it had been the trade unions which had been the principal source of funding and that was now removed. Officially OILC had never had members, only participants, and independence would mean that they would have to give up their current union membership and lose all the privileges and protection that went with it.

During September 1991 McDonald held meetings in Glasgow and in Aberdeen. There was no way back into the trade union fold and the alternatives of dissolution and independence were discussed by OILC associates. There was a large majority in favour of independence and on 3rd October, 1991 during the Labour Party conference at Brighton, McDonald announced the arrival of a new and independent employee organization prepared to represent the interests of all offshore workers and, in particular, dedicated to the improvement of safety in all aspects of offshore employment.

The die had been cast and the OILC began to recruit members. Its target of 3,000 by 1993 was to prove optimistic, particularly as the CRINE initiative was having its effect,<sup>127</sup> but McDonald was a master organizer and by mid-summer of 1992 OILC had around 1,500 members, enough for financial stability. Area committees were formed at Glasgow, Aberdeen, Liverpool, Hull but the latter two were short-lived and the new union has never been able to establish a branch structure similar to other unions. Together with a close-knit group of hard-working enthusiasts he drew up a constitution with the necessary items relating

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<sup>123</sup> All three quotations are from *The Crisis in Offshore Trade Unionism* p.14.

<sup>124</sup> v. p.238 supra.

<sup>125</sup> *The Crisis in Offshore Trade Unionism* p. 12.

<sup>126</sup> Comment attributed to G. Douglas, member of the OILC Standing Committee at meeting of 19th September, 1991.

<sup>127</sup> v. Chapter Twelve, p. 204-206 supra.



to the objectives of the union, the rules, the number of officials, their method of election and terms of office, the benefits accruing to membership and the subscription levels. By February 1992 it had won listing as an independent union from the Registrar of Trade Unions and Employers' Associations and entered upon the regulatory two year probationary period, which had to precede the grant of a full Certificate of Independence.

These twenty-four months did not pass easily for McDonald because there was a real possibility that internal dissension would cause the nascent trade union to founder. To a large extent this arose out of the nature of the membership of the Organising Committee set up to carry out the executive functions of OILC. The majority of its officers were Glasgow-based and no longer employed offshore while the Aberdeen-based officers were more closely in touch with OILC members out in the North Sea. The dispute had all the characteristics of the petty quarrels and irrational suspicions of the motives of others which, historically, plague small organizations poised between survival and irremediable decline. It was 1995 before OILC was free of this financially damaging civil war but by then it had won full legal status as a trade union and the members had elected Ronnie McDonald as its General Secretary with Jake Molloy (who succeeded him in 1997) and David Robertson as his deputies.

#### **(e) The Offshore Industry Liaison Committee and OFS**

Although OILC had sought affiliation to the Scottish TUC and the Labour Party and had been rebuffed by both, it was welcomed as a friend and ally by the Norwegian trade union OFS,<sup>128</sup> itself outside LO, the recognized trade union organization of its own country. The OFS regarded NOPEF, a trade union within LO, in much the same light as OILC regarded the AEEU, that is, a large union too ready to be conciliatory to employers and antagonistic to any employee organization which challenged its supremacy as representative of all offshore workers. It was considerably larger than OILC and had been founded several years earlier but the similarities of their foundation and relationship with the official trade unions made the two organizations natural allies. An OFS delegation attended the first OILC national conference in 1992 and an alliance was forged there which has continued to the present day. As early as January 1993 the two unions had formed a joint committee *to bring about a meaningful level of co-operation between the two organisations to benefit both sides*<sup>129</sup> and by May of that year OFS had intervened on the OILC's behalf in the Borgny Dolphin incident referred to in the Foreword to this thesis. OFS and OILC have also organized international conferences on the oil industry at Stavanger, at which prominent figures in the industry and in the regulatory bodies of both countries have presented papers. For example, the conference held in November 1994 included addresses from the managing director of Statoil and the operations director of the Offshore Safety Division of the Health and Safety Executive.

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<sup>128</sup> v. Chapter Five supra.

<sup>129</sup> *Blowout*, 30, February 1992.



On account of its small membership OILC remains very much the junior partner in this alliance. OFS, on the other hand, is large enough to feel that it has a secure future and in 1995 was seeking to recruit employees in the onshore oil industry. Elections to its executive, which are held every two years, are fiercely contended. Some shop stewards on the Ekofisk field in 1995 were former OFS executive members and as part of their campaign to regain office objected to their union's close links with OILC.<sup>130</sup> In 1996 there was what "Blowout" referred to as *a major shake-up in the leadership of OFS*<sup>131</sup> but the OILC/OFS alliance appears to remain unaffected since they formed a joint working party in 1997 to monitor plans of Shell and Statoil concerning helicopter facilities.<sup>132</sup>

#### **(f) The Future of the Offshore Industry Liaison Committee**

Since OILC was mandated by its participants to sever the link with the trade unions affiliated to the Scottish Trades Union Council and establish itself as an independent trade union for all offshore workers, its membership has remained just large enough to provide sufficient income for survival. It maintains excellent public relations with the press, radio and television and consequently its opinion is regularly sought and therefore reported on all matters concerning offshore employment. This is particularly the case when a serious accident occurs offshore because it is almost an article of faith among OILC members that the absence of trade union representation from offshore safety committees is inimical to the interests of workers. Members feel a strong personal identity with their union and so a higher proportion of them are active within the OILC than is the case of trade unions with larger memberships. The union's bi-monthly publication - "Blowout" - is attractively produced with well-informed and analytic contributions which, since they are written in good prose, retain the readers' attention.

The size of the union, nevertheless, will be an ever present problem because its membership has now fallen to around 1,500-1,600. At present there seems little chance of significant higher recruitment unless some event occurs offshore which convinces workers that it is worth their while to join OILC. Preliminary discussions were opened in 1997 with the National Union of Miners about the possibility of a merger to form a new union of energy workers but the industries are too disparate in their technology and location for a merger to advantage either of them. OILC proposed affiliation with MSF at its AGM in May 1998 and discussions are currently taking place. The decline in membership of the trade union is almost certainly the reason why amalgamation is being sought with a larger union. That the Offshore Industry Liaison Committee has survived at all is a success in itself.

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<sup>130</sup> This information was given to the author by Tor Fjellidal, Executive Officer (Research) of NOPEF, when the author visited NOPEF office in Stavanger on 9th May, 1995.

<sup>131</sup> *Blowout*, 48, June 1996.

<sup>132</sup> *Blowout*, 51, April/May 1997.



## 4 Summary

The creation and survival of the Offshore Industry Liaison Committee is the story of how one man built a new trade union for offshore workers and how another, through his close association with it, met his Nemesis. Despite the uncompromising opposition of the oil operators to the principle of collective bargaining and the equally intransigent attitude of national officers to minority groups within their own trade unions, Ronnie McDonald forged a trade union which is now a full player in North Sea industrial relations. By contrast, Tommy Lafferty, who had been enjoying a successful career as a union officer was to experience personal disaster when his close association with OILC became inconvenient for his trade union.

Although OILC has now adopted improved safety offshore as its primary objective, its origins lie in the demand for post-construction agreements freely negotiated between employers and trade unions. Operators had always refused to concede this and by 1988 it seemed as unattainable as it had been a decade earlier. Consequently union membership offshore was poor and the operators were able to claim that this reflected satisfaction with their conduct of employee relations. Piper Alpha stimulated trade unions into reactivating their demands for fuller recognition but, totally independent of Piper Alpha, agitation had already begun on the Tern oilfield for a post-construction agreement.

There had been little hook-up work since 1986 and the men on Tern knew that they were soon to be transferred to non-hook-up work on Forties field. They used their right under the Offshore Construction Agreement to hold meetings on their installations where they demanded a post-construction element be included in the next OCA. Their unions, already negotiating the 1989 OCA, promised that unless the contractors conceded a post construction agreement during the next twelve months they would not sign an OCA for 1990.

OILC was founded in February 1989 as part of the local trade union strategy to win a post-construction agreement and McDonald was appointed to lead it. Its purpose was to instigate unofficial action offshore in pursuit of trade union objectives as a substitute for official action which trade unions could now undertake only after a ballot. A number of "sit-ins" took place which OILC claimed to result from the difference in pay and conditions between contractors' employees and direct workers but their purpose was probably to test the readiness of offshore workers for a sterner test the following year.

This low-key action offshore produced a surprisingly conciliatory response from the Offshore Contractors' Council in the form of a big increase in hourly rates and unified conditions of service for employees of OCC members - the "Model Terms and Conditions". The oil operators, however, immediately identified OILC as a threat and informed OCC that tenders for work which included a post-construction agreement would not be acceptable. Since the unions refused to



negotiate an OCA for 1990, without such an agreement a serious confrontation offshore became imminent.

McDonald and Lafferty used the autumn and winter of 1989/90 to put OILC on firmer foundations. OILC rented an office, registered itself as a charity (Oil Information Centre) and drew up a constitution stating that it had no members, only participants, and would thus be able to operate outside the restrictions of trade union legislation. McDonald addressed a meeting of national officers of trade unions at the 1989 TUC and claimed that OILC articulated the *authentic voice*<sup>133</sup> of the North Sea workers. Lafferty consolidated OILC's position as a growing force in offshore industrial relations by persuading IUOOC (of which he became secretary in December 1989) to invite McDonald to attend its meetings, to allow itself to be represented at OILC meetings (by himself) and to accept lay members.

OILC and IUOOC sought to ensure continued trade union support for a post-construction agreement by drafting the Continental Shelf Agreement which committed signatories to that principle. The national officers of the oil industry trade unions constituted themselves into the National Offshore Committee, endorsed the CSA, announced that they would enter no agreement outwith its principles and invited OILC *to deliver action offshore*.<sup>134</sup> Meanwhile the oil companies had tried to weaken support for OILC by increasing even higher the hourly rates of pay, offering to contractors' men conditions of work similar to those enjoyed by their own direct employees and breaking off the regular meetings between UKOOA and IUOOC.

OILC had planned a strategy whereby a series of overtime bans would be followed by withdrawal of labour in the late summer of 1990 when the oil companies would be most vulnerable on account of a requirement to fit emergency shut-down valves. In the event the timing went awry because McDonald could not withhold the enthusiasm of his activists and Lafferty lacked the patience to await the most propitious time to escalate the action. Although the overtime ban protests had some success, withdrawal of labour, where it did take place, came too early and OILC had to call off action at the end of August with little accomplished. A 1991 Oil Information Centre publication, "Striking Out", analyses the background to the action, its conduct and its consequences from the OILC perspective while contemporary oil company papers throw a very different light on the events.

With almost indecent haste the trade unions began to repair their bridges with the operating and contracting employers. Their commitment earlier in the year to the CSA was jettisoned and negotiations on a new OCA opened. For the national officers OILC had now become a hindrance to smooth progress towards an OCA and they hoped that it would wither and die but OILC remained a cohesive, albeit smaller, group which continued to receive support from the IUOOC. It had

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<sup>133</sup> Appendix CC.

<sup>134</sup> v. p. 232 supra.



a public relations coup with the publication of "Striking Out", which proposed, inter alia, the formation of an Offshore Federation similar to the Confederation of Shipbuilding and Engineering Unions (CSEU) and this was interpreted by the national officers, currently involved at a crucial stage in negotiations with the employers, as unhelpful in the extreme. When it was followed immediately after the signing of a new OCA by "The Crisis in Offshore Trade Unionism" wherein the AEU and EETPU were accused of manipulating the discussions in their own and not the offshore workers' interests, OILC could no longer remain within the main body of British trade unionism.

Lafferty had continued his close connections with OILC and McDonald until June 1991, when, having been instructed by his union to break off relationships with OILC, he resigned his secretaryship of IUOOC. That body continued to accept McDonald as a full member and as late as August 1991 proposed to their national secretaries that a meeting be convened to discuss a re-organization of IUOOC along the lines of CSEU, an OILC suggestion first put forward in "Striking Out". The meeting took place but the AEU and EETPU made it clear that no OILC representative was to be present at any subsequent discussions. In October 1991 McDonald was expelled from the IUOOC because by then OILC was seeking independent status, while Lafferty failed to win re-election to office in 1992 and died, a broken man, the following year.

The decision to operate as an independent trade union outside the Scottish TUC implied the retention and recruitment of sufficient members to sustain an organization, which had previously operated with subventions from other, mainly trade union, sources. Although never quite reaching its target of 3000 members, OILC achieved financial stability during 1992 and continued on its course as a union serving the needs of all offshore workers, irrespective of their occupation. It found an ally in the Norwegian union OFS, like OILC a union outside the main stream of trade unionism, and both unions have subsequently co-operated closely on all matters concerning the North Sea oil and gas industry.

It is always unwise to predict the future of small trade unions living precariously in the shadow of larger unions from which they have broken away. The most that can be said of OILC is that its members appear to be confident of their future and that it remains the first workers' organization to which the media refer, when they require an authoritative comment on an issue that affects offshore employees.

# CHAPTER FOURTEEN



## CONCLUSIONS

The nature of industrial relations within the United Kingdom has undergone radical change within the last quarter of a century. During the 1970s and early 1980s almost every issue of the "Financial Times" required a complete page to cover current or threatened industrial disputes but today their infrequency no longer warrants such coverage. Trade unions and collective bargaining remain features of the employment scene but the influence of the trade unions has declined significantly and, outside the public sector, direct communication between employers and employees is becoming increasingly prevalent at the expense of collective bargaining. It is even suggested by some authorities that organizations may move completely away from trade union recognition and collective bargaining and lean *towards a unitary perspective of industrial relations which emphasises the individual and either marginalises or eliminates the rôle of trade unions.*<sup>1</sup> Yet back in the mid-1970s there was already emerging from the offshore oil and gas industry an industrial relations structure which exhibited many of the features that have become more common today.

### 1 The Industrial Relations Policy of the Oil Operators

The dominant theme of industrial relations in the North Sea oil and gas industry has been the unrelenting opposition of the oil operators to any recognition of trade unions for the purposes of collective bargaining. They are so thirled to this policy that they have extended it to oil service companies by making it known that no contract will be offered to any organization which has agreed its terms and conditions of employment with a trade union. Some operators are prepared to grant representational rights to union members involved in grievance or disciplinary matters but this is the limit of the trade unions' success in their long and, so far, hopeless quest to secure any rights to negotiate. The one exception is Phillips Petroleum which has granted full negotiating rights to MSF for that union's members on the Hewett and Maureen fields.<sup>2</sup> The uniqueness of this union-management agreement was brought home to a colleague of the author when he attended a recent conference of oil related personnel and witnessed the Phillips Petroleum representative being ribbed about his company's trade union connection.

There has never been any public declaration of this policy although it is recognized as an article of faith among oil operating companies. The oil industry is happy to be associated with trade unions through official bodies such as the Offshore Petroleum Industry Training Organization (OPITO) and at the quarterly meetings between the Inter Union Offshore Oil Committee (IUOOC) and the Liaison Panel of the UKOOA Employment Practices Committee but the trade unions have never been accorded any legitimacy when it comes to the industry's

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<sup>1</sup> Billot, H. (1996) Business Alloys. *People Management*, 2 No 20, p. 39.

<sup>2</sup> v. Chapter Nine, p. 141 supra and Appendix S.



management of human resources. As this thesis has shown, there have been several factors which explain why the industry has kept, and continues to keep, the trade unions away from its bargaining tables.

What may be described as a general negative factor embracing many sub-factors was the state of industrial relations in Great Britain from approximately 1965 to 1980. Exploration for oil began in 1965 and by the early 1970s it was known that under the UK continental shelf there were huge reserves of oil and gas capable of commercial exploitation. There followed the construction and commissioning of production platforms to extract this mineral wealth from the sea-bed and transport it onshore. These activities took place at a time when the industrial relations scene in the United Kingdom as a whole was not attractive to inward investors. Indeed, when Robert Taylor, then Labour Correspondent of "The Observer", wrote "The Fifth Estate", a book about trade unions during this period, the title was generally accepted as a fair indication of the power which trade unionism then exercised in the United Kingdom.

The policy and practice of British trade unions at this time would have caused any incoming organization to think carefully before committing itself to heavy capital investment within the country. When American manufacturing firms established factories in Britain during the 1960s, organized labour seemed more concerned that anti-trade union practices were being imported than that there would be any widening of opportunities for employment. Between 1963 and 1969 the TUC accepted four motions which were hostile to the perception of anti-trade union behaviour by American management. There followed in 1970 the specially convened TUC Conference on International Companies which concluded, inter alia, that trade unions would *continue to act to compel subsidiaries to conform to British industrial relations practice*.<sup>3</sup> The oil operators would also have noted that the study on labour relations in multinational companies commissioned by the British North American Committee in 1971 came to remarkably similar conclusions including criticism of certain companies for refusing to recognize trade unions.<sup>4</sup>

The Labour Government's proposal to introduce greater control of industrial relations, as outlined in the white paper "In Place of Strife", merely aroused the wrath of the unions while the Industrial Relations Act 1971 was rendered a dead letter by the refusal of the trade unions to allow it to operate as intended. Its repeal in 1974 and replacement by the Trade Union and Labour Relations Acts of 1974, 1976 and 1978 suggested to many both within and without the United Kingdom that trade unions could dictate to the government the national industrial relations system. The Social Contract was interpreted as an example of this with the government virtually seeking approval of its economic policy from a non-statutory body. As late as 1983, Dorfman

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<sup>3</sup> Item ii of Appendix Two: TUC Conference on International Companies. v Appendix F (of thesis).

<sup>4</sup> v. Chapter Seven, p. 114 supra.



was writing that *the disruptive power of unions in Britain has been painfully obvious in recent years and the union movement has seemed at times an impregnable fortress of pressure group power.*<sup>5</sup>

Moreover, although trade union leaders were accepted as national figures whom government ministers consulted, it was patently obvious that in some industries their members could ignore with impunity the very procedures agreed between managements and unions for the resolution of disputes. Before even a drop of oil had been recovered from the North Sea the oil industry itself suffered this experience indirectly when Highland Fabricators, continually embroiled with labour disputes, delivered the first jacket for the Forties field one year later than originally targeted.<sup>6</sup>

The nearest trade unions ever came to recognition from the industry was in the summer of 1989. Some of the major contractors, aware that the trade unions were unwilling to discuss another hook-up agreement unless there was an accompanying post-construction agreement, agreed to discuss recognition with the operators and a few even went the length of promising to hold ballots among their employees on platforms in order to find out their wishes concerning trade union representation.<sup>7</sup> Trade union agreements with contractors would not necessarily have impinged upon the policy of the operators but no such agreements were ever reached since the operators made it clear that any contractor who had entered into one would not have its tender accepted. During the industrial action of the following year R. J Carter, External and Corporate Affairs Manager of Marathon, saw advantages for the smaller operators of a national offshore agreement since this would mean that Shell and BP could not dictate policy to the industry but he was a lone voice within his company as well as the operating companies as a whole.<sup>8</sup>

There were positive reasons too for the decision to avoid involvement with British trade unions. Principally they were seen simply as a problem which, if it arose, could be dealt with at operating level. The industry was a world-wide structure, which had been accustomed so long to having its managerial decisions unquestioned by its employees that it was unlikely to amend its preferred "modus operandi" to fit into the British industrial relations system. In any case extracting oil and gas from the North Sea meant that the operators had installations in northerly latitudes involving far greater expenditure on safe working environments and transporting employees and supplies than in Saudi Arabia, Venezuela or in the shallow waters off the coast of Texas. Once hook-up had been successfully completed on a platform, full priority was given to production so that a return could be generated on the enormous initial investment. As regards human resource management the operators applied a policy of sophisticated paternalism which may be described as an

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<sup>5</sup> v. Chapter Four, p. 60 supra.

<sup>6</sup> v. Chapter Six, p. 96 supra .

<sup>7</sup> v. Chapter Thirteen, p. 223 supra.

<sup>8</sup> v. Chapter Thirteen, p. 236 supra.



authoritarianism sufficiently benevolent to make superfluous any need for collective bargaining through the agency of a third party.

There are two other positive factors in the absence of trade unions as negotiating bodies from the North Sea oil and gas industry. First, the industry did not consider that it was its responsibility to impose trade unionism on employees who were perfectly happy without union membership. As a former director of operations commented to the author: *there was never any pressure from employees for trade unions except in the case of Occidental.*<sup>9</sup> *If the oil companies had introduced them they would have been imposed upon their men by the employers.* Although trade union officials would seek to counter this argument by claiming that the employers always made it very difficult for them to communicate the benefits of trade union membership to offshore workers, this does not invalidate the employers' view of the matter. Recruitment of members in sufficient numbers to make claims for representation credible must always remain the responsibility of the unions.

The second factor is the skill of the operating management staff responsible for conceiving and implementing the oil companies' industrial relations policies. Here a distinction must be made between drilling and production. Drilling is usually carried out by companies on contract to a major operator and their vessels move around the oceans wherever their services are needed. There is tremendous pressure to obtain positive results and consequently little time for the niceties of employment law or building a rapport between different levels of authority. The conduct of the senior tool pusher of the Venture One<sup>10</sup> and the crudity of the language of another, which was quoted earlier in the thesis,<sup>11</sup> justify the description sometimes given to industrial relations in the drilling industry as *overt and brutal anti-trade unionism.*

By contrast employee relations on production platforms have been described as being *covert and quiet anti-trade unionism.*<sup>12</sup> Indeed, very little is ever written or said about industrial relations on production platforms on the UK continental shelf and to a large extent this seems to have been deliberate policy by the oil companies. The author has attended over the years many conferences where personnel directors of well-known companies have accepted invitations to speak about their organizations' approaches to industrial relations but he has never heard any contribution in this area from an offshore oil operator's representative.

In their monumental book "Paying for the Piper", Woolfson, Foster and Beck make little or no concession to the professional skill of the managers charged with the development and implementation of industrial relations policies. John Kelly, an editor of the "British Journal of Industrial Relations", comments in the course of his review of the book that it is *a highly readable, often fascinating*

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<sup>9</sup> Presumably a reaction to the Piper Alpha disaster.

<sup>10</sup> v. Chapter Eight.

<sup>11</sup> v. Chapter Two, p. 29 supra.

<sup>12</sup> These descriptions were given by David Macaulay in his unpublished thesis to which reference has already been made in Chapter Four.



*account of a grim and depressing saga.* <sup>13</sup> Kelly's view accords well with his known philosophy on industrial relations which he shares with the writers of "Paying for the Piper". This, however, is not the picture of the industry which the author has drawn from his research.

The oil operators have determined upon an industrial relations policy wherein trade union recognition for negotiating purposes has no place but this does not imply a callous or even uncaring attitude towards their employees. All major oil companies entrust their industrial relations to well trained and experienced personnel managers,<sup>14</sup> who have been responsible for introducing policies and procedures which compare favourably with those of onshore companies considered to be the most progressive in this field. Reference has already been made to one company which went to great lengths to ensure that its employees knew their rights when the company was about to sell its interest in an oilfield.<sup>15</sup> In common with all organizations there will be employees on production platforms who are the subject of disciplinary action and there the procedures are clearly laid down and designed to allow the employee a full and fair hearing with access to an appeals procedure when necessary. Equally professional are the grievance procedures which give the employee access to a route along which he can pursue a complaint against some action by the company. There are also in place procedures for the resolution of disputes and, although they must be used infrequently, they are again drawn up in a professional manner worthy of any other major employer. In general, there are channels of communication between employees and management which operate satisfactorily to mutual advantage.

A recent example of this is the experience of the small Canadian oil company, Talisman Energy(UK), when it took over the Beatrice, Buchan and Clyde fields in 1997. It asked the employees their particular dislikes of their work and were told that the three week on/three week off shifts were not conducive to a stable home and family life. Accordingly the company altered its system of shifts to two weeks for the winter period but retained the longer shifts for most of the year.<sup>16</sup>

This is not a plea in justification of the industrial relations policies of the oil operators and in particular of their refusal to concede negotiating rights to trade unions for negotiating purposes. It is merely a statement of fact and a judgment that employees do not appear to be disadvantaged by their lack of trade union representation. Some people regard membership of a trade union as a social duty and indeed there was a period in the late 1970s when industrial tribunals were not allowed to hear a claim for unfair dismissal if the loss of employment arose

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<sup>13</sup> This quotation does not come from a volume of BJIR but is an excerpt from a review of "Paying for the Piper" which Kelly gave before publication at the request of the publishers. In conversation with the author of this thesis, he described this practice as "advanced praise".

<sup>14</sup> Titles vary between companies, some using the terms such as human resource manager, industrial relations manager, employee relations manager etc.

<sup>15</sup> v. Chapter Twelve, p. 210 supra.

<sup>16</sup> Helicopter flights are expensive and it is a saving of costs if employees need to be flown offshore once in three weeks instead of in two.



out of an appellant's non-membership of a trade union. The reasons why employees in the offshore oil industry have shown little inclination to combine in traditional trade union fashion have been explained in Chapter Ten. The *unitary perspective of industrial relations* which a writer<sup>17</sup> in 1996 foresaw as a direction in which employment was moving had already emerged offshore almost twenty years earlier.

## 2 The Marginalisation of the British Trade Unions

The industrial relations policy of the oil operators has succeeded because the trade unions have never been able to confront the industry as a united and cohesive organization. Even if they had enjoyed total unity of purpose at national and regional levels this would have been to little purpose on account of their failure to recruit sufficient members to support their demands. Jobs offshore were certainly more highly remunerated than equivalent work onshore but there are other industries such as vehicle manufacture, chemical engineering and, especially, printing where payment is well above the national average and trade union membership is almost "de rigueur."

The prime reason for the failure of the trade unions to gain a substantial presence on the UK continental shelf was a combination of their arrogance, assumptions about their inevitable acceptance at the collective bargaining table and undue reliance on government support. The arrogance was displayed in the early days of the industry when Bill Reid, secretary of the newly formed IUOOC, sent a letter to the oil companies based in Aberdeen demanding their attendance at a meeting to discuss recognition of the trade unions and in the same communication threatening them with industrial action if they refused to accept the invitation. The employers ignored the invitation and, since the response of the onshore trade unionists to the IUOOC's call for industrial action was utterly ineffectual, the oil operators never thereafter saw the IUOOC as a threat.<sup>18</sup> Despite this total rebuff the IUOOC continued to assume that collective bargaining was bound to become the norm offshore as it was onshore and that it would be only a matter of time before the oil operators could be persuaded to this way of thinking. It must be remembered that the mid 1970s were years when British trade unionism was at its apogee and that its leaders were national figures whose organizations had been referred to as *the robber barons of the system*.<sup>19</sup> With a Labour government in power and a Secretary of State for Energy<sup>20</sup> who was a strong supporter of trade union aspirations, the unions thought that they had achieved their goal when the oil operators, following considerable government pressure, agreed to the "Memorandum of Understanding on Trade Union Access to Offshore Installations" and, a few months later, to the "Guidelines through which Recognition may be achieved." The trade unions had,

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<sup>17</sup> v. p. 251 supra.

<sup>18</sup> v. Chapter Six, pp. 101 & 103 supra and Appendix C.

<sup>19</sup> v. Chapter Four, p. 61 supra.

<sup>20</sup> Appendix FFF lists the government ministers responsible for the UK offshore industry 1963 - 1996.



however, been outmanoeuvred by the oil companies and were to find that the agreements were very much to the companies' advantage rather than to their own.<sup>21</sup> Moreover, they never seemed to realise that even the Labour government of 1974-1979 had limits to the time and effort it was prepared to expend on persuading the oil companies to undertake industrial relations policies to which they were opposed.

There are a number of other factors which have gnawed continually at the unity of purpose to which the trade unions have aspired and thereby have contributed to their failure offshore. One of these was the indeterminate status of the IUOOC which was established to fight for a fully representative rôle for trade unions in the oil and gas industry. It is difficult to dispute the conclusion of the author of "Striking Out" that this has been the root cause of the IUOOC weakness.<sup>22</sup> It has always been a committee of local trade union officers based in Aberdeen without delegated powers from either the TUC or the STUC. Given its title the former Fuel and Power Industries Committee of the TUC was the obvious body to carry out TUC resolutions on the newly arrived offshore oil industry but the FPIC seemed more interested in ensuring that no rival or newly formed committee would assume that function.

This, however, does not excuse the constant petty bickering between members of the IUOOC about the categories of offshore employment from which the different unions could recruit members. Very early in the life of the IUOOC, when it had become obvious that unions were going to have a struggle to recruit any worthwhile membership at all, the NUS squabbled with the TGWU over recruitment on semi-submersibles and the arrival of Campbell Reid, the first full-time ASTMS official to be appointed to North East Scotland, was regarded as a challenge rather than an additional resource in the struggle to win access offshore. These are just two illustrations of this unfortunate propensity to internecine squabbles which, although not a regular feature of trade union relationships, were never to disappear from the agenda.

The accusation could also be levelled at the IUOOC that its members were slow learners. The UKOOA always made it clear that it was an association of oil companies which had no mandate to negotiate with any trade union or trade union body such as IUOOC. The conduct of industrial relations within individual oil companies remained the responsibility of each company and this was stipulated in the UKOOA Liaison Panel's terms of reference which all trade union officers must have seen. Yet time and time again IUOOC brought issues to its quarterly meetings with UKOOA which the latter was unable to entertain without breaching its terms of reference. The IUOOC never even attempted to develop an alternative strategy to counter UKOOA policy. Yet the successful fight to win reinstatement of the men dismissed for industrial action on the drilling rig Venture One<sup>23</sup> occurred early in the history of offshore oil on the UK continental shelf. It was the result of well co-ordinated action by trade unions

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<sup>21</sup> v. Chapter Seven, p. 124-128 supra.

<sup>22</sup> *Striking Out* p. 77.

<sup>23</sup> v. Chapter Eight.



including vital support from onshore employees. Although the employers learned from their mistakes in that confrontation, the IUOOC never again achieved any comparable victory because co-ordination, which had served them so well in the Venture One case and was vital to the attainment of their overall objectives, gave way to narrow individual and sectional interests.

Finally, if, at times, the trade union officials living and working in Aberdeen felt that they were not receiving as much support from their national officials as they deserved, they should have considered the wider picture faced by the trade union movement as a whole from 1979.<sup>24</sup> Every year since then the number of trade unionists has been fewer than in the previous year and this was associated with high unemployment in the mid-1980s. At national level, therefore, trade union leaders had more urgent affairs to address than the difficulties faced by their branches in NE Scotland, where employment was still buoyant and where their officers were seeking to recruit in a fairly shallow pool. A target of 30,000 employees aimed at by eight different unions offered slim pickings from the point of view of accretion of numbers to a particular trade union. They won attention from their national leaders from time to time, particularly in the immediate aftermath of Piper Alpha, but this interest was always spasmodic and when trade union membership fell into sharp decline from the early 1980s recruitment of offshore workers was among their minor concerns. It was this real rather than apparent lack of interest which was one reason for the birth of the Offshore Industry Liaison Committee.

### **3 The Norwegian Comparison**

Had the international oil companies not ignored history their experience of working in Norwegian waters would have been different from what it is to-day. They committed a serious error of judgment in believing that they could disregard the national identity of a people whose nation had been reborn as recently as 1905, a mere sixty years before drilling began in the North Sea. Apart from that general misunderstanding they failed to appreciate that all five Scandinavian countries have a tripartite system of industrial relations where trade unions are as important participants as governments and employer associations. That the oil companies confronted this system instead of integrating with it had two major consequences.

The first is that the initial intransigence of the oil companies has forced them to recognize two trade unions, often bitterly at odds as each claims its superiority in the representation of offshore workers. This arose out of the recognition by one company not of an established LO-affiliated trade union but of an in-house association of employees, which soon expanded to involve employees of other major oil companies. Thus was born OFS, a militant offshore trade union outside the LO framework. Simultaneously LO had come to realise that existing trade unions were making no impact upon the oil companies and, prompted by the

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<sup>24</sup> v. Appendix III



arrival of OFS, instituted a new trade union, NOPEF, specifically for petroleum workers, which soon attracted a larger (but not overwhelmingly so) membership than OFS.

The second consequence is that the Norwegian government has required the oil companies to adopt employment practices which conform to the general pattern of the nation as a whole. Despite the great difference in the operational nature of their industry compared with onshore industries, offshore oil and gas companies must adhere to Norwegian law in the same way as onshore employers.

The comparison with events in the UK is stark. Most significant is the uniformity of all employment legislation across Norwegian industry which contrasts with the semi-autonomous position of the oil and gas industry on the UK continental shelf. The UK government, even when it was Labour controlled, has never contemplated legislation which would put pressure on offshore companies to negotiate with trade unions or to accept them (as distinct from employee representatives) as equal partners on installation accident prevention committees. The British trade unions are in regular contact with their Norwegian brethren and envy their state-supported relationship with the employers but have never analysed why there is in Norway such a different state of affairs; or, if they have done so, they have not reached the obvious conclusion. The Norwegian trade union movement quickly saw that it was failing to make an impact on the multinational companies associated with oil and gas and that unity of purpose was the key. Instead of immersing themselves in petty, often fratricidal, squabbles about rights to recruit in particular aspects of offshore work - as the British trade unions did to their disadvantage - the Norwegians established a new trade union designed to represent all offshore workers. NOPEF does have a rival in OFS but this is almost a matter of indifference compared with the position of the British trade unions which continue to vie with each other for membership among a workforce which exhibits apathy towards their efforts.

#### **4 The Offshore Industry Liaison Committee**

Despite the success of LO in forming an entirely new trade union to serve employees in an industry which had not previously existed in north west Europe, the TUC never saw this as a solution to their offshore recruitment difficulties. Incredibly, since the British trade unions must have been aware of the industry's attitude to organized labour, they believed that all that was needed for recognition to be inevitable was access to installations for recruitment. Having won support for this through government intervention, they then left the matter to the local officials in north east Scotland whose loose ad hoc Inter Union Offshore Oil Committee was accorded no delegated powers. Visits of representatives of different trade unions to offshore installations became common but the vast mass of the employees remained indifferent to their presence.



Eventually there was founded an independent trade union specifically for offshore employees but, unlike NOPEF and OFS, it was too late to make any significant impact on what had become the established system of industrial relations on the UK continental shelf. Although now unrecognized by the TUC, the OILC was originally established with local trade union encouragement as a group of offshore activists who had every intention of remaining within their trade unions. It was, nevertheless, a combination of workers which inevitably began to behave like a trade union when it recruited “participants” and established branches. As its leader Ronnie McDonald stated, it *was formed as an illegal enabling and mediating body* which could impose industrial sanctions with impunity in ways that were not now open to official trade unions on account of the Employment Act 1990. Its original purpose was to agitate for a post-construction agreement, which would concede to trade unions rights similar to those enjoyed under hook-up agreements and in this cause it imposed sanctions against the offshore employers in 1989 and 1990. This caused annoyance rather than real concern to the operators and achieved nothing. “Paying for the Piper” stated that *there had been a breakdown in managerial authority culminating in the rig occupations of 1989 and, more especially of 1990 and that the collective action of the workforce in the years after Piper Alpha<sup>25</sup> had a significant effect on the subsequent character of the industry, but these claims lack evidence.*

The national officers of the trade unions, who had constituted themselves into a National Offshore Committee in order to support OILC action offshore, did not enhance their reputation in this whole affair. Having first encouraged OILC in its industrial action the national officers very quickly sought first to distance themselves from it when the action had to called off and then actively sought its demise. For a brief moment it seemed that something positive might have emerged from the débâcle when Alex Ferry supported the IUOOC proposition that it reconstitute itself on lines similar to the Confederation of Shipbuilding and Engineering Unions but that, too, ran aground. Had this strategy been implemented twenty years earlier it might have achieved that unity of purpose and action which the trade unions needed to confront the operators but, since a federation could never have enjoyed the autonomy exercised by the two Norwegian offshore unions, it is unlikely that relationships between offshore employers and trade unions would have been very different from what they are today.

On the other hand, had the TUC sought to establish in the early days of oil and gas production an industrially based trade union similar to NOPEF or OFS, the history of industrial relations in the North Sea would certainly have been different. If such a trade union had attracted even 8,000 members it would certainly have made an impact upon the oil operators. The OILC “participants” refused to disband after their industrial action and have survived as an independent trade union specifically for offshore employees. The union’s influence with the local and national media is surprisingly strong given its membership of just over 1,500, although it reached a total of over 2,000 at one

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<sup>25</sup> Woolfson, Foster and Beck, op cit p. 545.



time. At present, OILC is maintaining its link with OFS and there is always a possibility of a closer alliance with its stronger Norwegian ally.

Accident prevention is now the foremost theme in OILC policy and the union publicises accidents or dangerous occurrences whenever it believes they merit attention. In common with all trade unions which have an interest in offshore employment it continues to assert, despite evidence to the contrary, that manual worker representatives on platform safety committees cannot make their fullest contribution without trade union protection against victimisation.

## 5 Accident Prevention.

As stated in the methodology<sup>26</sup> there is a myth in the making concerning employment in the offshore oil and gas industry. This is that accident prevention is accorded a low priority and that the managers are vested with Draconian powers which they wield with scant regard to the canons of acceptable man management. Spaven and Wright, who carried out research for the Health and Safety Executive on the effectiveness of the new offshore safety procedures,<sup>27</sup> wrote that *It is a commonplace among many commentators on the offshore industry that Safety Representatives spend their time cowering from management in fear and trepidation.*<sup>28</sup> This statement is included in an article where they take issue with one such commentator who had written a paper<sup>29</sup> full of unsubstantiated assertions of oil company malpractice such as manipulation of elections to safety committees by OIMs to secure pliant representatives.

The authors of "Paying for the Piper" argue their case with sharper instruments and sounder academic bases but their research is eclectic and seldom strays far from the theory that there can be no satisfactory safety culture offshore until the oil operators accept organized labour as a legitimate player in their industry. Their single-minded approach evokes echoes of an earlier age when the translators of the authorised version of the bible warned of *brethren who run their own ways, and give liking unto nothing but what is framed by themselves, and hammered on their anvil.*<sup>30</sup>

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<sup>26</sup> v. Chapter One, p. 5 supra.

<sup>27</sup> Spaven, M., Ras, H., Morrison, A. and Wright, C. (1993). op cit.

<sup>28</sup> Spaven, M. and Wright, C., (1993) *The Effectiveness of Offshore Safety Representatives and Safety Committees: a Response to Vulliamy*. Proceedings of an international conference entitled "Workforce Involvement and Health and Safety Offshore" p.93 sponsored by STUC and others at Glasgow in March 1993 and published by STUC et al in November 1993.

<sup>29</sup> Vulliamy, D., (1993) *Review of the SI 971 Report on the Effectiveness of Offshore Safety Representatives*. Proceedings of an international conference entitled "Workforce Involvement in Health and Safety Offshore" pp. 87-91. op cit. This paper borders on the unpleasant in its attitude to managers in the offshore oil and gas industry and even, as Spaven and Wright demonstrate, misquotes the Cullen Report at one point in order to support an argument.

<sup>30</sup> Dedication to King James VI and I by the translators of the authorised version of the bible. 1611.



The logic of the oil companies concerning membership of installation safety committees outweighs the trade union demand for representation as a right. The person who does a job is far more likely to make a valid contribution in a safety committee than someone who is representing the employees as a whole. Further, as one director explained to the author, there is the necessity for each representative on an installation safety committee to understand the production process and, in particular, how his particular job both contributes to that process and is itself affected by that process.

Moreover, some recent research has shown that workers on platforms located above the UK continental shelf are as satisfied with the accident prevention procedures on their installations as are the unionised workers in Norwegian waters.<sup>31</sup> Associated with accident prevention is the concept of stress and, although their managerial cultures differ, there is no evidence of greater stress on British platforms than there is on their Norwegian counterparts.<sup>32</sup> During 1998 the Health and Safety Executive will publish a further report (which the author has been shown prior to release) confirming these findings and stating that *a majority of both the onshore and offshore samples (722 employees who had answered questionnaires) felt safe with regard to a range of potential hazards on oil and gas installations and felt satisfied with safety measures designed for the detection, prevention and control of incidents.*<sup>33</sup>

Had there been dissatisfaction about the safety of their environment it is likely that the agitation for SI:500 of 1977<sup>34</sup> to replace SI:971 of 1989<sup>35</sup> (dear to the hearts of the authors of "Paying for the Piper") would have found some response. The review of the effectiveness of SI:971 of 1989, specially commissioned for the Health and Safety Executive,<sup>36</sup> found no evidence to support any change and in 1995 the HSE, following European Union legislation which required consultation on accident prevention issues to involve all employees and not solely trade unionists, recommended that SI:971 remain unaltered. In doing so the EU was merely recognising the ILO convention that "independent worker representatives" should not be interpreted as "trade union representatives".<sup>37</sup>

A. C. Barrell, formerly head of the Offshore Safety Division of HSE, when asked if there was likely to be another disaster of the magnitude of Piper Alpha, replied that *there is reasonable expectation that there will not be.*<sup>38</sup> Barrell's opinion is well grounded because he was responsible for monitoring the oil companies' response to the legislation following the Cullen Report. Oil companies are no

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<sup>31</sup> Fleming, M., Flin, R., Mearns, K., Gordon, R. and Rundmo, T. (1997). op cit.

<sup>32</sup> Rundmo, T. v. note 69 of Chapter Eleven, p.193.

<sup>33</sup> Fleming, M., Flin, R., Gordon, R., and Mearns, K. (1998) *Human and Organisational Factors in Offshore Safety*, Summary p. IV. HSE Report 97543. Appendix GGG reproduces the Summary.

<sup>34</sup> The Safety Representatives and Safety Committees Regulations.

<sup>35</sup> The Offshore Installations(Safety Representatives and Safety Committees) Regulations.

<sup>36</sup> Spaven, M., Ras, H., Morrison, A. and Wright, C. (1993) op cit.

<sup>37</sup> v. Chapter Eleven, p. 193 supra.

<sup>38</sup> Speaking on BBC 2 during a programme (7:30 to 8:00 p. m.) on 7th January, 1997.



different from any other employers of labour in that they are responsible at law for the maintenance of a safe working environment in the establishments which they control and Piper Alpha, Ocean Odyssey (both 1988) and Cormorant Alpha (1992)<sup>39</sup> are ever present reminders of the tragedies that have happened in their industry. They have, therefore, interpreted their rôle as one where they must exercise total control over accident prevention policy and they have no intention of sharing this responsibility with any trade unions. Thus safety and its attendant legislation have not provided the bridge which trade unions once believed would give them access to offshore installations. One obvious way for trade unions to play a useful part on safety committees would be for a member employed offshore to stand for election to his installation's safety committee with union support but this policy has never been adopted. For the trade unions, and especially the OILC, formal involvement in the operation of offshore safety committees remains an objective but one which is becoming ever more unlikely.

The reality of safety offshore conflicts with the trade unions' aspirations. In 1996 serious allegations were made about safety on the Piper Alpha's sister ship, Elf Claymore, and were accepted by the BBC for inclusion in its documentary "Frontline Scotland".<sup>40</sup> The programme asserted that faulty work carried out during refurbishment had been covered up by a cosmetic finish. HSE officials were to spend 45 days investigating the matter and they reported that they found absolutely no substantive evidence to support the complaints. Elf welcomed the HSE report, which, rather unusually, was made public and described the allegations as *nonsense* while *OILC refused to accept the report's findings*.<sup>41</sup>

At a personal survival level managers are no less interested in safety than trade unions. As a senior manager responsible for overseeing accident prevention on a large platform said to the author, *I have to sleep and work there like everyone else*. The important question, however, which must be posed is whether the accident prevention policy of the industry is successful. The answer must be in the affirmative as shown by the following statistics issued by the Offshore Safety Division of the Health and Safety Executive.

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
Fatalities	3	13*	13#	5	1	1
Serious Injuries	76	84	73	79	52	41

\* This figure includes the 6 men who were drowned in the Brent Spar helicopter accident.

# This figure includes the 11 men who were drowned in the Cormorant Alpha helicopter accident.

<sup>39</sup> Eleven oil workers died when a helicopter transporting workers from Cormorant Alpha to the nearby accommodation barge fell into the sea. The fatal accident inquiry found the pilot to have made a gross error of judgment and, although the casualties did not therefore arise from a defect in the oil operator's safety procedures, their extent has made the incident highly memorable.

<sup>40</sup> May 1996.

<sup>41</sup> Scotsman, 18th July, 1996.



## 6 Into the Millennium

Employee relations exhibit every symptom of continuing in their current and placid form well beyond 2000 in an industry where technological advances will ensure that existing reserves of oil and gas together with what are termed "potential additional reserves" and "undiscovered recoverable reserves" will extend the life of the industry in the North Sea for at least another quarter of a century. To those who warn that few authorities foresaw the sudden and steep decline of trade union fortunes after 1980 and that consequently there may soon be a resurgence of organized labour in the United Kingdom, the answer is that the circumstances of today are different. Then the industrial relations policy of the offshore employers did not conform with the British system but that policy became less divergent as the years passed when other employers began to adopt similar direct forms of communication with their workforce in place of the traditional trade union channels. This particular process has yet to run its full course, British trade union membership is still in numerical decline and *collective bargaining continues to atrophy, even in many organisations where the procedures are still followed.*<sup>42</sup> North Sea oil and gas employers did not set out to change the British system of industrial relations but their model is now much closer to the national system, if one can be said still to exist.

Ten years ago the extension of the offshore construction agreements beyond hook-up to form a national offshore agreement was the goal of the trade unions. Now, however, the technology of commissioning offshore installations is very different from the days when hook-up agreements could offer some sort of template for agreements applicable for employment once oil or gas was in production. Modern technology has allowed new installations to be constructed on site in such a way that hook-up offshore is less complicated and much shorter in time than it once was. Consequently any chance of full recognition of trade unions after installations have been commissioned is as far away as it ever was.

As the years extend into the next century the Atlantic will become the focus of attention. In what is referred to as the West of Shetland basins oil is already being extracted from the Foinavon and Schiehallion fields where the most advanced technology available to the industry has conquered the triple problem of depth, strong currents and inclement weather. No change in industrial relations policy or practice is likely to happen on these two fields or any others which are yet to be developed over the next decade; what can be called the established North Sea format will remain, largely because operations will continue to be controlled from Aberdeen. The Irish continental shelf, however, presents a different picture. Oil operators are certain that drilling off the west coast of Ireland will soon reveal a wealth of recoverable oil and they have

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<sup>42</sup> *Employment Relations into the 21st Century*. Institute of Personnel and Development. December 1997.



already had serious disputes with SIPTU (Services, Industrial, Professional and Technical Union). Whether SIPTU will be more successful in its relationships with the oil and gas industry than British trade unions must be left to conjecture.

One hundred and fifty years ago the British machine tool industry began to expand and to enjoy considerable prosperity. Enlightened inventor/employers such as Sir William Armstrong and Sir Joseph Whitworth had little time for trade unions but shared the prosperity with their workforce by paying above union rates. There are therefore similarities with the employers in this, for the United Kingdom, relatively new and prosperous industry of oil and gas production. A refusal to recognize a trade union for negotiation purposes may still be seen in some quarters as antediluvian but it is not a sign of a bad or inconsiderate employer. As far as the offshore oil and gas industry is concerned their industrial relations are rooted in a policy based on a principle which combines total managerial control and encouragement of the fullest personal commitment to the task. As one prominent spokesman for the industry has said *The expectation by the workforce is now such that genuine involvement of the workforce by and with the management has become the norm and can be said to be part of the developing culture of the industry.*<sup>43</sup> This is how the industry depicts its relationships although its employees may see things in less favourable light. Conflicts of interest will never disappear but they will be resolved through mechanisms established after that degree of joint consultation which the employers judge appropriate but, thereafter, controlled by them.

## 7 Summary

This thesis set out to examine three interconnected themes associated with industrial relations in the North Sea oil and gas industry. The first was the failure of the British trade movement, in contrast with the Norwegian trade union movement, to secure a presence in the North Sea oil and gas industry and how this has led to a unitary culture of human resource management above the UK continental shelf. The second was the emergence of the Offshore Industry Liaison Committee. The third theme was accident prevention, its rôle in trade union-management relationships and the fairness of the allegations that the industry accords a higher priority to profitability than to the safety of its employees.

This thesis has shown that British trade unions failed to win recognition offshore because their lack of cohesion, internecine squabbling, inability to recruit significant membership and refusal to adopt new strategies meant that they offered far too weak a challenge to the operators who were well organized and united in their determination to refuse negotiating rights. The Norwegian trade

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<sup>43</sup> Royle, D. J. C., (1995) *Workforce Involvement in the UK Offshore Oil and Gas Industries*. Paper read at the Society of Petroleum Engineers Offshore Europe 1995 Conference and Exhibition, Aberdeen.

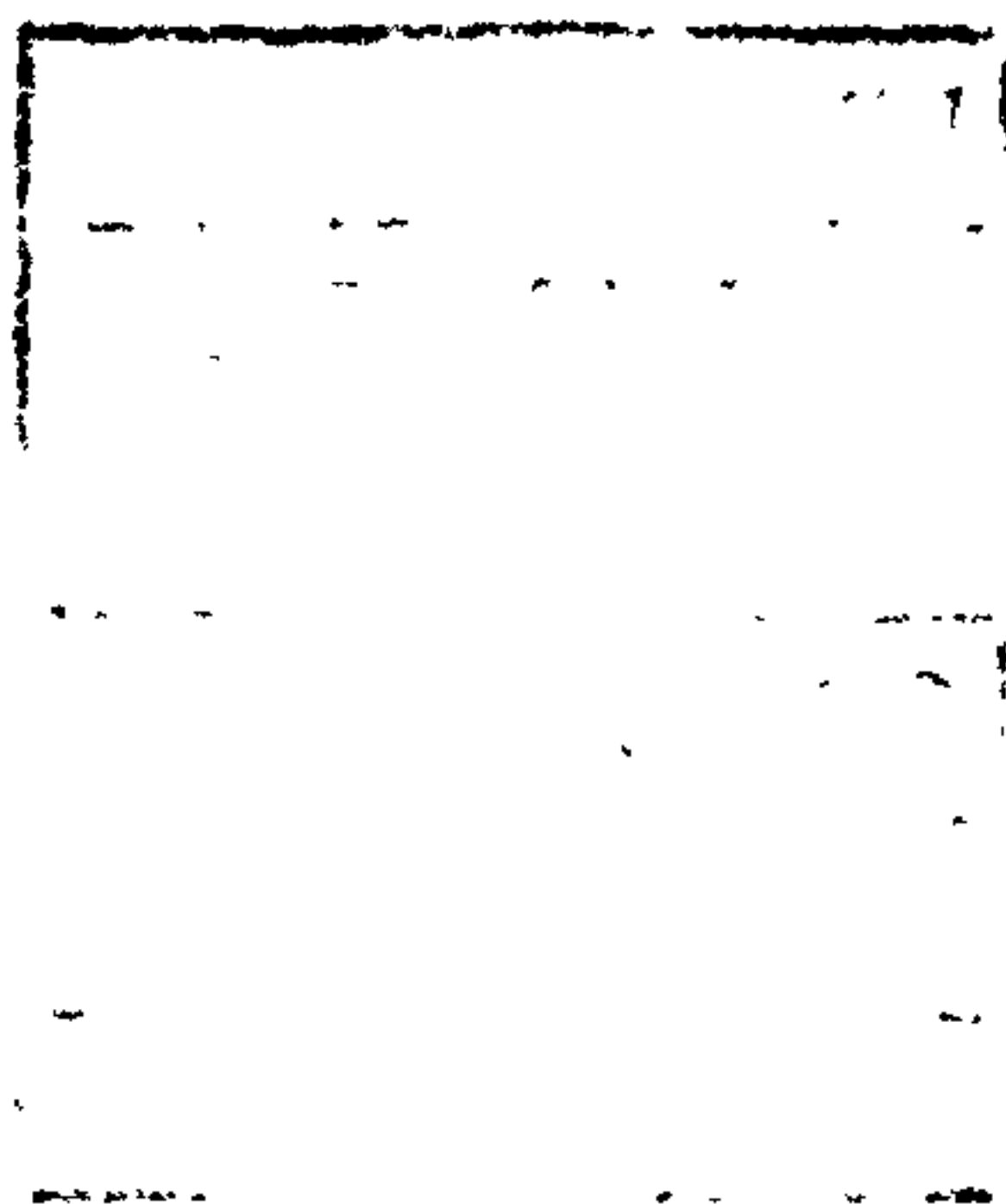
unions, less disputatious, more adept in their choice of strategies and more strongly supported by their government obtained full negotiating power within the industry. The OILC, originally formed as a group of activists within the trade union movement, carried out an unequal struggle against the employers in 1989 and 1990. When it was jettisoned by the trade unions it managed to establish itself as an independent union outside the STUC and, despite its falling membership, retains the attention of the media as the representative body of offshore workers. As regards accident prevention offshore the statistical evidence of the Offshore Safety Division of the Health and Safety Executive and research carried out among oil workers argues strongly against the commonly expressed belief that the employers pay insufficient attention to the provision of safe working environments.



**INDUSTRIAL RELATIONS IN THE NORTH SEA  
OIL AND GAS INDUSTRY 1965-1995**

**VOLUME TWO**

**D. H. F. GOURLAY**  
November 1998



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# VOLUME TWO

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- 2 *Labour Processes in the Norwegian and British Sectors of the North Sea Oil and Gas Industry*. Paper given at the Fourteenth Annual International Labour Process Conference, Aston University, Birmingham, 29th-31st March, 1996.
- 3 *Paying for the Piper*. Review of "Paying for the Piper: Capital and Labour in Britain's Offshore Oil Industry" by C. Woolfson, J. Foster and M. Beck 1996 and published by Mansell, London. The review of this book appeared in the February 1997 issue of "Petroleum Review", which is published by the Institute of Petroleum.

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- J Memorandum from A. C. Reid to J. Langan (14th May, 1976)
- K Guidelines through which Recognition may be achieved. Agreed between UKOOA Liaison Panel and IUOOC on 13th June 1977
- L Memorandum from A. C. Reid to S. Davison (3rd March, 1977)
- M Memorandum from A. C. Reid to S. Davison (12th November, 1980)
- N Summary Report of an Informal Meeting with the Inter-Union Offshore Oil Committee held at Congress House, Great Russell Street, London WC1 on Thursday June 4 1981 at 10:30 am
- O Letter from D. M. Fraser to H. Bygate (21st November, 1978)
- P Memorandum from A. C. Reid to R. Lyons (28th September, 1978)
- Q Letter from L. Murray to N. Lawson (11th November, 1982)
- R Letter from H. Gray to A. C. Reid (21st June, 1982)
- S Statement of Mr Jim Cheetham (15th November, 1996)
- T Item IV of TUC submission to Burgoyne Committee (circa 1979/80)
- U Letter from J. Bromley to A. C. Reid (18th June, 1982)
- V Letter from B. W. Hindley to A. C. Reid (8th November, 1984)
- W Letter from W. Duncan to J. Kinaham (6th December, 1984)
- X Part of a report to the TUC on the meeting of the ILO Petroleum Committee at Geneva 9th-17th April, 1986.
- Y Summary of Accidents and Incidents 1980-1995
- Z North Sea Oil Charter (1981)

- AA Letter from T. P. Boston to A. C. Reid (26th July, 1982)
- BB Letter from T. Kempner to C. Jenkins (6th September, 1982)
- CC The Pembroke Hotel paper (5th September, 1989)
- DD R. W. Eadie to A. C. Reid (23rd February, 1987)
- EE The Constitution of the Inter-Union Offshore Oil Committee as Amended (3rd June, 1988)
- FF Minute of the Extraordinary Meeting of the IUOOC held in the MSF Office, Aberdeen at 11 a.m. on Friday, 22nd July, 1988
- GG Memo from H. W. D. Hughes to Members of Council (i. e. of UKOOA) with Operatorships of Production (13th March, 1990)
- HH Notes of Meetings of OILC at Newcastle and Middlesbrough on 28th March, 1990 sent by UKOOA to all major oil operators
- II Memorandum from R. J. Carter to J. V. Parziale (2nd August, 1990)
- JJ Memorandum from D. E. Smith to J. V. Parziale (6th August, 1990)
- KK Memorandum from D. E. Smith to J. V. Parziale (20th August, 1990)
- LL Letter from A. C. Reid to General Secretaries of all trade unions with an interest in the North Sea oil and gas industry (12th August, 1990)
- MM Minute of IUOOC Meeting held in the TGWU Offices, Aberdeen on Tuesday, 4th July, 1989
- NN Undated paper in IUOOC files on possibility of a confederation of trade unions which might improve recruitment offshore.
- OO(i) Letter from R. McDonald to A. C. Reid (25th October, 1991)
- OO(ii) Letter from A. C. Reid to R. McDonald (21st November, 1991)
- OO(iii) Letter from A. C. Reid to R. McDonald (21st November, 1991)
- PP Letter from A. C. Reid to F. Adam (30th November, 1991)
- QQ Letter from A. C. Reid to C. Christie (8th January, 1992<sup>i</sup>)

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<sup>i</sup> Although the date given is 8th January, 1991 this is clearly an error and should be 8th January, 1992.



## **C Special Appendices**

- AAA Newspaper speculation on death of Enrico Mattei in an air accident in October 1962 (“Scotsman” 29th August, 1997 and “Financial Times” 22nd November, 1997)
- BBB Obituary of Councillor Isobel Rhind (“Scotsman 21st May, 1996)
- CCC William Blackie’s dissenting note on the report prepared by John Gennard for the British-North American Committee (1972)
- DDD Map of North Sea showing continental shelf boundaries
- EEE Relevant excerpts from the Cullen Report (including Lord Cullen’s executive summary) with table of contents (1990)
- FFF Government ministers responsible for the United Kingdom offshore industry (1963-1996)
- GGG Summary of research by Fleming, Flin, Mearns and Gordon on Human and Organisational Factors in Offshore Safety (HSE Report OTH 97543) on risk perception.
- HHH Questionnaire used by author in interviews with oil managers
- III Employment and Trade Union Statistics 1975-1995

## **D Abbreviations**

## **E Sources used in the Research**

# **INDUSTRIAL RELATIONS ON OFFSHORE INSTALLATIONS**

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# **INDUSTRIAL RELATIONS ON OFFSHORE INSTALLATIONS**

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## **INTRODUCTION**

### **Human Resource Management in the North Sea**

It would be impossible in a chapter as short as this to include information on industrial relations as they affect offshore workforces as diverse in location and culture as the Far East, the Caribbean Sea, the Gulf of Mexico and the North Sea. This chapter will therefore focus upon human factors and human resource management in the North Sea oil and gas industry. Human resource management in that industry has inevitably been influenced by the prevailing management culture of the multi - national oil companies although with surprisingly different outcomes for Norway and the United Kingdom despite their sharing the same continental shelf. Anyone who seeks to understand the human factors of employment in the oil industry of the North Sea must appreciate from the outset that while both Norway and the United Kingdom had the industry brought to them by multi - national companies all sharing a common philosophy concerning the management of "their" industry, the pattern of industrial relations is vastly different in each. Oil managers transferring from a British installation to one based in Norwegian waters will have to adopt a very different approach to their understanding of human factors on a Norwegian installation.

In the absence of indigenous expertise, multi-national companies were responsible for most of the initial exploration and drilling in the North Sea and once fields were designated as commercially viable for exploitation, they had the technical knowledge and venture capital to build and operate many of the platforms. As employers, they brought with them the same approach to the human factors of their operations that had served them well in other parts of the world. Their philosophy of management reflected their need to contend with a physical environment more hostile than they had ever had to face and consequently human factors received significantly less attention than technological concerns. The style of management was paternal at best but over the first decade of the industry in the North Sea it



would be more accurately described as uncompromising. Once the frenetic activity of the early years had given way to the more predictable but still economically challenging business of producing oil, time was found to look in greater detail at human factors.

By this time, however, Norway and the United Kingdom had sharply contrasting systems of human resource management within their offshore oil industries, the reasons for which will be explained later in this chapter. In Norwegian waters human resource management does not now differ in essentials from the prevailing pattern on mainland Norway. All the major oil companies, for instance, have found it politically convenient to join the Norwegian Employers Federation (Næringslivets Hovedorganisasjon) and the Norwegian Oil Industry Association (Oljeindustriens Landsforening) and to work in concert with them. By contrast, human resource management on the British continental shelf exhibits features more akin to American than to British establishments and is thus atypical of the national system, where, for example, trade unions still play a significant rôle.

### **Industrial Relations**

Industrial relations may be described as the rules which govern employment.<sup>(1)</sup> These rules are of two kinds. Substantive rules are such matters as the length of the working week, pay and holiday entitlement while procedural rules are concerned with the manner in which the substantive rules are drawn up and how they can be interpreted and amended. These rules are arrived at and administered in four ways. First there is statutory regulation where the government intervenes in the relationship between employer and employee, almost always in order to protect the individual from injury or from causing injury to someone else. Government bodies are established to ensure compliance with the regulations and, where appropriate, to prosecute offenders; examples of this are the Norwegian Petroleum Directorate in Norway and the Health and Safety Executive in the United Kingdom. Then there is

employer regulation when organizations determine both the substantive and the procedural rules with little or no consultation with their employees. In its extreme form this is autocracy which is unlikely to be found outside small firms. The third way is a mild form of employer regulation known as sophisticated paternalism which is common offshore on the UK continental shelf. Here organizations seek to provide conditions of employment which satisfy their employees to the extent that they are not interested in joining trade unions and asking them to negotiate on their behalf. Finally there is collective bargaining, the process whereby trade unions negotiate with the employers terms and conditions on behalf of their members. It is by far the commonest form of reaching agreement between employer and employees. It is sometimes referred to as joint regulation in contrast to the unilateral regulation where managers make decisions on their own terms. It should be mentioned here that collective bargains, contrary to the practice in the USA and other industrialised nations, are not normally enforceable in British law.<sup>1</sup> Collective bargaining may be described loosely as the standard pattern of job regulation within the British and Norwegian systems of industrial relations.

### **Industrial Relations on the UK Continental Shelf**

However, collective bargaining as understood in the United Kingdom does not take place offshore. Collective bargaining is possible only if management accepts trade unions as legitimate representatives of employees, usually on the basis that the majority of the employees are members of the trade union(s) concerned. From the earliest days of the industry on the UK continental shelf, the oil companies have resisted all demands by the trade unions to be accorded the negotiating rights which are necessary for collective bargaining to be carried out and they have defended this

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<sup>1</sup> It will be appropriate to point out here that almost all oil installations in the North Sea are in the Scottish part of the United Kingdom continental shelf and consequently the law of Scotland and not of England applies. Legislation affecting employment offshore is, however, common to both legal systems. Where prosecutions occur, the case for the Crown is led by the Procurator Fiscal, whose rôle is similar to that of the District Attorney in the USA, except that he is appointed and not elected.



stance on the grounds that the unions have never secured sufficient membership among offshore employees to justify a right to represent them. In 1976 the trade unions, with government assistance, did enter into an agreement with the employers to assist with recruitment offshore but this "Memorandum of Understanding on Trade Union Access to Offshore Installations"<sup>2</sup> has been of little assistance to them. Even when trade union officers do go offshore the whole ambience of an installation isolated perhaps one hundred miles out at sea militates against an atmosphere which is conducive to the recruitment of members.<sup>(2)</sup> The position today is that the major trade unions now accept, though they do not admit it publicly, that offshore oil industry employees do not, on the whole, want to be represented by them. It is possible that this may change but currently the employers continue to reject trade union demands to negotiate on behalf of offshore employees on the sound argument that union membership is paltry.

It is not correct to infer from the foregoing comment that industrial relations offshore lack structure and stability. If it were so it is unlikely that the fairly placid state of industrial relations on both the UK and the Norwegian sectors of the continental shelf would have continued for two decades apart from occasional flurries such as the strike of UK catering workers in 1979, some slight turmoil caused by the Norwegian union OFS in the early 1980s and the industrial action taken in 1989 and 1990 in British waters, none of which had any lasting effect.

## **THE STRUCTURE OF INDUSTRIAL RELATIONS OFFSHORE**

As stated immediately above, industrial relations on the North Sea oil and gas industry are stable and this is accounted for by the relationships between the different organizations, both management and trade union. Since differing

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<sup>2</sup> On 21st July, 1976 the UK government extended the Employment Protection Act 1975 to include offshore employment and simultaneously the UKOOA agreed that oil producers "would ensure that trade union officials, on request, are granted reasonable access for recruitment purposes to all their offshore installations".

philosophical approaches to human factors of employment characterise the conduct of UK and Norwegian industrial relations, separate sections are needed to describe their structure in each nation. This section, accordingly, is concerned solely with organizations within the British structure, some of which are discussed below.

### **The Individual Employers**

In common with large organizations in North America, the oil companies in the North Sea have approached trade unions as a constraint to be dealt with at the level of operating decisions.<sup>3)</sup> As a former chief executive of a multi-national oil company commented "*the oil companies took a collective decision, not in any way formalised, not to encourage trade unions*".<sup>3</sup> Far from ignoring industrial relations on that account or leaving them to be conducted on an *ad hoc* basis by operational managers, the companies have recruited well qualified and experienced staff to devise and implement policies which are in line with company objectives. It would be too crude to say that the employers are simply anti-trade union because, as will be shown later in this chapter, there is a forum in the UK where trade unions and management meet regularly while in Norwegian waters it is impossible to operate without involvement of trade union representatives. On the other hand, it is impossible to come to any conclusion other than that the oil companies have sought to be in the forefront of enlightened employee-management relations to the extent that employment with them offers attractive conditions which few other organizations can match. It would be nonsense to criticise any firm which offered the best conditions of employment that were possible in the circumstances but it must be accepted that in doing so the oil companies see as a bonus the consequent difficulty posed to any trade union which wants to recruit members. If membership of a trade union is believed to bring no advantage, what point, apart from the

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<sup>3</sup> Private comment to the author.



ideological one that a worker ought to belong to a trade union, is there in taking out membership?

The relationships between employers and their employees offshore are summed up in the term joint consultation. While four different models of consultation have been identified,<sup>(4)</sup> its commonest form (and that adopted by the oil companies) is when it is used *"as an alternative to collective bargaining and to prevent its establishment. Here management is essentially unitarist, but much more sophisticated than the traditional anti-union owner-manager. Thus it seeks to promote harmony and the willing acceptance of management decisions"*.<sup>(4)</sup> This is the sophisticated paternalist approach to industrial relations which was mentioned earlier and since it must be making a major contribution to the placidity of industrial relations, its virtual adoption as standard practice is understandable.

Joint consultation implies direct communication between managers and employees. There are obvious mutual advantages in this and in a variety of industries and establishments onshore there has been a resurgence of joint consultation. This has upset some trade unions where collective bargaining has been long established since they feel that they are being marginalised; instead of issues being taken up by the shop steward to the union for comment or for managers to communicate with their employees through the trade union, managers are speaking directly to their employees. Offshore, where collective bargaining scarcely exists, the oil companies encourage such direct communication. Oil producing companies promote this form of employee relationship in order that they may hear points of view on a whole range of topics relevant to employment on their installations and such exchanges of opinion develop trust and understanding between people at all levels who, it must always be recalled, are living and working on a metal construction in the hostile environment of the sea.<sup>(5,6)</sup> They know, moreover, that

each one of them may at any time be dependent on the other in an emergency from which there are far fewer avenues of escape than onshore.

Following the tragedy of the Piper-Alpha platform in 1988, accident prevention was given an even higher profile than before on offshore installations. The regulations introduced on the UK continental shelf in the immediate aftermath of the tragedy and following the Cullen Report<sup>(7)</sup> drew particular attention to the importance of employee representation on the safety committees. It was now a requirement that each installation have a safety committee, which met at regular and not too infrequent intervals and which included employee representation at all levels.<sup>4</sup> To the chagrin of the trade unions the government did not make it mandatory for them to appoint representatives on these safety committees. In this the government was only being consistent with the philosophy which underpinned the Health and Safety at Work Act of 1974. This is that persuasion of employers to act responsibly and reasonably on accident prevention is preferable to compulsion. This reliance on self-regulation coincides with the managerial approach of the oil companies who have adhered to their joint consultation policy and have not invited trade union representation onto these committees although Lord Cullen did say *"that the appointment of offshore safety representatives by trade unions could be of some benefit in making the work of safety representatives and safety committees effective"*. Having avoided a legal requirement to accept trade union representation after the greatest offshore disaster in the history of their industry, it is unlikely that the UK-based oil companies are any closer to accepting collective bargaining than they ever were.

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<sup>4</sup> Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989.



### **The United Kingdom Offshore Operators' Association**

In stark contrast to the trade unions, the offshore employers had a representative body in place within a year of the granting of the United Kingdom's first round of licences in 1964. The UK North Sea Operators' Committee was an informal association of licence holders which provided for its members a forum for discussion on any matter affecting their industry offshore. It is highly unlikely that the members did not discuss from time to time what would be their policy on employment were reserves of oil to be discovered in commercially acceptable quantities offshore. When this happened it was not difficult to convert the existing Committee into a larger and more formal body by incorporating it as the United Kingdom Offshore Operators' Association (UKOOA) with a constitution and a permanent staff. Currently there are more than thirty companies in membership and the Association is administered by a Council of 34 (who meet monthly) with fifteen permanent and five ad-hoc committees.

Fundamental to any analysis of industrial relations in the North Sea oil industry is an understanding of the inter-relationship of UKOOA and IUOOC (Inter-Union Offshore Oil Committee). The relationship is purely consultative, almost an extension of the industry's joint consultative approach. IUOOC has consistently misunderstood UKOOA's *modus operandii*, probably because it would prefer UKOOA to have precisely those powers which are denied to it by its constitution.

One of the more important permanent committees of UKOOA is the Employment Practices Committee with seven terms of reference of which only the first has relevance here:

*"To provide a forum where member companies can exchange opinions and, where necessary, formulate an industry viewpoint in the field of employment practices including training, employee and industrial relations".*

It is a body purely for internal discussion on employment issues upon which it might form a viewpoint but not a policy. This is spelled out with greater clarity in the terms of reference of one of its five sub-committees,<sup>5</sup> the Liaison Panel, the function of which is;

*"To act as a channel of communications for UKOOA on matters concerning employee relations which can be discussed in general terms on an exchange of views basis with Government, the Inter-Union Offshore Oil Committee and any other appropriate body approved by the Council".*

The status of the Liaison Panel has been one of continual frustration for the unions. Whereas the IUOOC has some authority to commit its members to particular policies, the Liaison panel does not, and to any IUOOC request it can only reply that the request will be communicated to the companies or company concerned. The Liaison Panel is best defined as a body which acts as the collective voice of the oil companies on industrial relations but has neither executive control over, nor responsibility for, any member company's own industrial relations decisions. In short, no UKOOA member is inhibited by any agreement or recommendation reached between UKOOA and IUOOC from making whatsoever arrangements it likes concerning the management of its employees. The consequence of this has been that the quarterly meetings of the IUOOC and the Liaison Panel are little more than opportunities to exchange opinions on matters of mutual interest. Nevertheless, this somewhat limited outcome is not without its advantages. Individual trade union officers and managers often establish some rapport which allows useful exchange of opinion and information. An issue which may be affecting employees on one installation can be drawn to the attention of the manager by a trade union officer on a personal basis that has been built up through their regular attendance at meetings of the IUOOC and the Liaison Panel of UKOOA.

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<sup>5</sup> The other four sub-committees are Training, Contractors' Liaison (Aberdeen), Contractors' Liaison (London) and Pay and Benefits.



### **The Inter-Union Offshore Oil Committee**

During 1973 it had become obvious to the trade unions in North East Scotland that the oil companies were not interested in establishing the sort of contact with them that would lead to recognition for bargaining purposes on behalf of their employees. The trade unions with an interest in recruiting and representing offshore workers accordingly decided to form an organization which would seek to persuade the oil companies to recognise them for bargaining purposes and consequently to negotiate with them appropriate terms and conditions of employment. Originally comprising ten unions, there are now eight with the Transport and General Workers Union, the Amalgamated Engineering and Electrical Union and the Manufacturing, Science and Finance Union among the more prominent members. IUOOC set off on the wrong foot by demanding rather than requesting a meeting with representatives of the oil companies and threatening industrial action if they did not comply. The companies ignored the invitation and the attempt to carry out industrial action failed dismally.

The trade unions on the IUOOC have never lost sight of the principal objective enshrined in the first paragraph of the "Charter for the Unionisation of Employees engaged in the Offshore Oil Industry" which they drew up in 1975. This is that *"all companies engaged in the Offshore Oil Industry—recognise the right of—unions to recruit, represent and negotiate terms and conditions of employment for all employees falling within their spheres of membership"*. While some companies have conceded representational rights, for example the right of union officers to attend disciplinary hearings involving their members, negotiating rights remain at best a distant prospect.

Despite the unfortunate early efforts of the IUOOC at communication with the employers, both IUOOC and UKOOA realised that more was to be gained in discussion than by confrontation. By 1976 the Liaison Panel of UKOOA had begun

to meet the IUOOC on a regular three monthly basis and these meetings have continued until today. As stated above these meetings are not without their value but they are far from the negotiating sessions which IUOOC would like them to be. Officers of IUOOC unions do visit offshore installations escorted by a member of the company's industrial relations staff and do interview prospective members but the results, from the IUOOC point of view, have been disappointing in the extreme.

### **The Offshore Industry Liaison Committee**

Any publication about industrial relations in the UK oil industry must include a brief comment on the Offshore Industry Liaison Committee (OILC). It originated in 1989 in the aftermath of the Piper Alpha disaster when a group of members of various IUOOC unions set up an Oil Information Centre in Aberdeen with the intention of assisting their unions in the pursuit of recognition for collective bargaining. The following year the OILC became heavily involved in industrial action offshore and eventually found that it was viewed with hostility by the employers and with some suspicion by the trade unions. OILC accordingly established itself as a separate organization but was refused membership of the Scottish Trades Union Congress (and therefore of the TUC). It is now a registered trade union unaffiliated to the TUC. Although membership oscillates around the 3,000, this small trade union is recognised as a full player on the industrial relations scene of North East Scotland and has developed a very strong alliance with the Norwegian union OFS. This is another union not affiliated to its country's main trade union confederation (LO) but it was established almost twenty years ago and has a membership of about 6,000 offshore workers.

### **The Offshore Contractors' Association**

Known until 1995 as the Offshore Contractors' Council (founded 1984), the Offshore Contractors' Association (OCA) is the principal organization for employers in the offshore contracting business and has over 50 member companies,



all of whom are involved in mechanical, electrical, construction and maintenance work in the UK oil and gas industry. Since OCA has a combined UK offshore and onshore workforce of over 30,000 employees with a presence on virtually all platforms operating in the UK continental shelf, it is obvious that this presence has an effect upon industrial relations.

It is estimated that today on the UK continental shelf only about 20% of offshore workers are directly employed by the operators, i.e. the oil companies such as Shell, BP, Enterprise Oil. The rest are employees of contractors who provide the operators with construction and maintenance personnel. The direct employees of the operators enjoy, on the whole, better pay and conditions of service than contractors' employees. With the growing interest over the last few years in "partnering" these discrepancies are being removed, not least in the interests of harmony on the installations where the two different classes of employee have to work and live together.<sup>6</sup> A distinction is currently being made between "core" employees of contractors, who may have virtually permanent jobs on particular installations (e.g. maintenance electricians) and "peripheral" or "short term" employees who are aboard the installation for periods that can be as short as one week (e.g. welders sent offshore to carry out a repair). In some cases the proportion of contracted personnel on an installation is so high that Mr Sandy Clark, Chairman of OCA commented *"How far are we from the day our member companies become responsible for operating the platform on behalf of the oil company?"*<sup>6</sup> Iain Bell, Secretary of OCA, said that it was good news for his organization that the multi-nationals were concentrating more and more on producing and selling oil and gas and leaving the rest to contractors. *"It means more work for his members, who will in future be responsible for designing, building, operating and eventually disposing of rigs for the multi-nationals".*<sup>7</sup>

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<sup>6</sup> Offshore Contractors' Council Annual Review 1994.

<sup>7</sup> Fraser, S. (22nd October, 1995) Safety Hopes Buried at Sea. (*Scotland on Sunday*), p.8.

Within months of Clark's comment, Sun Oil had contracted out its Balmoral field to Brown and Root and almost all the operations on the Hutton, Lyell and Murchison fields had been handed over to Atlantic Power and Gas by Oryx UK Energy, only a year after it took over these three fields from Conoco. In almost all fields, the oil producing companies traditionally used contractors to look after specific parts of the operation such as production chemicals and working the downhole pumps. Thus over a period of about fifteen years, the offshore contractors have expanded their contribution to the industry from the original one of building rigs and platforms, commissioning them at sea and carrying out maintenance and repair to the point where they can operate the entire offshore operation on behalf of the oil companies.

### **The Offshore Construction Agreement**

It is necessary to turn now to the question of collective bargaining because it is only from the contractors that the trade unions have secured any significant recognition in the offshore oil and gas industry. The construction industry has always been heavily unionised. The move to the fabrication of drilling rigs and platforms for new clients in the offshore industry did not alter this in any way and conditions of employment continued to be regulated through collective bargaining. The immense capital outlay which precedes the extraction of oil made it important for the operators to have the work carried out as quickly as possible. Since the manual workers engaged in this task were still employees of the construction firms and, in addition, were often the same individuals, it would have been foolish even to contemplate the abandonment of collective bargaining. Accordingly, the operating companies realised that it was in their interests to permit some form of trade union involvement on their offshore establishments and with their tacit consent the Oil and Chemical Plant Constructors' Association (later merged into the Offshore Contractors' Council) negotiated the Offshore Construction Agreement (or "Hook-Up" Agreement as it became more commonly known). The first "Hook-Up"



agreement was signed in 1976 by five trade unions and the Association but not by any operator. It covered the entire range of conditions of employment normally associated with collective bargaining for onshore workers e. g. pay, holidays, hours of work, disciplinary procedures. The operators, who had, officially at least, no part in the agreement were nevertheless insistent that it would cease to apply *in toto* as soon as "first oil" was produced or at some date which they would stipulate. All subsequent work on installations was to be classified as maintenance for which there was no trade union agreement with the employers<sup>8</sup>. The Offshore Construction Agreement was re-negotiated at regular intervals until 1990 when the signatory unions withdrew from the agreement.

This was part of combined union policy to extract a Post Construction Agreement from the operators which would include recognition of the trade unions for bargaining purposes. Fewer and fewer employees were now engaged on "hook-ups" because, quite apart from the fact that the many fields in the North Sea were now on stream, the nature of the work was changing. Technological advance now allowed the fabrication onshore of integrated modules. Most "hook-ups" and testing are now done on land and the modules are taken by barge out to their locations "with their lights on" in the jargon of the industry. Their positioning has been made possible by the huge floating cranes which have become available over the last decade. To this must be added the increasing emphasis on sub-sea completions tied back to existing installations or a floating production system, both of which require far fewer people in the offshore construction phase. In sum, the majority of contractor personnel aboard installations were, by 1990, carrying out what in general terms might be called maintenance and were employed by companies who had to bid for work in competition with rival firms. The trade unions were persuaded that by refusing to sign a re-negotiated Offshore

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<sup>8</sup> Apart from an agreement affecting electricians who were few in number,

Construction Agreement pressure could be brought on the operators through the contractors to negotiate a comprehensive Post Construction Agreement, which would cover all employees and include recognition of trade unions as the bargaining agents of these employees. This would meet a long term objective of the trade unions for, as they pointed out, it was not unusual for workers originally engaged on "hook-up" terms to stay on the job after "first oil" and to suffer a considerable reduction in pay, together with the loss of the protection previously conferred by the union/company agreement. The policy did not succeed and within eighteen months a new Offshore Construction Agreement was reached under the previous terms. As one senior trade union officer acknowledged, the last agreement has been generous as far as pay is concerned taking into account the small amount of "hook-up" work and the price of oil<sup>9</sup>.

At present the trade unions are as far from obtaining a Post Construction Agreement as they ever were and in any case modern technology may mean that the very term is running out of date. The bulk of the employees offshore, as stated earlier, are employed by contractors and apart from the fast diminishing number who still enjoy Offshore Construction Agreement terms and the catering workers who are a special case, very few of them have their terms and conditions regulated through the process of collective bargaining.

### **The Catering Offshore Traders' Association**

Almost from the beginning of the North Sea oil and gas industry, catering has been contracted out by the operators to specialists in this field. Members of the Association, usually referred to as COTA, obtain contracts through competitive tendering. Following some unrest among employees in 1979 over conditions of pay and service, the oil operators actively encouraged an agreement on minimum rates

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<sup>9</sup> Private comment to the author in late 1995.



of pay between the main union involved, the Transport and General Workers' Union, and the caterers. There has been little industrial strife since that time in the offshore catering industry although the work is characterised by low pay and high labour turnover in comparison with other offshore employment.

### Summary

This diffusion of the offshore workforce among oil companies and contractors (some of whom are very small outfits) makes it even more difficult for trade unions to play the rôle to which they aspire. Furthermore, offshore workers are not only composed of different categories of employee; they are themselves very different in occupation and the OILC concluded as late as 1991 that there are as many as ten trade unions seeking to represent them. The OILC claim that this allows the operators and contractors to assert that union recognition implies multi-union recognition and so justifies their resistance to attempts to obtain collective bargaining rights. OILC interprets the employer view as follows: *"It is argued that multi-unionism will produce industrial anarchy in the industry which because of its hazardous nature, cannot afford to have any challenge to managerial authority from trade unions"*.<sup>(9)</sup> In addition, the question arises about responsibility for industrial relations offshore: is the policy of the operator paramount or can the contractor devise and carry out a policy that may be different from that of the operator? The operators are perfectly clear where they see responsibility to lie because the UKOOA Council recommended to its members in 1978 that *"The right of an OIM / manager to order anyone off company premises remains paramount"*<sup>10</sup>. It is a further indication of the virtual total absence offshore of any trade union presence that appeals against removal of a contractor's employee from an installation are the responsibility of the contractor<sup>11</sup> and not of a trade union.

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<sup>10</sup> *Appeals from Disciplinary Action exercised by OIM or other Company Manager against Contractors' Personnel by their Employers. Recommendations to Members by UKOOA Council 1978.*

<sup>11</sup> *ibid.*

## **ACCIDENT PREVENTION**

Interest in accident prevention has been a natural concern of all trade unions since their inception and the origins of many trade unions lay in the determination of groups of workers to seek safer conditions of work. Associated with this has been reliance upon trade unions to obtain financial compensation for their members when there seems a possibility that injury was consequent upon a failure of the employers to observe required safety standards and practice. When one considers accident prevention in the North Sea oil and gas industry, the topic must be approached from two very different perspectives. The first is that employers have had ever increasing legal requirements to observe in the provision of safe working environments, especially following accidents when there have been many casualties with attendant loss of life such as the Alexander Kielland and Piper Alpha tragedies. The other perspective is the successful efforts of the Norwegian unions to become involved in the mechanisms established to provide safe working environments on Norwegian installations and, in contrast, the total failure of British trade unions to be accorded any formal rôle at all on installations on the UK continental shelf.

### **Accident Prevention on the UK Continental Shelf : Trade Union Exclusion**

The question of safety is paramount in the offshore industry and has already been discussed in Chapters 9 and 10. Some of the most spectacular and horrific accidents in any industry have been the three offshore disasters which occurred in the 1980s : Alexander Kielland (1980, Norwegian waters, 123 fatalities), Ocean Ranger ( 1982, Canadian waters, 84 fatalities) and Piper Alpha ( 1988, British waters, 167 fatalities). The consequences of these and other accidents (such as the Chinook accident off Shetland in 1986, when the rotor blade of a helicopter sheared and 45 men plunged to their death) are reflected in the measures which have been taken at the highest level to reduce the risk of working in a hostile environment. In addition, it must be recalled that the offshore oil industry is the only industry where



almost all the employees must be transported to their place of work either by air or by boat. Other chapters in this book will concern themselves with the perceptions of risk seen from the perspectives of employer and employee and the legislative requirements pertaining to the employment of persons offshore. This chapter is concerned with industrial relations and will therefore consider accident prevention (a much more positive term than safety) solely in the manner in which it impinges upon industrial relations.

Accident prevention in the offshore oil and gas industry has been approached in a different way from accident prevention onshore. There are obvious differences in the working environments but these alone do not account for the pattern that has developed over the thirty year history of the industry in the North Sea. In 1965 the decapodal platform, Sea Gem, collapsed off the Humber estuary with the loss of 13 lives and a public inquiry followed. Among the recommendations contained in the subsequent report there were two which have had a direct bearing upon industrial relations. The first was *"the fact that the Sea Gem was lost in the character of a sinking ship suggests strongly that there ought to be a Master or unquestioned authority on these rigs";*<sup>(10)</sup> thus the nature of the power that came to be vested in oil installation managers has its origins in what some writers see as a mistaken similarity between a fixed installation offshore and a vessel, whereas the analogy with an isolated land-based construction might have been more appropriate. The other recommendation which concerns industrial relations is that the report advised that consideration should be given to the kind of legislation that was needed for offshore installations.

Several working parties were set up to advise on this and the result was the Mineral Workings (Offshore Installations) Act 1971 which empowered the Minister of State for Energy to make such regulations as considered appropriate to secure a safe working environment on installations exploiting mineral deposits. Strangely, those

persons who advised the government appear to have worked in isolation from discussions which were simultaneously in progress on other employment safety matters. The Holland-Martin Report in 1969<sup>(11)</sup> dealt with safety in fishing, another industry where the sea poses particular hazards and it specifically recommended joint union - management safety committees on vessels. The Robens Report 1972<sup>(12)</sup> was the basis for a major amendment in UK safety legislation which reached the statute book as the Health and Safety at Work Act 1974.

The philosophy underlying the Robens Report and the subsequent legislation was that persuasion was preferable to compulsion and that consequently the principle of voluntarism in the achievement of safe working conditions was to apply. This philosophy was, nevertheless, tempered by the principle that no government department was to be responsible for accident prevention within the industry for which it had to account to Parliament. Consequently there was established a unified supervising authority, the Health and Safety Commission (HSC), with an executive arm, the Health and Safety Executive (HSE). The HSC is tripartite in nature with its membership composed of representatives from industry, trade unions and the government.

In most onshore industries there were already accident prevention committees with representation from employees, who were usually union members. Trade unions also negotiated with employers when they believed that their members needed protection from any hazards specific to the industry or to any particular forms of employment within an otherwise "safe" industry. In 1977 the Safety Representatives and Safety Committee Regulations gave to trade unions recognised by employers the right to appoint representatives empowered to demand the creation of safety committees where none existed but by this time it was too late for the trade unions to apply these regulations to the oil and gas industry. As stated earlier, the oil employers had no intention of negotiating with the trade unions and



since the Regulations specifically referred to trade unions recognised by employers, the Regulations could not be used by the unions. Moreover, the Department of Energy, in contradiction to the philosophy of the Robens Report, continued to use the powers given to it under the Mineral Workings (Offshore Installations) Act of 1971 to control accident prevention on oil installations. *"Offshore safety was thus insulated from the Robens reconstruction."*<sup>(13)</sup> As trade unions complained over these years, the responsibility for ensuring a safe working environment aboard offshore installations was delegated to the government department which had as one of its principal objectives the uninterrupted flow of oil (and therefore of tax revenue) from the mineral deposits of the UK continental shelf.

As the oil and gas industry expanded offshore there was a corresponding and unacceptable growth in fatalities, especially among divers.<sup>(14)</sup> In contrast to the Gulf of Mexico, where divers had simply followed the reservoirs offshore into shallow water and the climate was benign, the North Sea was deep and the weather often hostile. This led the government to appoint in 1978 a Committee of Enquiry under Dr J. H. Burgoyne, which reported two years later. The Burgoyne Report<sup>(15)</sup> concluded that *"the government shall discharge its responsibility for offshore safety as a single agency"* and recommended that the Department of Energy should *"continue its policy to employ an Inspectorate consisting of well-qualified and industrially experienced individuals"*. This was a bitter disappointment for the trade unions which had hoped that Burgoyne would recommend that offshore safety be transferred to the HSE and the two trade union representatives on the Committee of Inquiry issued a six page note of dissent stating their preference for the HSE to be the responsible agency. The single agency therefore remained the Petroleum Engineering Division (PED) of the Department of Energy which had entered into an agreement with the HSE in 1978 to act in a proxy rôle for the HSE offshore.

The British trade unions had realised by 1980 that despite the "Memorandum of Understanding on Trade Union Access to Offshore Installations" their efforts at recruiting offshore oil workers had been almost a complete failure. An alternative strategy was therefore needed and they decided that their strongest argument for obtaining recognition from the employers was their interest in safe working environments. Each trade union has built up a considerable body of expertise on the particular hazards common to the industries wherein their members are employed. Moreover, this wealth of knowledge has been recognised by trade union participation, as of right, on public institutions concerned with accident prevention, not least the HSC.

Their case for recognition by the oil employers on the grounds that they could make a positive contribution to the industry through their wide knowledge of safety was pursued throughout the 1980s. In the opinion of many within and without the industry, this objective appeared to have been reached when Lord Cullen carried out his inquiry into the Piper Alpha disaster and made his report. Trade union officers had given evidence at the inquiry and Lord Cullen stated that union representatives could be of benefit in making the work of safety committees effective. The subsequent legislation saw the removal of the PED as the responsible agency for accident prevention and its replacement by the new Offshore Safety Division (OSD) of the HSE in 1991, but there was no requirement for companies to appoint union representatives on safety committees.

The huge sum of £2.6 bn has been spent by the oil and gas industry on accident prevention since 1990. Companies have made every effort to provide for their employees a working environment that is as free as possible from all hazards known in their operation. In conversation with the author, the head of industrial relations in one of the largest oil companies, commented *"Whereas previously the company sought, in general terms, to meet the minimum requirements of the law as it then*



*stood, it now regards the legal obligations on the employer merely as the minimum acceptable base upon which the company will always attempt to improve".* For the trade unions this is small comfort. The Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989 require employee representatives, as distinct from trade union representatives, on platform safety committees and although many of these representatives may well be members of a trade union it is their immediate colleagues for whom they speak and not their trade union. The trade unions have still no direct voice on the accident prevention measures which an employer wishes to discuss and/or implement.

Two pieces of research call into question the whole rationale of the trade union point of view. Peter Kidger argues that since statutory participation by trade unions on safety committees has been restricted to workplaces onshore, there has been no opportunity to study the experience of committees where the employee representation is not union influenced other than on platforms offshore since 1989. He even goes so far as to suggest that *"the system operating on North Sea oil installations provides a useful model which could be drawn upon for application onshore"*.<sup>(16)</sup> Kidger's argument is based on the Robens principle that collective bargaining has no place in discussions on accident prevention and that in their joint consultative approach the oil companies are interpreting correctly the philosophy of the Health and Safety at Work Act. A study carried out by Malcolm Spaven and others for the HSE<sup>(6)</sup> concluded that *"Support for increased involvement of trade unions in the work of Safety Representatives is considerable among offshore workers. However there is no clear majority for a system of Safety Representatives, and such a system, if widely applied, would present difficulties for the representational rights of non-members of trade unions"*.

Currently the trade unions continue to assert their moral right to represent offshore employees and claim that since employee representatives on safety committees are

unprotected by trade unions, they can be intimidated from expression of opinion, despite the provisions of the Offshore Safety Representatives Act 1992. Legal redress for dismissal can be sought through the Industrial Tribunal but this is only *after* dismissal and even if the applicant is successful re-instatement does not necessarily follow.<sup>(17)</sup> Safety representatives offshore have the right to telephone the OSD direct if there is a safety matter which is exercising their concern but, again, unions believe that fear of losing one's job makes this an unrealistic privilege. The oil companies have over the past two years been following a policy to which the acronym CRINE has been given; it stands for Cost Reduction In (the) New Era and is an attempt to reduce unnecessary expenditure at a time when there is plenty of oil available world-wide<sup>12</sup>. The trade unions consider that it is unlikely that accident prevention measures can escape some trimming of the expenditure which companies are hoping to reduce and that this can result in accident rates beginning to rise.<sup>(17)</sup> The oil companies remain, as they always have been, interested in what the unions may say but unwilling to accept them as equal partners in the formation of policy on accident prevention.

## **INDUSTRIAL RELATIONS IN NORWEGIAN WATERS**

Norway enjoys immense reserves of oil and gas under her continental shelf. The revenues which have accrued to this small nation of under four million people from the exploitation of these resources have resulted in her citizens having among the highest *per capita* incomes in the world. Her current and assured future prosperity arises not simply from having a lengthy coastline along the North Sea but from the manner in which she has managed this fortunate inheritance.

In 1935 the Norwegian Federation of Trade Unions (Landsorganisasjonen i Norge, usually referred to as LO) and the Norwegian Employers Association

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<sup>12</sup> Over 10 years ago oil was priced at just above \$30 per barrel. It is currently just under \$17.



(Næringslivets Hovedorganisasjon, usually referred to as NHO) signed the Basic Agreement (Hovedavtalen) whereby freedom of association was guaranteed to trade unions who in turn contracted to settle all industrial disputes through national institutions established for that purpose. At regular intervals since 1935 the Basic Agreement has been revised and updated with the full support of the government. Thus during any contract period there is an obligation upon employers as well as employees to resolve disputes through negotiation or by referral to the Labour Court. By 1960, Norway had become a societal-corporatist state with co-operation between government, national organizations such as trade union federations and employer associations widely accepted as the appropriate method whereby the kingdom's interest was best served. It was this sense of the conduct of business operations in Norway which the oil majors initially failed to recognise when oil was discovered under Norway's continental shelf.

Exploration drilling had begun in 1966 and the companies were almost all American since Norway had no indigenous expertise in the industry. Norwegians were employed at the lower skill levels and were subject to "hire and fire", as labour requirements dictated. Any suggestion of a collective agreement between a company and a representative body of employees was brushed aside. Eventually Norwegians as a whole came to understand that this new industry was operating an industrial relations policy utterly alien to the accepted practice of their nation and they demanded action from their government. <sup>(18)</sup>

On account of both trade union and government decisions, 1977 is the watershed year of Norway's oil and gas industry as far as industrial relations are concerned. The Storting<sup>13</sup> passed the Working Environment Act and LO formed a new trade union for oil workers, the Norwegian Oil and Petrochemical Workers' Union

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<sup>13</sup> The Norwegian parliament.

(Norsk Olje-og Petrochemisk Fagforbund, usually referred to as NOPEF). Another union, the Federation of Oil Workers (Oljearbeidernes Fellessamengslutning, usually referred to as OFS), had already grown out of an association of employees on the Phillips Petroleum Company Norway (or PPCoN) installations. The company first recognised the association in 1973, no doubt expecting that it would be what in America is called a "sweetheart" union, an innocuous staff association which an employer can manipulate with ease. It has remained outside LO, is more militant than NOPEF and claims a membership of about 6,000. Originally it attracted only workers directly employed by the operators but it now consists of four divisions: operators, drillers, caterers and employees on mobile units. It has developed in the last few years very strong links with OILC in Aberdeen. NOPEF and OFS are rival unions and managements must work with both.

The Working Environment Act 1977 was the government's response to national feeling, almost outrage, that foreign companies were denying to Norwegian workers those rights to representation and conditions of employment that were common across the rest of the nation. The following two quotations outline the main provisions of the law with which all employers, offshore as well as onshore, must comply.

*"Solution of an enterprise's working environment problems shall be reached through close co-operation between management and employees. A number of the act's provisions expressly stipulate co-operation in questions, concerning, for example, the organization of work, planning systems, building work etc. By virtue of the Working Environment Act formal institutions / bodies shall be established to ensure that the employees can exercise influence in working issues"*

*"In every enterprise one or more protection officers shall be elected (whose duty will be) to take care of the employees' interests concerning the working environment and to see that the work can be carried out in a thoroughly safe and sound manner".<sup>(19)</sup>*



The reaction of the oil companies was expressed as follows: *"There is nothing we can do, we just accept what we are being told to do by the government and unions - it is very expensive,- but if that is the way they want it, they can get it".*<sup>(20)</sup> This remains the case today. Whatever an organization's or an individual manager's opinion may be on the place of trade unions in the operation of a commercial undertaking, if that undertaking is based within Norwegian territory it must allow the trade unions to carry out the functions which the law has guaranteed to them.

There was not immediate harmonisation of conditions of employment onshore and offshore, partially on account of the conflict between OFS and NOPEF over the right to organize employees and partially on account of the good sense of the Norwegians in allowing the oil companies time to adjust to a method of labour control which was new to them. The Working Environment Act also empowered the government to introduce additional regulations as were deemed relevant. For example, the act stated that all enterprises which regularly employed at least fifty persons had to set up working environment committees with equal membership between employers and employees. In addition, safety delegates (a better translation that "protection officers" as given in the quotation above) had to be elected and they were empowered to require operations to cease if they considered them to be dangerous. Then a few years later it was made compulsory for employers to permit trade unions with 50% membership on an installation to appoint worker representatives onto the working environment committees. By the mid - 1980s there had been further changes favouring trade unions when, following another Basic Agreement, all enterprises with over one hundred employees had to have a works committee with equal representation from management and employees. Oil companies had joined NHO in 1981 and were bound to comply but with the usual Norwegian sense of balance it was agreed that on offshore

installations works committees and working environment committees could be amalgamated as single bodies.

Thus in Norway the oil companies have been driven to recognise trade unions for collective bargaining and other representational purposes and where membership of working environment committees are involved they have often to accept the nominees of the trade unions. On the other hand they are now operating within and not without the national industrial relations system, and consequently their human resource management is accepted in a far more positive light than it once was. Readers who seek more detailed accounts of industrial relations on the Norwegian continental shelf should consult Andersen, 1984 and 1988. <sup>(21,22)</sup>

## CONCLUSION

Fundamentally the labour process in the Norwegian oil industry is typical of the national pattern while in the identical British industry the process is atypical; but the different labour processes seem to have no economic consequences.<sup>(23)</sup> Norwegian and British workers appear to be equally satisfied with safety on their installations.<sup>(24)</sup> Trade union appointed safety delegates did not prevent the Alexander Kielland tragedy and it seems unlikely that British trade union appointees to a safety committee could have prevented Piper Alpha. Managerial cultures differ but there is no conclusive evidence of greater levels of stress among one or the other workforce who share the common problems of employment on isolated installations in the North Sea. <sup>(25)</sup>

The British trade unions envy the success of their Norwegian counterparts and see it as almost "politically correct" that traditional collective bargaining should be the method of establishing pay and conditions of work offshore as it is onshore. It can be argued equally well that in the United Kingdom a new labour process is being developed offshore where direct communications between managers and workers



eliminate the need for unions in the achievement and control of safe working environments. The success of voluntarism offshore with elected representatives as distinct from union appointees suggests that it could be just as successful onshore but has never been fully implemented on account of the trade unions' statutory right to participation.

Industrial relations on the UK continental shelf exhibits a special form of voluntarism in that it emerges outside the collective bargaining which is common onshore in Great Britain and is almost the standard practice across all Norwegian industry. Moreover, the labour process offshore is becoming more complex on both the Norwegian and the British continental shelves as operators reduce the number of their own direct employees in favour of increased proportions of contract employees. Separation of the bulk of the necessary human resource from direct employment is now standard practice offshore in both Britain and Norway with consequences which are more predictable for Norway than for Britain. There is no indication that there will be any change in terms and conditions of employment on Norway's continental shelf and so the industrial relations scene will remain much as it has been over the last five years.

As regards the United Kingdom prediction and conclusions are more difficult. The OILC is currently pursuing a merger with the National Union of Mineworkers to form a union of workers in energy but this is unlikely to come to fruition. There is also the possibility that trade unions may seek to advance their claims for recognition offshore through their existing bases among the contractors onshore. There is no evidence that will persuade one to believe that this strategy will be any more successful than previous trade union attempts to attract membership that will be in any way significant. Indeed, quite the contrary view has greater support and some recent research has shown that involvement of offshore workers by and with their managements has become part of the culture of the industry.<sup>(26)</sup> If there is any

retreat among the oil producers on the UK continental shelf from their present policy towards recognition of trade unions it will be a small one and based upon their own terms.

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## **LABOUR PROCESSES IN THE NORWEGIAN AND BRITISH SECTORS OF THE NORTH SEA OIL AND GAS INDUSTRY**

The waters above the European continental shelf are shared by several nations with a North Sea coast but only three are major players in the oil and gas industry. One is The Netherlands where reserves of natural gas were first discovered offshore in the 1960s and the other two are Norway and the United Kingdom which have both exploited large oil and gas fields under the North Sea since the early 1970s. This paper compares the labour processes on the UK and Norwegian continental shelves.

### **Brief Background to Norwegian Industrial Relations**

The nascent trade unions, which in 1899 had formed themselves into a national federation, Landsorganisasjonen i Norge (LO), negotiated as early as 1907 their first nation-wide contract with the Norwegian Employers' Association, Næringslivets Hovedorganisasjon (NHO). LO, almost from its foundation, has had a very close relationship with the Norwegian Labour Party, Den Norske Arbeiderparti (DNA), which was founded in 1887. This *"integration has been so close at all levels of the organization that the two systems have been fittingly described as Siamese twins"*<sup>1</sup>. While the constitution of the kingdom has from the outset implicitly granted freedom of association to workers, this relationship of the LO with DNA is the principal reason why, alone of all industrialised democracies, Norway has never experienced any legal harassment of trade unions.

During the 1920s the trade unions were in sharp conflict with the employers but from 1930 LO *"appeared to change from an agent in class conflict to a domesticated collaborator in macro-economic planning."*<sup>2</sup> Despite a DNA resolution in 1930 that it was *"opposed to all class co-operation"*<sup>3</sup>, LO began quietly to have discussions with the employers. These culminated in 1935 with the first Basic Agreement (Hovedavtalen) which covered all the earlier disputed issues, both wage and non-wage, and was to be valid for five years. Unofficial strikes and other industrial disputes did not vanish immediately but Basic Agreements soon came to be accepted nationally as a social contract parallel with the Constitution. Basic Agreements have been negotiated at regular intervals with the current one running from 1st January, 1994 to 31st December, 1997. As the State Mediator remarked in 1939: *"whereas organizations met earlier as enemies at the bargaining table, the situation has changed. They do not meet as enemies but as opponents with a will to peace."*<sup>4</sup> Freedom of association both in practice and in theory was now established on a firm and permanent footing.

### **Norwegian Institutions**

It is appropriate at this point to look at the nature of the institutions within which Norwegian industrial relations operate. This is done most easily by discussing

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<sup>1</sup> Fivelsdal, E., (1965) *White Collar Unions and the Norwegian Labour Movement*..(Industrial Relations), Vol 5 Part 1, p. 81.

<sup>2</sup> Schwerin, D. S., (1981) *Corporatism and Protest: Organizational Politics in the Norwegian Trade Unions*, p. 17. Kent Popular Press, Kent, Ohio.

<sup>3</sup> Schwerin, op cit p. 17.

<sup>4</sup> Galenson, W., (1949) *Labor in Norway*, p. 176. Harvard University Press, Cambridge, Massachusetts.



briefly the ethos of the nation and then explaining how the industrial relations system functions as part of the apparatus of state.

#### (a) The Ethos of the Nation

Professor Geir Lundestad, Director of the Nobel Institute in Oslo, believes that Norway is “*probably more unified than any country in Europe and certainly equality is a belief stronger here than anywhere else*”.<sup>5</sup> While patriotism has always been and remains strong as indicated by the unofficial national motto “Alle for Norge” (all for Norway), the ethos of the nation is equality because it reflects more accurately the outlook of Norwegian society, which the previous Prime Minister, Gro Harlem Brundtland,<sup>6</sup> has described as a “*compassionate form of capitalism which returns comprehensive welfare benefits in exchange for brutal taxation*”.<sup>7</sup> A synthesis of national norms of social responsibility and conceptions of equality has attained for Norway its objective of a classless society and this is the foundation of the political consensus so vital for the way in which the nation conducts its affairs.

Almost from the formation of the state Norway sought to work towards equality through the establishment of institutions appropriate for a country of her size. Norway has achieved her goal earlier than she could ever have expected through the tremendous wealth generated by the oil industry. She is second only to Saudi-Arabia<sup>8</sup> in the export of crude oil and has natural gas in superabundance as well; the Troll platform, for example, has recently come on stream and is expected to produce 84 million cubic metres of natural gas each day over the next seventy years. The institutions preceded the discovery of oil and were therefore in place when the oil majors arrived. All trade unions of any size were already affiliated to LO or to other smaller confederations. Employing organizations were members of NHO and they had surrendered full negotiating powers to it. By the 1960s Norway had become a socio-corporate state.

#### (b) The Industrial Relations System

The industrial relations system of Norway conforms to the Nordic Model which operates through a strong trade union movement co-operating with a centralised employers’ association within a tradition of political consensus. This definition may be broadened by identifying four principal features which are central to its continuing success: a unified trade union movement with a much higher degree of organization than in most industrialised nations, a long tradition of collective bargaining, tripartite regulation of disputes through co-operation of state, trade unions and employers and consultation by the government of trade unions and employers on economic policy.

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<sup>5</sup> Ledgard, J. (7th July, 1995) *Booming Norway basks in its go-it-alone golden age*. (Scotsman).

<sup>6</sup> She resigned in 1996, not because she lost an election but simply because she wanted another challenge. Many thought that she should have become Secretary-General of UNO instead of the present incumbent.

<sup>7</sup> Ledgard, J. op cit.

<sup>8</sup> Lynghaug, E. (1995) *Positive Power by Team Management*. Fourth Offshore Installation Management Conference, The Robert Gordon University, Aberdeen.



In comparison with many nations such as Germany, Italy and France, where legislation provides basic rights in labour relations, Norway, like Great Britain, gives less legal protection to individual and collective rights. The current British government, for example, does not wish to implement the European Social Chapter of the Maastricht Treaty which her European Union partners have accepted. Norway, not a member of the European Union, sees no need for further legislation on individual rights, partially since trade unions have such a high membership of the working population (at the start of 1992 there were 1,299,955 members of associations of wage earners out of a working population of about 1,700,000) but mainly because the system works to the satisfaction of the nation as a whole.

Both NHO and LO have highly centralised mechanisms and together "*constitute a bi-polar power system without rival in the Norwegian economy*".<sup>9</sup> Thus the industrial relations system is intertwined with decision-making on national economic policy to a degree unknown outside other Nordic nations. LO with around 800,000 members is consulted along with NHO by the government on all issues affecting the national economy.

Institutions for dispute resolution are supported in equal degree by managements and trade unions and third party resolutions are accepted almost without question; the second clause of the 1994 Basic Agreement states that "*no stoppage or other industrial action must (sic) take place where a collective agreement is in force*". Compulsory mediation, which was first agreed as far back as 1915, is accepted as desirable because disputes introduce disorder into the system which they have negotiated with the government over the years. It would, nevertheless, be incorrect to state that there is no industrial conflict at all; for example, between 1981 and 1991 there were 143 strikes involving 315,978 workers leading to 1,772,007 working days lost.<sup>10</sup>

Norway's industrial relations system has, however, been constructed in such a way that organizations outside the official trade union and employer associations can feel disadvantaged. This was certainly the case when an oil trade union outside LO, *Oljearbeidernes fellessammenslutning (OFS)*, found its strategy of selective strikes negated by immediate employer lockouts and government interpretation of this as a reason for using its power to intervene and to impose a settlement.

### **The Coming of Oil**

The oil majors had been less than enthusiastic about the Arab nations taking control of their own economic destiny through OPEC in 1974 and when the Norwegians sought to do the same after a considerably shorter gestation period, the operating companies reacted with the same initial resentment. Had they troubled to study the history of Norway in the twentieth century they would have made fewer assumptions about the host nation's willingness to adopt a disinterested approach to events off its shores.

In 1993 the Vice-President of the Norwegian Oil and Petrochemical Workers Union, Ketil Karlsen said - "*unions are a bit slow to react to changes. It is in their nature to*

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<sup>9</sup> Fivelsdal op cit p. 81.

<sup>10</sup> Statistisk Sentralbyrå. Oslo 1994.



*hold back and the nature of this new industry took the unions by surprise*".<sup>11</sup> Perhaps the Norwegians themselves had been somewhat lax in their historical research for it would not have been difficult to make realistic assumptions about the nature of the oil industry's operational methods. The industry treated its locally recruited labour as it had its employees of less developed nations, paying insufficient attention to the working environment and operating a "hire and fire" policy as labour requirements dictated. There was no redress for an employee who felt that he had been unfairly dismissed and any suggestion of a collective agreement between a drilling company and a representative body of the employees was brushed aside because the idea of a trade union presence anywhere in the industry was abhorrent. In short, the local people were not accorded the respect to which they believed that they were entitled, both as employees and as Norwegians. Orjan Bergflodt, Deputy Leader of OFS adds the interesting comment that the industry's culture was based on values completely different from what Norwegians had been taught at school.<sup>12</sup>

Some Norwegians have labelled these early years of oil and gas exploration "The Wild West Period"<sup>13</sup> although even at this early stage some political regulatory machinery had been introduced through the establishment of an oil sector in the Department of Industry. LO soon realised that it had a battle on its hands and that it was dealing with a less scrupulous and tougher opponent than it had previously confronted. LO first designated four existing trade unions to represent oil company employees and when this did not succeed due to a combination of factors such as difficulty of access to offshore installations, employer hostility and apathy by the unions, it founded in 1977 Norske Olje og Petrokjemiforbund (NOPEF) - the Norwegian Oil and Petrochemical Workers' Union.

There was another very different cause behind the birth of a new trade union within LO. This was the emergence of another union, OFS, which was not a member of LO and has remained independent since its foundation. It is of particular interest in any study of industrial relations in the North Sea oil industry on account of its curious origin, its militancy and its later influence within the British sector, when the Offshore Industry Liaison Committee (OILC) made its appearance.

In 1973 employees of the Phillips Petroleum Company (PPCoN) formed an in-house union, which the company recognised, probably because it thought that a "sweetheart" union had been born, an innocuous staff association which it could manipulate with ease and use to ward off legitimate trade unions. However, the company soon found that it had a wildcat by the tail for the union immediately adopted safety measures as its the top priority. Soon after this Mobil and Elf began to explore in Norwegian waters and the Phillips workers assisted in the formation of in-house unions on their installations. Amalgamation of these and similar associations on other installations followed and thus was OFS founded, a union specifically for workers in the oil industry and a rival for NOPEF.

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<sup>11</sup> Karlsen, K., (1993) *The Norwegian Experience*, p. 53. Proceedings of an international conference entitled "Workforce Involvement and Health and Safety Offshore" sponsored by STUC and others at Glasgow in March 1993 and published by STUC et al in November 1993.

<sup>12</sup> Bergflodt, O., (1993) *A Story of Neglect*. Occasional paper published by Hylo House, Wigan.

<sup>13</sup> Bergflodt, O. op cit



## **Social Continuity Restored**

The fifteen years from 1966, when drilling began, constitute a period of discontinuity in the tripartite relationship of the government, employers and trade unions. Although it was 1981 before the oil companies joined NHO and traditional institutions were re-established in a form recognisable and acceptable to Norwegians, the principal step had been taken in 1977 with the passing of the Working Environment Act. In its 1992 Annual Report the Norwegian Petroleum Directorate made this comment:

*"The introduction of the Working Environment Act in 1977 is a crucial element in the process towards the institutionalization of the Norwegian oil industry. The act not only protected the workers' rights, but also forced a general process of co-operation between the supervising authorities, the oil companies and the unions".*

As the above statement implies the 1977 act began the process by which the oil companies were driven to accept Norwegian institutions and customs in the employment of labour. The act, for example, required all enterprises employing over 50 persons to establish environment committees with equal membership between employers and employees and in practice "employees" have been almost exclusively trade unionists. There was also an obligation upon employers to accept accident prevention representatives who had the authority to close down an operation they considered unsafe pending a visit from the Safety Inspectorate. The oil companies having joined NHO, the Basic Agreement of 1985 applied to them and from that date all organizations with over 100 employees had to have a works committee with equal representation from management and employees. Oil companies had now bowed to the inevitable and in the words of one of their oil installation managers *"There is nothing we can do, we just accept what we are being told to do by the government and unions; it is very expensive - but if this is the way they want it, they can get it".*<sup>14</sup>

## **Industrial Relations on the UK Continental Shelf**

Collective bargaining, in as far as the term is generally understood, does not take place on the UK continental shelf. Collective bargaining is possible only if employers accept trade unions as legitimate representatives of employees but from the earliest days of the industry on the UK continental shelf, the oil companies have resisted all demands by the trade unions to be accorded the negotiating rights which are necessary for collective bargaining and they have defended this stance on the grounds that the unions have never secured sufficient membership among offshore employees to justify a right to represent them. A former chief executive of a multinational oil company commented *"the oil companies took a collective decision, not*

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<sup>14</sup> Quale, T. V., (1986) *Safety and Offshore Working Conditions: the Quality of Work Life in the North Sea* p. 33. Norwegian University Press (distributed outside Norway by Oxford University Press).



*in any way formalised, not to encourage trade unions".<sup>15</sup> In 1976 the trade unions, with considerable government assistance, did extract from the oil companies an agreement that permitted access to offshore installations for recruitment purposes but this "Memorandum of Understanding on Trade Union Access to Offshore Installations" has been of little assistance to them. Even when trade union officers do go offshore the whole ambience of an installation isolated perhaps one hundred miles out at sea militates against an atmosphere which is conducive to the recruitment of members<sup>16</sup>. The position today is that the major trade unions accept, though they do not admit publicly, that offshore oil employees do not want their services. It would be too crude to say that the employers are simply anti-trade union because there is a forum where trade unions and management meet regularly, but compared with Norway where it is impossible to operate without involvement of trade union representatives, trade unions have a severely restricted rôle. Oil companies have also aimed to be in the forefront of enlightened employee relations to the extent that employment with them offers attractive conditions which few other organizations can match. This is covert anti-trade unionism because if workers believe that membership of a trade union brings no advantage, what point, apart from the ideological one that a worker ought to belong to a trade union, is there in taking out membership?*

### **The Inter Union Offshore Oil Committee and the United Kingdom Offshore Operators' Association**

During 1973 it had become obvious to the trade unions in North East Scotland that the oil companies were not interested in establishing the sort of contact with them that would lead to recognition for bargaining purposes on behalf of their employees. The trade unions with an interest in recruiting and representing offshore workers accordingly decided to form an organization, the Inter Union Offshore Oil Committee (IUOOC) and immediately set off on the wrong foot by demanding a meeting with representatives of the oil companies and threatening industrial action if they did not comply. The companies ignored the invitation and the subsequent attempt to carry out industrial action failed dismally. In stark contrast to the trade unions, the offshore employers had a representative body in place within a year of the granting of the United Kingdom's first round of licences in 1964. This was the United Kingdom Offshore Operators' Association<sup>17</sup> (UKOOA) and fundamental to any analysis of labour processes in the UK North Sea oil industry is an understanding of the inter-relationship of UKOOA and IUOOC. UKOOA is a closely-knit organization of companies with several permanent committees including an Employment Practices Committee which is a body purely for internal discussion on employment issues whereon it might form a viewpoint but not a policy. The Employment Practices Committee has a Liaison Panel whose function is to "*To act as a channel of communications for UKOOA on matters concerning employee relations which can be discussed in general terms on an exchange of views basis*

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<sup>15</sup> Private comment to the author.

<sup>16</sup> Foster, J. and Woolfson, C., (1992) *Trade Unionism and Health and Safety Rights in Britain's Offshore Oil Industry*. International Centre for Trade Union Rights, London.

<sup>17</sup> Originally entitled the UK North Sea Operators' Committee.



*with Government, the Inter-Union Offshore Oil Committee and any other appropriate body approved by the Council".<sup>18</sup>*

The status of the Liaison Panel has been one of continual frustration for the unions. Whereas the IUOOC has some authority to commit its members to particular policies, the Liaison Panel does not, and to any IUOOC request it can only reply that the request will be communicated to the companies or company concerned. The Liaison Panel is best defined as a body which acts as the collective voice of the oil companies on industrial relations but has neither executive control over, nor responsibility, for any member company's own industrial relations decisions. In short, no UKOOA member is inhibited by any agreement or recommendation reached between UKOOA and IUOOC from making whatsoever arrangements it likes concerning the management of its employees. The consequence of this has been that the quarterly meetings of the IUOOC and the Liaison Panel are little more than opportunities to exchange opinions on matters of mutual interest.

The trade unions on the IUOOC have never lost sight of their principal objective enshrined in the first paragraph of the "Charter for the Unionisation of Employees engaged in the Offshore Oil Industry" which they drew up in 1975. This is that "*all companies engaged in the Offshore Oil Industry---recognise the right of----unions to recruit, represent and negotiate terms and conditions of employment for all employees falling within their spheres of membership*". While some companies have conceded representational rights, for example the right of union officers to attend disciplinary hearings involving their members, negotiating rights remain at best a distant prospect.

This lack of success has led to the formation of a small independent trade union, the Offshore Industry Liaison Committee (OILC). Originally a group of activists from a number of the large unions who, they believed, were insufficiently committed to their offshore membership, they eventually emerged as a trade union outside the Scottish TUC. They led (in 1989 and 1990) the only major offshore industrial disputes on the UK continental shelf and are very closely linked to the larger and more firmly established Norwegian union OFS.

### **Accident Prevention**

When one considers accident prevention in the North Sea oil and gas industry, the topic must be approached from two very different perspectives. The first is that employers have had ever increasing legal requirements to observe in the provision of safe working environments, especially following accidents when there has been considerable loss of life such as the Alexander Kielland<sup>19</sup> and Piper Alpha<sup>20</sup> tragedies. The other perspective is the successful efforts of the Norwegian unions to become involved in the mechanisms established to provide safe working environments on Norwegian installations and, in contrast, the total failure of British

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<sup>18</sup> UKOOA Employment Practices Committee Information Booklet p. 4.

<sup>19</sup> 1980: 123 lives lost: Norwegian waters.

<sup>20</sup> 1988: 228 lives lost: British waters.



trade unions to be accorded any formal rôle at all on installations on the UK continental shelf.

The UK offshore oil and gas industry was excluded from the Health and Safety at Work Act 1974 and from 1971 to 1990 the responsibility for ensuring a safe working environment was allocated to the Department of Energy. The Department's Petroleum Engineering Division (PED) acted as the single agency responsible from 1978. The Burgoyne Report<sup>21</sup> two years later rejected trade union advice to bring offshore safety under the Health and Safety Executive. As trade unions complained over these years, the responsibility for ensuring a safe working environment aboard offshore installations was delegated to the government department which had as one of its principal objectives the uninterrupted flow of oil (and therefore of tax revenue) from the mineral deposits of the UK continental shelf.

The British trade unions had realised by 1980 that despite the "Memorandum of Understanding on Trade Union Access to Offshore Installations" their efforts at recruiting offshore oil workers had been almost a complete failure. An alternative strategy was therefore needed and they decided that their strongest argument for obtaining recognition from the employers was their interest in safe working environments, where they had a great deal of experience and technical expertise. Their case for recognition by the oil employers on the grounds that they could make a positive contribution to the industry through their wide knowledge of safety was pursued throughout the 1980s. This objective appeared to have been reached when Lord Cullen carried out his inquiry into the Piper Alpha disaster and made his report<sup>22</sup>. Lord Cullen stated that union representatives could be of benefit in making the work of safety committees effective but immediately qualified this by saying that there would have to be "substantial membership on the installation in question".<sup>23</sup> This was never likely to be the case on any major installation and so, although the subsequent legislation saw the removal of the PED as the responsible agency for accident prevention and its replacement by the new Offshore Safety Division (OSD) of the HSE in 1991, there was no requirement for companies to appoint union representatives on safety committees.

Two pieces of research call into question the whole rationale of the trade union point of view. Peter Kidger argues that since there is statutory participation by trade unions on safety committees in to workplaces onshore, there has been no opportunity to study the experience of committees where the employee representation is not union influenced other than on platforms offshore since 1989. He even goes so far as to suggest that "the system operating on North Sea oil installations provides a useful model which could be drawn upon for application onshore".<sup>24</sup> Kidger's argument is based on the Robens principle that "*there is no legitimate scope for collective bargaining*"<sup>25</sup> on accident prevention and that in their

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<sup>21</sup> HMSO, 1980, Command Paper 7866. (Burgoyne Report).

<sup>22</sup> HMSO, 1990, Command Paper 1310. (Cullen Report).

<sup>23</sup> Cullen, op cit para. 21.85.

<sup>24</sup> Kidger, P., (1993) *Should Union Appointed or Elected Safety Representatives be the model for the UK?* University of Salford Working Paper No 9003.

<sup>25</sup> HMSO, 1972, Command Paper 5034. (Robens Report).



joint consultative approach the oil companies are interpreting correctly the philosophy of the Health and Safety at Work Act. A study carried out by Malcolm Spaven and others for the HSE<sup>26</sup> concluded that *“Support for increased involvement of trade unions in the work of Safety Representatives is considerable among offshore workers. However, there is no clear majority for a system of Safety Representatives, and such a system, if widely applied, would present difficulties for the representational rights of non-members of trade unions”*<sup>27</sup>

Currently, the British trade unions continue to assert their moral right to represent offshore employees and claim that since employee representatives on safety committees are unprotected by trade unions, they can be intimidated from expression of opinion, despite the provisions of the Offshore Safety (Protection Against Victimisation) Act 1992. The employers take a very different view and one senior manager has stated that *“the fear that the system would prove to be a toothless tiger has been largely dispelled.”*<sup>28</sup>

The oil companies remain, as they have always been, interested in what the unions may say but unwilling to accept them as equal partners in the formation of policy on accident prevention.

## Conclusion

From the discovery of oil and gas in the North Sea the international companies have approached the trade unions as a constraint to be dealt with at the level of operating decisions. Initially, the oil operators could ignore the Norwegian trade unions but the established rôle of unions within the institutional framework of Norway soon made it necessary for the operators to conform to the national system of industrial relations. The British trade unions, however, have had to accept defeat essentially because their relationship to government is very different from that of their Norwegian colleagues. Fundamentally the labour process in the Norwegian oil industry remains typical of the national pattern while in the identical British industry the process is atypical. Nevertheless, the different labour processes have no apparent economic consequences and Norwegian and British workers appear to be equally satisfied with safety on their installations.<sup>29</sup> Trade union appointed safety delegates did not prevent the Alexander Kielland tragedy and it seems unlikely that British trade union appointees to a safety committee could have prevented Piper Alpha.

Managerial

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<sup>26</sup> Spaven et al, (1993) *The Effectiveness of Offshore Safety Representatives and Safety Committees*. University of Aberdeen OTO Series No 93 012, Health and Safety Executive Information Services, Sheffield.

<sup>26</sup> Spaven et al, op cit para 6.4.1.

<sup>28</sup> Royle, D. J. C., (1995) *Workforce Involvement in the UK Offshore Oil and Gas Industry*. Paper presented at the Society of Petroleum Engineers Offshore Europe 1995 Conference and Exhibition, Aberdeen.

<sup>29</sup> Fleming, M. J. et al, (1995) *A Comparative Study of Risk Perception on the UK and Norwegian Continental Shelves*. Paper presented at “Work and Well-being in Europe” Conference, Nottingham University, England.



cultures differ but there is no conclusive evidence of greater levels of stress among one or the other workforce who share the common problems of employment on isolated installations in the North Sea.<sup>30</sup>

The British trade unions envy the success of their Norwegian counterparts and see it as almost "politically correct" that traditional collective bargaining should be the method of establishing pay and conditions of work offshore as it is onshore. It can be argued equally well that in the United Kingdom a new labour process is being developed offshore where direct communications between managers and workers eliminate the need for unions in the achievement and control of safe working environments. The success of voluntarism offshore with elected representatives as distinct from union appointees suggests that it could be just as successful onshore but has never been fully implemented on account of the trade unions' statutory right to participation on accident prevention committees.

Industrial relations on the UK continental shelf exhibits a special form of voluntarism in that it emerges outside the collective bargaining which is common onshore in Great Britain and is almost the standard practice across all Norwegian industry. Moreover, the labour process offshore is becoming more complex on both the Norwegian and the British continental shelves as operators reduce the number of their own direct employees in favour of increased proportions of contract employees. Separation of the bulk of the necessary human resource from direct employment is now standard practice offshore in both Britain and Norway with consequences which are more predictable for Norway than for Britain. There is no indication that there will be any change in terms and conditions of employment on Norway's continental shelf although the question has been asked whether a system devised in the first half of the twentieth century can meet the challenge of change in working practices and organization? In a recent publication<sup>31</sup> Hans-Gorän Myrdal of the Swedish Employers Confederation raises some questions about the future of the Nordic and therefore of the Norwegian Model. He challenges as arrogant the claim by his compatriot Bernt Schiller that "*the Nordic experiences of labour relations are morally superior to other less democratic forms of labour organization and therefore represent the most attractive means of handling future challenges.*"<sup>32</sup> Myrdal asserts that the future almost certainly involves an increasing use of information technology and thus an associated decentralisation of organizations. This in its turn will pose a conflict between the traditional centralist institutions and small groups with their own particular objectives. Schiller, on the other hand, believes that the model is strong enough to retain its characteristic features through the self reliance which the system has developed among its participants. This will allow amendments to be grafted upon the model and thus meet the problems which Myrdal foresees.

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<sup>30</sup> Mearns, K. et al. 1996. *A Comparative Study of Organizational Factors and Safety in the UK and Norwegian Offshore Oil Industries*. Journal of Safety Research.

<sup>31</sup> Myrdal, H. G. (1995) *Labour Relations: the Nordic Experience*. European Foundation for the Improvement of Living and Working Conditions, Dublin. Vol 10, pp. 12 - 14..

<sup>32</sup> Schiller, B., (1994) *The Future of the Nordic Model of Labour Relations*, pp. 73-74. The Nordic Council of Ministers, Copenhagen.



As regards the United Kingdom prediction and conclusions are more difficult. The OILC is a tough little union determined to survive and become an industrial union exclusively for oil employees. During 1995 it discussed a merger with the National Union of Mineworkers to form a union of workers in energy but while this is unlikely to come to fruition it may stimulate the traditional unions to make greater efforts to assert their position. There is also the possibility that trade unions may seek to advance their claims for recognition offshore through their existing bases among the contractors onshore. There is no evidence that will persuade one to believe that this strategy will be any more successful than previous trade union attempts to attract membership which will be in any way significant. Indeed, quite the contrary view has greater support and contemporary research has shown that involvement of offshore workers by and with their managements is becoming part of the culture of the industry. *"The expectation by the workforce is now such that genuine involvement of the workforce by and with the management has become the norm and can be said to be part of the developing culture of the industry"*.<sup>33</sup> If the oil producers on the UK continental shelf are ever to retreat from their present policy towards recognition of trade unions that retreat will be a small one based upon their own terms.

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<sup>33</sup> Royle, op cit.



## Book Review

# Paying for the Piper

**By Charles Woolfson,  
John Foster and  
Matthias Beck**

*Published by Mansell Publishing Limited. 603 pages. ISBN 0 720 123488 (hardback), price: £65. ISBN 0 720 12350X (paperback), price: £25.*



The editors of the 'Employment and Work Relations in Context' series to which this book is a contribution state that 'a particular feature is the consideration of forms of worker and citizen organisation and mobilisation.' The last paragraph of the book contains the following two sentences: 'Those who control the UK oil and gas industry remain convinced that their interests are incompatible with the presence of organised labour and the right to collective bargaining. This conviction is the story of our book.' It also sets the tenor of the book.

From the outset the oil and gas industry on the UK Continental Shelf has opposed the introduction of collective bargaining with its associated recognition of trade unions and has sought to develop relationships with its employees through the alternative process of joint consultation. The authors claim that this policy has allowed the employers to pay insufficient attention to the maintenance of safe working environments and they have sought to substantiate this thesis through an analysis of three inter-related factors: the economics of the industry at both transnational and national (UK) levels, the safety regime offshore both before and after Piper Alpha and the efforts of the trade unions to secure collective bargaining rights.

Oil is a commodity vital to industrialised economics and inevitably the industry wields power on a worldwide scale. The book provides a useful commentary on the economics of the industry in general but when it comes to the North Sea it suggests that there is an ongoing conspiracy between UK governments and the oil companies, particularly Shell and BP, whereby safety is sacrificed in the pursuit of revenues. CRINE (Cost Reduction Initiative in the New Era) is subjected to particular criticism on the grounds that expenditure necessary to maintain and to improve safe working practices has inevitably been curtailed in the interests of cost saving.

This is a bit hard on employers who have spent £5 billion on accident prevention since Piper Alpha in 1988 and to call in aid the fatality figures of 1995-96 (five compared with one the previous year) smacks of special pleading. Great play is made of the relationship between the safety regulators before and after the Cullen Report. Few would deny that the Petroleum Engineering Division of the Department of Energy had too close a relationship with the employers to be as effective a regulator as it should have been but the authors assert, with little real evidence, that the employers have now captured and contained its successor, the HSE Offshore Safety Division. There is reference here to some sociological research of over 20 years ago but no mention anywhere in the book of Aberdeen's own Professor Alex Kemp who has shown that if costs can be reduced the industry will grow in size because the lives of the existing fields will be extended and new, previously uneconomic fields will be developed.

Any death or serious injury anywhere is to be deplored and Occidental was properly excoriated by Lord Cullen for its lack of proper commitment to accident prevention on Piper Alpha. One can only speculate whether trade union influence could have prevented that disaster. The Norwegian trade unions have the right in law to be represented on safety committees but that did not prevent the loss of 123 lives in the Alexander Kielland disaster in 1980. British trade unions have much expertise in safety matters which is brought into play through their membership of the Offshore Petroleum Industry Training Organisation but until they secure significant and permanent membership on installations the current practice of employee as distinct from trade union appointees to mandatory safety committees must be made to work.

The most persuasive sections of the book explain how organised labour, debilitated by inter-union disputes, achieved no more than a few footholds offshore. That the majority of offshore



# Offshore safety facts

In response to the publication of *Paying for the Piper*, the UK Offshore Operators Association (UKOOA) sent out a press release with the following information:

1. All 48 of Lord Cullen's Recommendations were implemented by the industry within two years of their publication.
2. Acceptance by the HSE of all the offshore Safety Cases for over 200 installations, with the HSE granting approval to the industry's safety case.
3. A 45 percent reduction in injury frequency between 1988-89 and 1994-95.
4. A 45 percent reduction in injury frequency between 1988-89 and 1994-95.
5. Significant improvement in the industry's safety record compared with other industries. In 1986-87 there were eight other industry sectors which had higher injury frequencies; in 1994-95 there were 33, including mining, railways, metal manufacture, water supply and construction.
6. When all planned work is complete, the HSE predicts that the risk of significant accidents with multiple fatalities will be reduced to

about one-tenth of the level it was in 1986.

7. All installations have a Safety Committee at which Safety Representatives formally meet the Installation Manager to discuss any and all current safety subjects for that installation.
8. Safety Representatives on offshore installations are elected by their fellow workers to represent their interests and concerns. Each Safety Representative is given a written brief which ranges from the Installation Safety Case to on-site working procedures and UKOOA Guidelines.
9. Safety Representatives are trained to fulfil their role, which includes an understanding of safety legislation and the identification of potential safety hazards.
10. The HSE engaged Aberdeen University to conduct a full review of the working of the Offshore Safety Representatives/Safety Committee structure in 1995. The report concluded that the system was working well; the only significant recommendation was that Safety Representatives needed more training in communication capability. The

industry is therefore addressing this matter and is producing revised proposals for training of Safety Representatives to accommodate this aspect and other lessons already learned.


11. Fully in line with Lord Cullen's Recommendations, UKOOA and industry resources have worked hard to produce guidance, to describe good industry practice for offshore safety. This includes the UKOOA Guidelines for the Safe Management and Operation of Offshore Support Vessels. Lord Cullen said that such Guidelines, if produced by industry itself, would be realistic and would be more fully adhered to. Guidelines are invariably sent to the HSE for consultation before they are issued within the industry and guidelines are also subject to workforce involvement and contributions from all other relevant industry associations alongside UKOOA. In specific instances, international consultation is appropriate, involving UKOOA sister organisations in other European countries.

employees simply did not want to join trade unions is, however, given insufficient credence; some recruits in the late 1970s saw employment offshore as a refuge from trade union harassment, while a significant proportion of employees were ex-servicemen unaccustomed to querying orders. Also by the 1980s many oil workers had values more associated with the middle classes through investment in houses and small businesses.<sup>1</sup>

Of particular interest is the account of the generation of the Offshore

Industry Liaison Committee (OILC), the small but tough trade union, which, despite problems and setbacks, retains its independence and has forged close links with another 'rebel' union, the larger Norwegian OFS. OILC played a leading role in the industrial disputes offshore in 1989 and 1990 but the authors have invested these strikes with greater significance than they deserve.

Many will disagree with the conclusions which the authors have drawn from what has happened on the UK Continental Shelf over the last 25 years.

They have, nevertheless, produced a monumental work replete with facts and figures which will remain a standard work of reference for many years. 

**D H F Gourlay, Research Fellow,  
The Robert Gordon University,  
Aberdeen**

<sup>1</sup> H Bygate (1976) *Oil over Trouble Waters*, Aberdeen's People's Press; M Jones and F Godwin (1976) *The Oil Rush*, Quartet Books, London; A Alvarez (1987) *Offshore - A North Sea Journey*, Sceptre Press, New York.



**SECTION B**



## APPENDIX A

G.F. Gilliat,  
30, Lauds Road,  
Crick,  
NORTHAMPTON,  
NN6 7TJ.

8th November, 1974.

Mr. W. Price,  
Member of Parliament for Rugby,  
House of Commons,  
LONDON.

Dear Mr. Price,

As an A.S.T.M.S. representative working for GEC Electrical-Projects, Rugby, I recently negotiated an agreement for Commissioning Engineers carrying out work on the BP Forties Field Oil Rigs. The electrical equipment for the rigs was mainly manufactured at Rugby.

At the time of the agreement (copy dated 17th September attached) it was envisaged that approximately 30 engineers would be involved over a period of up to two years carrying out the work of commissioning the four fixed platform oil rigs.

BP have not yet placed the contracts for commissioning work, but it is normal practice to delay such contracts until the work is actually required.

On the 5th November I was called to a meeting with my management, and without explanation, was told that BP had now changed its programme and requirements and working on the oil rigs would now be based on the letter dated 5th November which was handed to me.

In a nutshell the changes are:-

- 1) The Salary offered in every case is reduced by £136 per month.
- 2) The pattern of working is changed from two weeks on/two weeks off to three weeks on/one week off.
- 3) The staffing required is reduced from 30 to approximately 8.

Unofficially, the reason given was that BP had seen a copy of our September 17th agreement and were very annoyed with GEC due to the fact that it would undermine their own salary structure.

I myself cannot accept this explanation and feel that 'if the boot had been on the other foot' GEC would not have been allowed to complain.

continued .....

Some of my members are at present working alongside BP engineers at Dumbarton erecting and pre-commissioning electrical equipment in the modules for the next rigs to be situated in the North Sea.

The BP engineers who will be operating the rigs have said that when they commenced employment a few months ago they were told that BP did not recognise Trade Union membership and frowned upon Trade Union members.

These people have recently received a substantial salary increase obviously to retain the non-Union attitude. They have also stated that they would become Trade Union members but at present are afraid of the consequences.

This information cannot be substantiated in writing but is derived from an absolutely reliable source.

It appears that BP are making a deliberate attempt to keep Trade Unionism off the oil rigs.

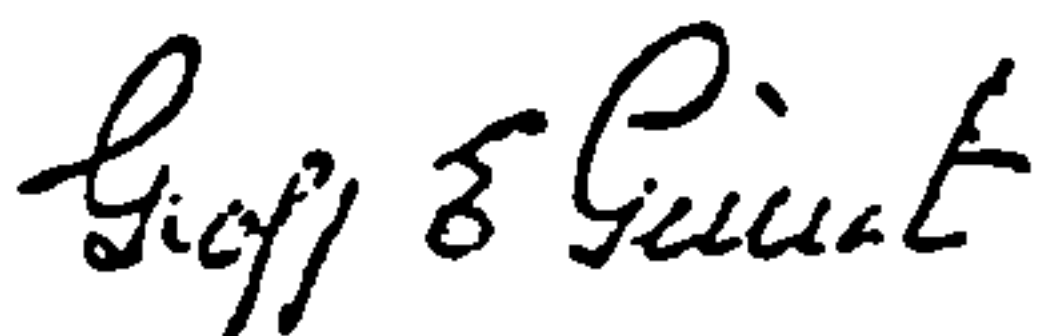
You will understand that my members are upset at the whole business although I personally do not think GEC are in any way responsible.

As BP is partly owned by the nation is it possible to obtain a statement of policy towards Trade Unionism and in particular to our own case?

Naturally, I am pressing this matter through the normal A.S.T.M.S. channels and a copy of this letter is being sent to Mr. J.S. Davison, Assistant General Secretary, A.S.T.M.S. London, but as an individual Trade Unionist I think the political aspect of BP's attitude to Trade Unionism and its potentially serious effect on industrial relations should be brought into the open.

The reason for writing instead of visiting your surgery is that a letter will give you time to consider the problem. If you do wish to discuss the matter or any points require clarification, I will only be too pleased to call and see you anywhere at any time.

Yours sincerely,



Geoff E. Gilliat.

Tel. Crick 822845.



APPENDIX B



Minister of State

Department of Employment  
8 St James's Square London SW1  
Telephone 01-2309300 214 2691

PO 3318/1974

// December 1974

W G Price Esq MP  
House of Commons  
LONDON SW1

You wrote to Michael Foot on 15 November, enclosing the attached letter from Mr G E Gilliat of 30 Launds Road, Crick, about trade union recognition by BP on oil rigs.

There is at present no legal requirement for firms to recognise trade unions; whether or not they do so is a matter for negotiation between the employer and the union concerned. However, the Government intends to include provisions in the Employment Protection Bill which will enable unions denied recognition to refer their case to the Conciliation and Arbitration Service. If the Service is unable to promote a voluntary settlement it will be required to investigate and make recommendations. If the employer fails to follow up these recommendations, the union will have the right to seek unilateral arbitration by the CAS' Central Arbitration Committee on the terms and conditions of employment of the employees concerned, and any award made by the Committee will become an implied term of the employees' contracts of employment.

We are also proposing to include in the Employment Protection Bill provisions which will give employees a right to join a trade union, and the right not to be prevented from taking part in its activities or to be penalised for doing so. Any employee who thinks that his rights regarding trade union membership or activities have been infringed will be able to complain to an industrial tribunal.

Naturally we are as anxious to see the development of trade unionism on oil rigs as anywhere else, and I understand that the Companies have agreed to recognise trade unions when they have sufficient membership amongst those working on oil rigs to warrant this.

*Yours sincerely*

ALBERT BOOTH

INTER UNION OFFSHORE OIL COMMITTEE

Secretary      W. P. Reid, J.P.,  
44, King Street,  
Aberdeen.

Dear Sir,

This Committee has been formed for the express purpose of establishing in the Offshore Oil Industry the right of the workers in that Industry to belong to a Trade Union and as a consequence of that membership, the right to enter into negotiations with the employing Company to establish agreed wages and conditions.

At our meeting on Monday, 16th April, it was resolved that in order to progress the claim for recognition we invite the representatives of all the drilling Companies in the North Sea to a meeting to be held at an appropriate venue on Tuesday, 14th May, 1974. It is appreciated that a fixed date for a meeting may be inconvenient, but it is an indication of our concern at the present position that the subject matter be dealt with as a matter of extreme urgency. Obviously, it is not our wish to communicate through the media, press or television and we are quite sure that a meeting would lead to a better understanding of our respective attitudes.

We would at this stage, indicate that a rejection of the proposed meeting would indicate that the drilling Companies have rejected a settlement based on conciliation and in that situation the Union who are constituent members of the Joint Committee would immediately resort to using their industrial power to establish recognition a condition subscribed to, and operated by all Industries operating in the United Kingdom.

I would appreciate an early reply to this communication.

Yours faithfully,

*William Reid*



## IV

## UKOOA LIAISON PANEL

TERMS OF REFERENCE

Approved by UKOOA's Council

at the Special Council Meeting of 2 September 1976

**Name of Committee**

The Committee designated by the Council of UKOOA to act as its liaison unit will be named the UKOOA Liaison Panel.

**Function of the Panel**

To act as a channel of communications for UKOOA on matters concerning employee relations which can be discussed in general terms on an exchange of views basis with Government, the Inter-Union Offshore Oil Committee and any other appropriate body approved by the Council.

**Authority of the Panel**

The Panel will not have any delegated authority to commit either UKOOA as an organisation or its individual member companies. Members of the Panel will not, as members of the Panel, be representatives of their employing companies but representatives of UKOOA. The Panel will report to the Executive Officers' committee.

**Membership of the Panel**

The membership of the Panel shall be six in number, selected from the Employment Practices Committee, with the provision that specialists from within UKOOA may be co-opted as required. The Chairman of the Panel shall normally be the Chairman of the Employment Practices Committee. Selection of Panel Members shall be vested in the Chairman, who will base his selection on the principle that four members in total shall be from operating companies involved in production and with employees working on offshore installations. The Chairman will rotate the total membership of the Panel, giving due regard to the need for continuity of experience, to no more than half the panel membership should be changed at any one time.

**Subjects for Discussion**

One of the purposes of the Panel will be to try, through the medium of discussion, to inform the unions of the differences between onshore industrial life and the offshore working environment, which, in the industry's view, justify a different approach by both employers and unions to offshore industrial relations.

Approved subjects which can be discussed are:

1. Accommodation and recreation
2. Training
3. Safety and safety representation
4. Consultation with Government on consultative documents dealing with proposed labour legislation or proposed Codes of Practice
5. General problems associated with new labour legislation
6. The practical application of Codes of Practice on grievance procedures and disciplinary procedures
7. The technical/safety problems of strikes offshore
8. Access to installations
9. Common interest groups

These subjects were selected because discussion of them can help to create more realistic attitudes in Government and the IUOOC.

**Subjects that Cannot be Discussed**

1. Terms and conditions of employment: salaries, allowances, pensions, sick pay and sick leave, job grades, over-time, etc
2. Recruitment of employees
3. Specific complaints about any individual company or its employees
4. Contractors
5. Manning levels and operating strengths

**Place for Meetings**

As appropriate

**Frequency of Meetings**

The Panel should meet as often as is necessary, either to approach one or more of the parties with whom the Panel is authorised to liaise, or in order to respond to a request from such bodies. No regular meetings of the Panel itself will therefore be held.

INTER UNION OFFSHORE OIL COMMITTEE.

Charter for the Unionisation of employees engaged in the Offshore Oil Industry within U.K. jurisdiction.

- 1 That all Companies engaged in the Offshore Oil Industry in exploration, extraction and production (and the servicing of same) recognise the right of the Inter-Union Offshore Oil Committee <sup>Union</sup> to recruit, represent and negotiate terms and conditions of employment for all employees falling within their spheres of membership.
2. The right of access for Trade Union Officials to visit installations for discussion with their members and elected representatives.
- 3 The application of a single code of health and safety which will cover all aspects of the Offshore operation i.e. the incorporation of the Health and Safety at Work Act 1974.
4. The setting up of a National Board (Offshore Development) which would deal with wages and conditions and regulations of all personnel working in the Offshore Industry. The Board would be representative of the workers and management of the various enterprises.
5. Inherent to the establishment of the Board would be that all personnel would become members of their appropriate Trade Union.
6. The Board would work in close relationship with the responsible Government Departments to ensure that the Industry was answerable to Parliament.
7. The establishment of an agreed conciliation procedure which would resolve speedily issues of dispute.
8. The acceptance by all Employers of the Check-off system of dealing with trade union subscriptions.
9. That all future licences be issued conditional on the rights of the employees being represented by the Inter-Union Offshore Oil Committee <sup>Unions</sup>
10. That it should be a further condition of licence that standby vessels, supply ships, survey ships and barges irrespective of flag, should conform to British Manning and Safety Standards.

Unions in membership of the Inter-Union Offshore Oil Committee with recruiting rights.

A.U.E.W.

Boilermakers Society.

T. & G. W. U.

E.E.P.T.U.

A.S.T.M.S.

T.A.S.S.

N.U.S.

Radio Officers Union.

Bill Reid  
Secretary



## APPENDIX TWO

Summary of possible lines of action to counter international companies accepted at the TUC Conference on International Companies, October 1970.

*British Trade Unions and International Companies*

- i. To set up a systematic collection of information on British and foreign-owned international companies operating in the United Kingdom to be co-ordinated by the Economic Department of the TUC;
- ii. to continue to act to compel subsidiaries to conform to British industrial relations practice;
- iii. to put pressure on the Government to enforce, by a new Companies Act, disclosure of more information on the activities of international companies regarding the relation of the United Kingdom to global activities;
- iv. to put pressure on the Government to ensure that international companies taking over United Kingdom firms are fully apprised of their industrial relations responsibilities;
- v. to develop increased consultation between international companies operating in the United Kingdom and the British trade unions on corporate planning.

*The International Trade Union Movement and International Companies*

- vi. To take initiative within International Trade Federations to obtain information on international companies' finances, decision-making processes, industrial relations practices, wage levels, benefit levels, manpower policies; etc;
- vii. to encourage international consultation between international corporations and trade unions of several states;
- viii. to redress the balance of strength in collective bargaining with international companies, by the development of multi-lateral and bilateral trade union co-operation, through ITS's, to lead to mutual support (by means of banning of overtime, prevention of production switches, sympathy strikes, blocking of goods, etc) where one affiliate is in severe dispute with an international company;

ix. to develop ITS activities to lead to co-ordination and synchronisation of wage claims between national unions dealing with international companies;

x. to support ICFTU approvals to national and international authorities urging greater control of international companies.

*The British Government and International Companies*

- xi. To urge the Government to seek guarantees of behaviour by international companies investing in the United Kingdom or taking over British firms; guarantees should be subject to sanction and cover:
  - Industrial Relations Practices;
  - Manpower Plans;
  - Intercompany Trading and Financial Practices;
  - Research Policy;
  - Remittance and Dividend Policy;
- xii. to urge the Government to have regular consultations with international companies on their corporate plans, so as to integrate these with national economic planning;
- xiii. to urge the Government to exert greater control over both inward and outward direct investment and earnings.

*Inter-Governmental Action and International Companies*

- xiv. To urge nationally and internationally the case for more information on, and greater supervision of, international companies by means of inter-governmentally agreed guidelines on their activities.

Source: "Multinational Corporations and British Labour: a Review of Attitudes and Responses". J. Gennard for the British North American Committee, January 1972.



## APPENDIX G

This appendix gives in some detail the discussions which took place at the meeting of 17th November, 1975. It is taken from the Department of Energy's *Minute of Meeting to Discuss Offshore Unionisation*, a copy of which is available in the OILC files.

There were present 3 officials from the Department of Energy, 1 from the Department of Employment, 1 from the Department of Trade, 2 representatives of ACAS (including Mr Bob Waddell, a senior member of the Scottish division of ACAS), Messrs Lea and Hanna from the TUC and Mr Bill Reid of IUOOC.

One of the Department of Energy officials was Mr J. S. Liverman, a Deputy Secretary who had been specifically assigned to investigate the possibility of an agreement between the oil producers and the trade unions on the unionisation of employees offshore. *"He explained that the Government could not be party to the Inter-Union Committee's Charter, but on the other hand welcomed the evolution of a single body which could seek to represent the interests of the Offshore workforce, provided that this was the agreed objective of the Trade Union movement"*.

Mr Lea, who was Head of the TUC Economic Department, *"said that there was a need for more formal recognition by the Trade Union movement of the status and standing of the Committee"*.

Mr Reid *"said that consultation with, and agreement by, the employers should be extended to drilling and other contractors. He envisaged that the operating Companies would be responsible for imposing the terms of their agreement with the unions on their sub-contractors"*. Mr Lea interjected to say that this would be a complicating factor, especially where ships were concerned.

The discussion continued on the matter of union recognition. Mr Liverman pointed out a difficulty on the employers' side *"because UKOOA as an organization was not empowered to act as a negotiating agent for the operators"*. Moreover, continued Mr Liverman, sub-contractors were not represented on UKOOA and had no trade organization of their own. (Note: the Offshore Contractors' Council, renamed the Offshore Contractors' Association in 1995, was not founded until 1984.)

Mr Lea *"feared there would be no unified approach without a Board or something like it. (Clause 4 of the Charter for Unionisation drawn up by IUOOC : see Appendix E and p. 59 of text.). There would be dissenters on both sides who would pursue their own agreements (as Dundee Kingsnorth and NUS had done)"*

Mr Reid *"said those he represented were very anxious that full union protection should be extended very quickly to the whole offshore workforce. He believed the*



*advent of the BNOC should persuade the Government to give their full support to the idea of a Board".*

*Mr Liverman stated that BNOC would take some years to build up and "would be unlikely to play a leading rôle as an employer over the period which was crucial to the setting up of a union/employer joint arrangement. He felt that the Committee might well find that they could make progress with individual companies faster than with a unified employers' organization, because of the time and complexity of forming such an organization. He was not convinced that the Government should depart from its normal neutral rôle over the point, but was ready to consider and discuss further".*

*Mr Lambert of the Department of Employment believed that the problem was in two halves; "recognition and access. Recognition and right of union membership would be fully covered by legislation when the terms of the Employment Protection Act were extended by Order (as it was intended that they should be at an early date) to cover offshore installations. Access could itself be divided into access for recruitment and access after recognition. The latter was a matter for negotiation between those concerned".*

## NOTE FOR THE RECORD

MOS/R NO 31

Note of a meeting between Ministers, the TUC and IUC to discuss offshore unionisation - 30 March 1976.Present:

Mr J Smith - Minister of State for Energy	Mr H Irwin - TG/TUC
Mr A Booth - Minister of State for Employment	Mr J Hanna - TUC
Mr J Liverman	Mr W Callaghan - TUC
Mr A Burridge - Dept of Employment	Mr W Reid - IUC
Mr P Grattan	Mr J McConachie - AEUW/IUC
Mr K Byfield	Mr H Bygate - NUS/IUC
Mr Molyneux	
Dr Palmer	

Opening the meeting Mr Smith said the Government wanted to ensure that unionisation offshore was implemented as smoothly as possible and this could best be done through sensible co-ordination of all the parties involved. It would be helpful to hear the TUC's views on how they saw the next stages developing and what role would be given to the IUC. This must be a matter for the separate unions involved; for effective co-ordination between a large number of unions operating within a relatively small workforce it could seem sensible for the IUC to have the widest role which the unions were willing to grant. With the aim of achieving good industrial relations the Government could best act as a bridge between unions and operators by encouraging the two sides to talk together. This would avoid a fragmented approach with the scope for friction which this would create. In addition to reviewing progress on legislation the meeting should also consider what discussions were needed with the operators and how a code of industrial relation practice could best be implemented. A meeting with the operators should be held as soon as possible when the advantages of a co-ordinated approach could be discussed.

Mr Booth said the Government was committed to the earliest possible introduction of legislation to cover unionisation offshore but delays had been caused by a variety of technical and drafting problems. A Commencement Order was now being prepared for bringing into effect Section 127 of the Employment Protection Act which would allow other Sections of the Act to be brought into effect by Order. This was the most suitable procedure given the complexities of the subject. A further Order bringing offshore work into the same ambit as onshore work would be needed. It was hoped to keep implementation of offshore and onshore legislation in parallel from June. Some problems between Government Departments remained to be resolved, for example the application of this legislation to foreign registered rigs might be held to clash with some of our international trading obligations. One possibility which did arise from the extension of the EPA offshore was a possibility of using ACAS, appropriate areas would have to be defined. The Government would certainly help to the extent it was able with the statutory powers available in overcoming any industrial relation problems in the industry.

Mr Irwin said the IUC had been in existence for two years and had de facto recognition by the Trade Unions. A single body benefited the industry by avoiding a piecemeal and leapfrogging approach



industrial relations. If discussions between the management and unions could be held on a co-ordinated basis from the start the benefits would be considerable. It would be helpful to have the Government backing for this approach when negotiations started with the employers. The TUC regarded the IUC as an appropriate body for these purposes and contact with the trade unions could be maintained through the Fuel & Power Industries Committee. The IUC's Ten Point Charter could be a suitable basis for discussions as it reflected practical experience of the offshore industry. Discussions with the employers should start as soon as possible.

Mr Smith said the Government would endorse this line and hoped that the unions would demonstrate their full backing for the IUC by fielding national level officials in support, though this was really a matter for the unions themselves to decide.

Mr McConachie said the history of the earlier North Sea Action Committee had shown some of the problems of inter union rivalry but the IUC enjoyed support from its constituent unions at local and national level. In particular the Committee tried to avoid demarcation disputes as these could be exploited by employers to resist unionisation. The pace of progress on unionisation had been disappointing especially where membership was whittled away because of difficulties in access to places of work. He endorsed the proposal for a high level meeting between the IUC and operators with the union represented at a senior national official level. Mr Reid and Mr Eygate indicated their agreement with this proposal.

Mr Irwin said that by contrast he personally felt that the IUC as the responsible committee in Scotland should take the lead in these discussions on behalf of the unions. Unions support should be tailored to avoid giving the impression that the IUC had no significant role to play. The TUC Fuel & Power Industries Committee would consider the question of representation again before the meeting with the operators. In further discussion Mr Irwin said there would be advantage in focussing negotiations initially on employment on rigs operating off the North East Coast of Scotland and the Shetlands. Focussing negotiations in this way would allow agreement to be reached more easily and would help to reduce the risk of a fragmented approach which would be to no-one's advantage.

#### Discussions with Operators

Mr Smith asked Mr Liverman to report on his discussions with the operators.

Mr Liverman said that after two or three meetings with UKCOA the main points still at issue were:-

- i. The authority of the IUC was not accepted - operators were nervous of negotiating with the Committee as they felt its constituent unions might break ranks and seek separate settlements. Individual cases of this had already occurred.
- ii. UKCOA itself was unwilling, and by the terms of its charter, unable to negotiate on behalf of individual employers. The Association could only act through persuasion and inevitably individual employers varied in their attitudes and approaches.

## **SUPPLEMENT TO APPENDIX H**

**The first eleven lines of page 3 were indistinct when received by the author who has decided to provide a clearer text.**

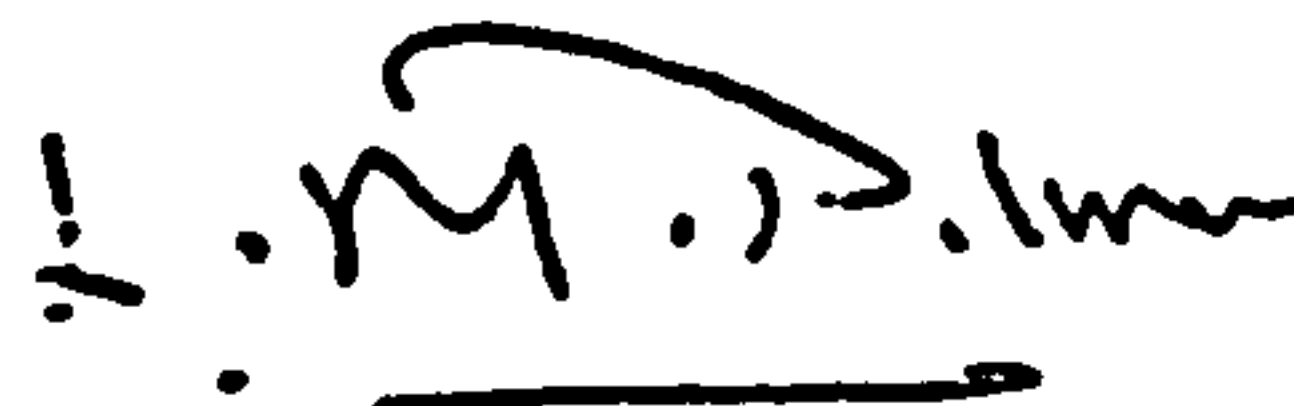
**However the UKOOA Council was recommending to its members that they should agree to the unions' requests for reasonable access, provided this could be fitted in with normal operation requirements. In addition some individual employers were ready to enter discussions with the IUC. It was therefore unlikely that a representative selection of oil companies would be present at the proposed meeting with the unions. To assist discussion the Department had prepared a Memorandum of Understanding which could form the basis for agreement between operators and unions. Mr Liverman read out the text of the draft Memorandum and said it would be supplied to both sides in advance of the forthcoming meeting.**



However the UKOIA Council was recommending to its members that they should agree to the unions' requests for reasonable access, provided this could be fitted in with normal operation requirements. In addition some individual employers were ready to enter discussions with the IUC. It was therefore likely that a representative selection of oil companies would be present at the proposed meeting with the unions. To assist discussion the Department had prepared a Memorandum of Understanding which could form the basis for agreement between operators and unions. Mr Liverman read out the text of the draft Memorandum and said it would be supplied to both sides in advance of the forthcoming meeting.

After further discussion Mr Smith in summing up said it was agreed that:

- i. There were clear advantages to an orderly development of unionisation offshore.
- ii. The initial area of work to be covered in discussions between operators and unions should be rigs operating off the North East of Scotland and Shetlands.
- iii. The IUC had a significant role to play and a meeting between the unions, represented by the Committee with other representatives as agreed by discussion within the TUC, and a selection of oil companies should be held as soon as possible. The Department would make the necessary arrangements.
- iv. At that meeting Ministers would explain the importance in the national interest of achieving an orderly and mutually agreed implementation of offshore unionisation.

  
L M Palmer  
PS/Minister of State  
5 April 1976

Copies to:

Those present  
PS/Secretary of State  
PS/PUS  
Mr Kear  
Mr Gibson  
Mr Blackshaw  
Mr Tuck  
Mr Denness  
Mr Woods

PS/Minister of State for Employment  
Mr A Burrige - Dept of Employment

1 Mr Tony Benn, Secretary of State for Energy, accompanied by Dr Dickson Mabon, Minister of State and Mr Harold Walker, Minister of State at the Department of Employment, met representatives of union organisations and oil companies today to discuss industrial relations in the offshore oil and gas industry. The purpose of the meeting was to consider ways of promoting continuing good industrial relations in this new offshore industry, and to provide an opportunity for the first time for all these parties to exchange views on the various subjects of interest to them.

2 In this connection the meeting examined the role of the Inter Union Committee in Aberdeen whose formation the Government welcomed as a means of harmonising the interests of the several unions concerned.

3 The meeting agreed that offshore operations posed a special problem in regard to the provision of access for union officials to meet the offshore workforce. It was agreed that there would be further discussions to define more precisely an understanding on future arrangements.

4 Mr H Walker, Minister of State at the Department of Employment took the opportunity to explain to those present the steps being taken by the Government to extend the Employment Protection Act 1975 to offshore areas, including the provisions of the Act relating to procedure for union recognition and the ways by which the services of the Advisory Conciliation and Arbitration Service could be made available.

-----

RECEIVED



JOHN LANGAN, N.O.

TRADE UNION ORGANISATION -  
NORTH SEA OIL

GLASGOW OFFICE

14 May 1976

This memo. is simply to report on a meeting which I attended to discuss the facilities which the oil companies would provide to the Trade Unions in order that we may try and recruit in the North Sea oil industry. The meeting which was chaired by Tony Benn was held in the House of Commons on 11 May. The employers were represented by the Director-General of the United Kingdom Offshore Operators Association (UKOOA) and he was accompanied by very senior Management from seven of the major oil companies.

The Trade Union side was led by Frank Chapple and Harry Irwin, representing the T.U.C. F. & P. Committee and present were members of the Inter-Union Offshore Oil Committee (IUOCC).

Without going into great detail I think it can be fairly said that the meeting was of considerable assistance and the operators have agreed in principle to provide facilities for representatives from the Unions in membership of the IUOCC to visit the rigs and platforms. They will provide the transport and lay on facilities as long as plenty of advance notice can be given and that production demands do not prevent it.

The formal wording of the Agreement has still to be tidied up, but I do not anticipate any great trouble over this. I think that at the end of the day this matter will be referred back to the IUOCC for us to decide exactly what we would wish, then it should be all stations go.

The operators claimed not to be in a position to discuss the Charter which the IUOCC drew up as they had not had time to discuss it fully. I rather feel that what they meant was that there were too many grounds for disagreement contained within that document and it would simply be better to agree in principle on the broader issue of access to the offshore installations.

We will keep you informed of further developments.

CAMPBELL REID, D.O.,  
Aberdeen.

c.c. AGS S. Davidson,  
NO R. Lyons.

**GUIDELINES THROUGH WHICH  
RECOGNITION MAY BE ACHIEVED**

Appendix K

**Agreed Between UKOOA Liaison Panel and IUOOC on 13th June 1977**

1. Unions seeking recognition must be in membership of the IUOOC at the time of application. It is expected that the IUOOC will inform the Liaison Panel, and any individual company affected, of a current union in membership of the IUOOC that subsequently leaves the IUOOC.
2. Unions seeking recognition should do so by advising the IUOOC of their intention and by requesting the IUOOC to make such application for recognition on their behalf.
3. An application for recognition would be made by the IUOOC on behalf of one or more member unions on the basis of applying to a common interest group.
4. On receipt of such an application, the company concerned would then write to the IUOOC to discuss and mutually agree the common interest group under consideration.
5. After a common interest group is determined, significant membership should be demonstrated through the agency of a mutually acceptable third party.
6. Thereafter, the development of discussions, including consultations with employees which could lead to representational agreement between member unions of the IUOOC and employers, should proceed along lines that reflect the situation that prevails at the particular point in time and takes into account the needs and wishes of all the parties involved.
7. It being accepted that a balloting of employees would constitute part of the procedure before a negotiating agreement would be entered into.

**Note** If, during the course of the above discussion, the IUOOC wish to make an offshore visit, the procedure to be followed would be that outlined in the minutes of the meeting between IUOOC and the Liaison Panel, dated 18 January 1977. It was agreed that, prior to any visit, there would be a discussion between IUOOC and the company concerned to work out and agree together what arrangements should be made and what facilities could be offered.

It is understood that the above is the recommendation of the Panel on behalf of UKOOA members with the understanding that any member company is free to modify or amend any of the steps in discussion between themselves and the IUOOC.



STAN DAVISON, A.G.S.,

INTER-UNION OFFSHORE OIL COMMITTEE

HEAD OFFICE.

3 March 1977

Further to a request from Margaret for copies of any material relevant to the original terms of reference for the setting up of the Offshore Committee, the enclosed document is the only one I can find with any relevance. The Committee has traditionally been very informal and, in fact, very few Minutes have been issued, a matter which I have been trying to pursue for some considerable time.

You will notice on the letter dated 5 April 1974 that at the very bottom item (c) states that spheres of influence ought to be decided. This has been done as far as workers on the rigs are concerned, but so far we have been unable to come to any agreement on fixed production platforms. You will have in your possession a copy of a memo. to National Officer, John Langan, dated 25 August 1975 which was the first instance of a spheres of influence agreement being seriously considered. Since then, in line with the tactics agreed with John at the time, I have very deliberately kept this item away from the attention of the Committee and it is only now, within the last two months that the other members of the Committee are insisting on some form of agreement.

I would stress that before committing myself further to a policy of winner take all, I would like that a meeting with yourself and the other officers involved should take place as soon as possible. I understand there is to be a meeting with all Unions involved at the T.U.C. on 23 March and certainly our meeting should be before this if at all possible.

CAMPBELL REID, D.O.,  
Aberdeen.

Encls.

ASSOCIATION OF SCIENTIFIC, TECHNICAL AND MANAGERIAL STAFFS

Internal Memorandum

S. Davison, AGS

Re... IUCOC Spheres of Influence - Drilling Rigs

Copy to: R. Lyons, NO  
R. Spiller, DO

Date... 12th November 1980

You may recall some considerable time ago that the BSJC unions in membership of the IUCOC raised at a fuel and power sub-committee of the TUC their idea that they were the only body which should be recognised by the TUC as being appropriate to those people working in the exploration side of the offshore industry. This was largely based on their contention that the rigs used were semi-submersible and that they were, according to the Board of Trade, registered as 'ships'.

I recall at this meeting that you on behalf of ASTMS indicated that there should not be any hard and fast rule governing this area, but that we should encourage any union which felt they could recruit in this area to go ahead and do so. The meeting did not make any firm decision as I recall, but you will note from the recent minutes of the IUCOC that this matter has once again been raised. The reason for this is that the T & G have recruited quite extensively amongst crews working offshore for SEDCO (a drilling and exploration company which is working in the North Sea both in British waters and Norwegian waters). SEDCO is quite happy to talk to the T & G about recognition under the banner of the IUCOC and have indeed had one meeting with them accompanied by Bill Reid. At the time the BSJC unions registered a very strong protest both with myself as Secretary of the IUCOC and with SEDCO. As a result there has been one special meeting to try and resolve the issue between the T & G and the BSJC unions and there will be a final follow-up meeting early in December.

Up to now I have been taking a fairly neutral line as ASTMS have no direct involvement in the drilling side of North Sea operations and have indicated that this area was not within our interests. However, I am extremely concerned that this squabble could result in a deterioration in the relationships within the IUCOC and unless the T & G withdraw, I suspect that the matter will be referred to the TUC for resolution.

I should be extremely grateful if you would care to advise me of what line I should adopt at this meeting as you do not wish to step outside ASTMS policy on this matter.

S. Campbell Reid  
Divisional Officer



T R A D E SU N I O NC O N G R E S SNORTH SEA OIL ISSUES

Summary Report of an Informal Meeting  
with the Inter-Union Offshore Oil Com-  
mittee held at Congress House, Great  
Russell Street, London, WC1 on  
Thursday June 4 1981 at 10 30 am

PRESENTTUC

Mr D E Lea (in the chair)  
Mr B Callaghan  
Mr D Thomas  
Mr A Halmos

IUOOC

Mr W Reid Chairman (TGWU)  
Mr C Reid Secretary (ASTMS)  
Mr W Duncan (NUS)  
Mr I McFarlane (AUEW-E)  
Mr W Parker (MNAOA)  
Mr R A White (REOU)

Introduction

1 Mr Lea welcomed the IUOOC members to Congress House; recalled the long involvement which the TUC, principally through the Fuel and Power Industries Committee, had had with North Sea matters, including extending employment legislation in the difficult conditions of North Sea operations, given the TUC's interest in extending trade union membership; and noted that the TUC had always recognised the IUOOC as the body with which to deal concerning North Sea operating issues. He asked for a description of recent progress in organising activity offshore.

Offshore Organising Activity

2 The IUOOC reported that progress in offshore organising activities was slow. There were some recognition agreements with Occidental and Shell, and a full negotiating agreement with Phillips. However, in general, oil companies were as adamant as ever in resisting union organisation. There was often a divergence between the propaganda claims made by senior executives that they were not opposed to union organisation, and the actual practice of operating managers. BP had recently confirmed in a letter that their policy remained that of granting recognition only if membership was spread across all installations, not on an installation by installation basis.



3 The IUOOC estimated that about 30 per cent of workers offshore excluding vessels (where there was a closed shop) were organised, and the distribution of membership varied from about 100 per cent among catering staff on many rigs to a very low figure among oil company personnel.

Semi-Submersibles

4 The meeting turned its attention to the problem concerning semi-submersibles, which was the reason why the IUOOC had asked for the meeting.

5 Members of the IUOOC made a number of different points as background to the present difficulty, including:

- only one semi-submersible was at present producing oil, as opposed to prospecting, though more semi-submersibles might do so, as production spreads to marginal fields;
- TGWU membership had spread in the North Sea, because there had been a dispute on one production platform (SEDCO 701) and the company had dispersed those involved in that dispute; and
- despite the fact that the British Seafarers' Joint Council (BSJC) had closed shop agreements in maritime activities, some oil companies had said they preferred to deal with the IUOOC on certain matters.

6 Mr Lea recalled the agreement dated February 17, 1978, and signed by the then Secretary of the IUOOC, which was:

"That the IUOOC recognise the sphere of influence of BSJC in the offshore oil industry (Semi-Submersibles, Drillships and Pipelaying Barges)

Other than those being used as permanent production platforms and Semi-Submersible Rig 'Stadrill' where a recognition agreement already exists with IUOOC".

Mr Lea asked whether this agreement had broken down.

7 Mr W Reid said that the BSJC unions had been slow to organise on semi-submersibles, and were relying on agreements with companies as a way of organising, which was an ineffective approach. The TGWU had members on semi-submersibles who had moved there from production rigs, and in the absence of any other effective union organisation, they naturally started recruiting. The TGWU now organised about half of Sedco employees.

8 Mr Duncan disputed this. He said that seafaring unions had members on exploration rigs, though their position was hampered by the refusal of the oil companies to talk to them. In the present situation, Sedco management were refusing to talk to the NUS while they were talking to the TGWU. Semi-submersibles, drillships, and pipelaying barges had been clearly defined as part of the BSJC unions' sphere of influence by the February 1978 agreement. Seafaring unions did not know whether the TGWU were claiming a right to



organise just on the semi-submersibles presently at issue, or elsewhere as well.

9 Mr C Reid pointed out that there was a difficulty under the terms of the 1978 agreement about what happened if TGWU membership spread from production platforms to other installations. He also pointed out that with other companies in the North Sea (eg Occidental) there was a clear understanding that all unions with membership had a right to be represented in dealings with management, but the union with the most membership predominated. It was important to get a clear understanding of unions' respective rights and responsibilities

#### Summary

10 Mr Lea summarised points which had emerged in the discussion and the IUOOC agreed this summary:

- (i) the TUC recognised the IUOOC as the proper body with which to work concerning North Sea operational matters. The credibility of the IUOOC was vital;
- (ii) there was mutual recognition of the roles in the North Sea of the IUOOC, the BSJC and all unions represented on these two bodies;
- (iii) the present difficulties were being used by the oil companies to divide the unions and therefore to hamper organisational efforts in the North Sea;
- (iv) all parties preferred to find a solution without invoking the formal TUC disputes procedures;
- (v) if the parties agreed, one way to make progress could be to consider the scope for an elucidation of the February 1978 agreement to cover subsequent developments;
- (vi) it was recognised that the different constitutions of unions belonging to the IUOOC meant that there would be different arrangements for IUOOC members consulting their unions; and
- (vii) the TUC would use its good offices to facilitate the achievement of this elucidation and to promote it with any relevant party (such as the employers) if requested.

#### Conclusion

##### IT WAS AGREED

- (a) that the TUC would circulate a summary report of the meeting;
- (b) that a further meeting would be held on July 3 at 11 am at Congress House; and

(c) that those present would try and be in a position by then to give specific consideration to suggestions for elucidating the 1978 agreement.

-----

DT/MC  
June 16 1981





Shell U.K. Exploration and Production

1 Altens Farm Road,  
Nigg, Aberdeen AB9 2HY

Telephone.  
direct line Aberdeen (0224) 832  
switchboard Aberdeen (0224) 832000

Telex  
Aberdeen 73391 & 73434  
Telegraphic address  
Shellapro Abn

H. Bygate, Esq.,  
Sec. of the IUCOC,  
3 Commerce Street,  
ABERDEEN.

Your ref

Our ref UEPA/DNF/TEM

Date 21st November 1978

Dear Mr. Bygate,

As you are no doubt aware a meeting was held with Mr. W. Reid on the the 21st November to discuss with him the ACTSS claim on behalf of the IUCOC for a representational agreement to cover certain categories of employees on our platform Brent Delta.

During this discussion we outlined to Mr. Reid the circumstances that would need to prevail before we were able to progress his claim for recognition on Brent D.

Those circumstances are that so far as concerns platforms and any other operational or production units which are the responsibility of and are operated by Shell Exploration and Production, Northern Operations Division, all of the constituted unions of the IUCOC accept that any claim for a negotiating agreement could not be made in respect of a single platform or unit, or combination of platforms or units, but would have to embrace all such platforms and operational and production units (including Spar Buoy). The only exception to the foregoing would be in respect of the drilling rig Stadriill which would continue to be regarded as an entity in its own right for both representational and, should it be appropriate later, negotiating purposes. If the unions accept that arrangement, the Company is prepared to progress claims for representational agreements by IUCOC members for each separate platform and operational unit in Shell Expro's Northern Operations area, if so required.

Additionally the job positions that would comprise the Common Interest Group would need to be agreed between us now and would apply in respect of all claims for representational or negotiating agreements for those units including Spar Buoy which are the responsibility of and are operated by Shell Exploration and Production, Northern Operations Division. In this regard, the Company has proposed that the Common Interest Group should comprise of the following positions:-

- |                                   |                               |
|-----------------------------------|-------------------------------|
| 1) Technician                     | 5) Helideck Attendant         |
| 2) Senior Technician              | 6) Helicopter Landing Officer |
| 3) Medic/Administration Assistant | 7) Deck Foreman               |
| 4) Supply Officer                 |                               |

We/.....

We believe the foregoing approach would assist the development of orderly and stable industrial relations for our operations in the North Sea and in particular would ensure for the future a commonality of terms and conditions of employment for like categories of employees should they wish to be represented by a constituent member of the IUOOC through a negotiating agreement.

Your written acceptance of the foregoing on behalf of the IUOOC will enable us to move forward on the basis of mutual understanding and in particular to progress Mr. Reid's claim in accordance with the guidelines agreed between the IUOOC and UKOCA.

Yours sincerely,  
for Shell U.K. Exploration and Production



D.M. Fraser  
Administration Manager

c.c. W. Reid - Chairman IUOOC



ASSOCIATION OF SCIENTIFIC, TECHNICAL AND MANAGERIAL STAFFS

Internal Memorandum

R. Lycns, NO, Head Office

Re..... B.P. Forties

Date..... 28th September, 1979

Further to your memo of 24th September, 1979, I am afraid that I could not lay hands on the edition of the 'Oilman' to which you refer and am, therefore, unaware of the details. However, in response to your enquiry regarding organisation and recruitment in Forties, the undermentioned is the up-to-date situation.

Following the initial activity, I am afraid that over the past three or four weeks we have not received any further applications. Currently, the total number of applicants stands at 77. The distribution of these varies quite markedly. Forties 'C' must now be approaching the 40 - 50% mark, but on the other hand, we have received absolutely no applications to our knowledge from Forties 'A'. I was warned by one of the contacts that after the initial push, it was quite possible that activity would subside probably until the next annual settlement date of 1st January, 1980 when it could be anticipated that unless B.P. come up with very substantial improvements in all offshore salaries and conditions payments, this might be the final catalyst required to give us sufficient membership to achieve recognition.

It is extremely difficult, as you realise, to get any real organisation going on it is impossible to get the people together to elect officials etc. I am still using contacts on Forties 'B' and 'C' who made the initial moves and as yet, as yet, been unsuccessful in arranging a visit offshore into the Forties field, I have been unable to make contacts on other platforms.

I have had a meeting with one of the Personnel Managers in Aberdeen regarding membership and as usual with this company, it was really very much of a tickling exercise as far as they were concerned. We did discuss membership figures and also the company's requirements for representational rights and negotiating rights. They indicated that as far as representational rights concerned, the company would expect us to have 50% on any platform or field for negotiating rights, we would require to have a majority membership throughout their North Sea oil operations. This could complicate matters greatly as we have a number of fields which are currently on the way and this would make extremely difficult regarding negotiating rights. It is also completely contrary to the understanding between UKCOA and the IUCOC in which negotiating rights would be on a field basis and not on a company's total operations basis.

In regard to additional material, this would be extremely welcome and obviously I would, if possible, include a membership application section. Although I would be happy to assist in the preparation of such material, I frankly do not consider myself a very good advertisement copy-writer and would hope that someone with skills in this area could draft something which I could then have a look at for publication, but certainly this would be very welcome and I think go down well with Forties personnel. I did a simple handout earlier, but this was just basic facts outlined on office stationery and was not a professional job.

# TRADES UNION CONGRESS

CONGRESS HOUSE · GREAT RUSSELL STREET · LONDON WC1B 3LS

Telephone 01-636 4030

Telegrams TRADUNIC LONDON WCI

Rt Hon Nigel Lawson MP  
Secretary of State for Energy  
Department of Energy  
Thames House South  
Millbank  
London SW1P 4DJ

YOUR REFERENCE

OUR REFERENCE LM/BC/DT/CFC/A

DEPARTMENT Economic

November 11 1982

Dear Mr Lawson

## Access to North Sea Installations

The TUC Fuel and Power Industries Committee have asked me to convey to you their serious disquiet about obstructions to trade union officials requesting access to certain North Sea installations.

Over the last 12 months; trade union officials designated by the Inter-Union Offshore Oil Committee have been confronted with delays and obstructions which are undoubtedly in breach of the Memorandum of Understanding signed in 1976 by the UK Offshore Operators' Association, the IUOOC and the Government. IUOOC representatives have raised the matter repeatedly with the UKOOA liaison panel, but to no avail. The UKOOA apparently deny that they have any jurisdiction over the actions of affiliated companies. Yet the 1976 Memorandum clearly states that "the operators have....individually agreed that they and, as far as they are able to influence them, the contractors working for them will take appropriate action....".

IUOOC unions are particularly concerned about the recent attitudes of two companies, Mobil and Chevron, both of which now appear to be directly flouting the Understanding. It has come to our notice that Mobil are hiring so-called 'union avoidance' consultants in an attempt to keep trade unions away from their operations, especially in the Beryl Field. We are also aware that Mobil's policies are causing concern to Norwegian trade unions in the Eastern North Sea fields.



In some cases, union officials are being denied access to platforms where over 80% of the employees are already members of IUOOC unions. This is not in line with the Memorandum of Understanding which guarantees designated trade unions the right to recruit members on North Sea rigs.

The Committee wish to know what the Government's position is on this matter. The Committee are anxious to learn whether the Memorandum of Understanding has been unilaterally abrogated by the UKCOA or the Government or both. If not, I hope that the Government will use its influence to persuade the relevant companies to continue to abide by this important procedure.

I am sending a copy of this letter to the IUOOC and the UKOOA.

Yours sincerely

General Secretary

Appendix R

DEPARTMENT OF ENERGY  
THAMES HOUSE SOUTH  
MILLBANK  
LONDON SW1P 4QJ

Direct Line 01-211 3290  
Switchboard 01-211 3000



THE MINISTER OF STATE  
THE RT HON HAMISH GRAY MP

A Campbell Reid Esq  
Secretary  
Inter Union Offshore Oil Committee  
25a Carden Place  
ABERDEEN  
AB1 1UQ

21 June 1982

*Dear Campbell,*

#### TRADE UNION ACCESS TO OFFSHORE INSTALLATIONS

Thank you for your letter of 26 May, in which you draw my attention on behalf of the IUOOC to delays you are experiencing in arranging visits for trade union officials to offshore installations.

My impression hitherto has been that the Memorandum of Understanding on access to installations was in general working satisfactorily. Indeed, at our meeting on 27 January to discuss the North Sea Oil Charter, you raised with me the particular case of access to the Brent Delta and Treasure Finder installations. You did not convey at that meeting any wider concern about the working of the Memorandum on access.

However, I would share your concern if arrangements are now going wrong. UKCOA, I know, are equally concerned. I understand they are bringing your complaints specifically to the notice of the companies involved and generally to their other members. I hope that this will lead to a speedy resolution of the difficulties, to the satisfaction of all concerned.

In my view, the UKCOA Liaison Panel has done a very useful job over the past six years and it provides a valuable forum at which unions and employers are able to meet regularly and consider both mutual interests and any problems encountered offshore. I am sure that you are fully aware of the great importance which I attach to the maintenance of good industrial relations offshore. This was reflected during our constructive discussions and subsequent correspondence on the Workers Charter. It is in this spirit that I would regard your withdrawal from participation in the Liaison Panel as a most retrograde step.

I am copying this letter to Lionel Murray and George Williams.

*Yours sincerely*

*Hamish Gray*



**STATEMENT OF MR JIM CHEETHAM : 15TH NOVEMBER, 1996**

Mr Jim Cheetham was Administration Manager of Phillips Petroleum Company in Aberdeen during the mid 1980s. He visited me on 15th November, 1996 and kindly gave me his account of the relationships between ASTMS (later MSF) and his company during the period 1984 to 1989.

The Maureen Field was discovered in 1973 but production did not start until September 1984 with Phillips Petroleum Company as the main licensee. Phillips started up its operations differently from previous practice common in the industry. The jacket was made at Hunterston and the accommodation module at Loch Kishorn. It was a steel gravity structure and being an oil storage facility which floated it was not bolted to the sea floor. Since the platform was complete when it reached its site hook-up consequently took a matter of days instead of the usual few months and with the wells having been drilled already Maureen was in production within a fortnight.

This was possible because from the outset the platform was staffed with trained and capable people who had already been in the employment of the company at Bacton in Norfolk, on the Hewett gas field and at the Ekofisk terminal on Teesside. These company facilities already had trade union agreements<sup>1</sup> and so when Maureen came on stream it was being operated by a variety of existing union members, whose unions had enjoyed full negotiating rights at their previous places of work.<sup>2</sup> Despite this the company decided that there was to be no recognition of trade unions on Maureen and it was Jim Cheetham's brief to ensure that attempts to secure recognition by Aberdeen based trade union officers were thwarted.

For some months there was no interest in trade unionism on Maureen but few, if any, employees dropped their membership. The only union which sought an agreement was ASTMS and this was at first done centrally with Roger Spiller, the union's Divisional Officer in East Anglia (who had fought for and won recognition on Hewett Field and at Bacton<sup>3</sup>) holding discussions in London with J. Pierson, the company's Employee Relations Director.

The first contacts from Aberdeen were made by Campbell Reid of ASTMS who approached Pierson on the matter. Pierson told him to see the local personnel management people and this meant Jim Cheetham. There then began what Cheetham described as a "cat and mouse game". Through the Memorandum of Understanding on Trade Union Access to Offshore Installations union officers could request visits offshore and when Reid suggested a visit to Maureen he was informed that the men were not interested.

Campbell Reid should have responded immediately with another request quoting the Memorandum on Understanding as his justification but did not and Jim Cheetham commented on the great gaps in time which elapsed between further correspondence.

---

<sup>1</sup> v. Chapter 7.

<sup>2</sup> TGWU at Teesside, ASTMS at Bacton and on Hewett, AUEW, EETPU and other craft unions for maintenance staff.

<sup>3</sup> v. Chapter 7.



It was a year before Reid managed to visit Maureen and the intervening time had been well used by Phillips Petroleum to encourage their employees to channel their demands for improved conditions through the company's consultative committee system.

The process operatives were more in favour of trade unions undertaking negotiations on their behalf than the maintenance and ancillary staff (radio operators, medics and other non-process workers). The company made it its business to find out which view was likely to prevail and it became clear that the process operatives were in the minority. Consequently Campbell Reid was sent the standard response of "no interest" when he pursued his attempts to obtain recognition for ASTMS and in this Phillips was given strong support by UKOOA. Reid, however, was receiving information from the process operatives and by dogged persistence did manage to make several visits offshore. At the same time Jim Cheetham was being told by the maintenance and ancillary staff that they did not want ASTMS.

Phillips then pointed out that if the company were to enter upon any discussions about union recognition the definition of a common interest group would be significant.<sup>4</sup> Maintenance and ancillary staff on Maureen were in the majority and if ASTMS were to be accepted it would mean that this union would be representing them as well as the process operatives, which was something they did not want. The arguments with Campbell Reid now centred round the question of a common interest group and again the time delays were interesting. Months would pass before Campbell Reid played his next card and so there was stalemate and consequently no agreement concerning a common interest group. Cheetham believes that Reid knew that if the question was put to a vote, the majority of Phillips Petroleum employees on Maureen would reject ASTMS. The company even considered the gamble of asking its employees to vote in order to strengthen its position in discussions but decided not to do so.

By 1988 there was a rough consensus on what constituted a common interest group on Maureen but no formal company-union agreement had been reached. Desultory discussions continued as they had over the previous years until the Piper Alpha tragedy. The radio operators then reconsidered their attitude to ASTMS (now renamed MSF) and since there was now a majority on Maureen in favour of that union the company awarded it full negotiating rights.

Over the first four years of the platform's life Phillips Petroleum had recognised the reluctance of the majority of the employees to be represented by ASTMS and had therefore resisted the attempt of the union to secure any form of representative status on their behalf. However, when circumstances changed after Piper Alpha, the company accepted the wishes of the employees and entered into an agreement with the union. Phillips Petroleum was the only major oil company in the North Sea to concede negotiation rights to a trade union.<sup>5</sup>

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<sup>4</sup> The agreement between UKOOA Liaison Panel and IUOOC - "Guidelines through which Recognition may be achieved" - stipulated (clause 3) that any application for recognition would have to be made through IUOOC "on behalf of one or more member unions on the basis of applying to a common interest group" See comment on this in Chapter 4

<sup>5</sup> See also section on Phillips Petroleum in Chapter 7



In any consideration of industrial relations in the North Sea during the 1980s it must be recalled that it is the government which allocates licences to the oil companies. Every few years there are offshore licensing rounds when companies bid for blocks of the UK continental shelf where they believe that there is oil in commercial quantities. While other companies such as Conoco and Shell have major interests in other petroleum provinces such as the Middle East, the North Sea is Phillips Petroleum's main strategic area. Rightly or wrongly it believed that any company which was "weak" in its attitude to trade unions would attract the displeasure of the Conservative government of Margaret Thatcher, which was introducing legislation designed to reduce the influence of trade unionism in British industry. This was the prime reason for the company's decision in 1984 that there would be no trade union presence on its Maureen platform.

IV The Role of the Trade Unions

(a) Trade Union Contribution

The TUC emphasises very strongly that it is crucial for the enquiry to understand that a positive contribution to safety can be made by trade union representatives. The TUC draws attention to the following statement by the ILO.

"It is vital that workers be involved in all prevention programmes. Worker participation in occupational safety and health committees has produced very positive results, as is shown by the great differences which appears to exist between countries where national legislation provides for the establishment and operation of occupational safety and health committees attended by workers' representatives and countries which have no such provisions. It is also important that workers' representatives be given special training to enable them to take part effectively in such committees, and efforts in this direction are being made, even in countries where the organization of occupational safety and health is still not covered by national legislation."

(b) Union Safety Representatives

The TUC takes the view that without the extension of the Safety Representatives and Safety Committees Regulations to offshore installations there is no effective means whereby the interests of workers on those installations can be properly represented in relation to health and safety matters. Inspection programmes currently operated in the North Sea do not allow for the kind of joint and separate union inspections that take place on shore. In addition, close liaison between the trade union representatives and the inspector is crucial. The TUC stresses that the full extension of the HSWA offshore requires not only the ending of the agency agreement (referred to above), but also the implementation of the Regulations for trade union safety committees and safety representatives on all offshore installations. In considering the extension of the safety representatives system to offshore operations, unions have urged that the committee should note

the consistent opposition of certain companies to trade union recognition. This has denied many workers offshore benefits arising from trade union representation, advice and training in the field of health and safety. Unions have also stressed that those token non-union staff Health and Safety Committees, launched by certain offshore employers, have in no real way ameliorated the situation. Until well-trained, union-appointed Health and Safety representatives are operating on all offshore installations, and effective trade union-based Health and Safety Committees monitor events within each Company, there will be a yawning gap in offshore safety. The TUC urge the committee to emphasise the importance of having trained, expert trade union Health and Safety representatives recognised on every offshore installation. We hope management to undertake their responsibilities under legislation. There is no doubt that the standards of health and safety management, not only employees in general, in matters of health and safety will be improved.



# Radio and Electronic Officers Union

A. Murphy, C.Eng., M.I.E.E., M.I.E.R.E.  
General Secretary and Treasurer

Head Office  
76 Branfill Road  
Upminster Essex  
M14 2XX  
Tel: Upminster 22321  
Faxes: Inland and Abroad  
Minnae Upminster

Your Ref

Our Ref

Please Reply to

105 13300 011

Head Office

Date

15th June 1980

District Office  
111  
Edge Chambers  
Fred Gelder Street  
M1 2JQ  
Tel: Hull 223958

A. Carracall, Esq.,  
Secretary,  
International Offshore Oil Committee,  
107 St. S.  
25a Carter Place,  
Aberdeen.  
Tel: 111

Dear Carracall,

Health and Safety Commission  
Oil Industry Advisory Committee

I understand that the NUS has requested a place on the above Committee, and looking through the Minutes of the last meeting with the IOOCC it was also discussed at that meeting.

We would certainly support the NUS's request for representation on this Committee as it is our view that the maritime unions of the IOOCC, because of their involvement in the offshore oil industry, should be adequately represented.

For your information the maritime unions were very concerned at the lack of involvement of the Trade Union representatives who sat on the Surgeyng Committee to look into the offshore oil industry, and there was very little mention within the Surgeyng report of maritime involvement and those of its members employed on supply vessels and semi autonomous rigs.

It is our view that it is essential, for the reasons given above, that one of the maritime unions, in this case the NUS, is represented on this Committee and I would be most grateful if our views are made known at the next meeting of the IOOCC when this matter is discussed.

Yours faithfully,

Yours faithfully,  
A. Murphy

*A. Murphy*  
General Secretary

Department of Energy

Appendix V



Thames House South  
Millbank London SW1P 4QJ  
Telegrams Energy London SW1

Telephone Direct Line 01-211  
Switchboard 01-211 3000

1 NOV 1984

15 NOV 1984

Your reference

Our reference

Date

8 November 1984

Mr C Reed  
Secretary  
Offshore Inter Union Committee  
25A Garden Place  
Aberdeen  
A15

Dear Sir

THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE BURGOYNE COMMITTEE  
IN RELATION TO SAFETY COMMITTEES AND SAFETY REPRESENTATIVES IN THE  
OFFSHORE OIL AND GAS INDUSTRY.

INTRODUCTION

1 The Report on Offshore Safety by the Burgoyne Committee made recommendations at paragraphs 5.96, 5.97 and 6.50 in respect of the setting up of Safety Committees. In essence the recommendation was for the appointment of a safety committee on each offshore installation "the members of which are elected, appointed or co-opted to represent those employed for the time being on the installation including employees of contractors" (para 5.96.3). The Report also envisaged that "it did not consider it essential to embody these principles in mandatory regulations".

2 This Department is currently considering the position in somewhat wider terms than that relating to installations by including offshore pipeline works in a review of how the recommendations might best be implemented. To this end it is appropriate to



consider how the requirements for safety committees and representatives have been implemented onshore and whether those requirements can be used in the introduction of appropriate standards for the offshore oil and gas industry.

#### BACKGROUND - ONSHORE

3 The Safety Representatives and Safety Committees Regulations 1977 (the SRSC regulations) made under the Health and Safety at Work etc. Act 1974 permit recognised trade unions to appoint safety representatives from the employees at a work place, and require employers to set up safety committees where safety representatives request this. Among other things, these regulations entitle safety representatives to undertake periodic inspections of the work place. However, the regulations only apply to the landward areas of Great Britain as at the time they were made the Health and Safety at Work etc Act 1974 did not apply offshore.

#### EXTENSION OFFSHORE OF THE SRSC REGULATIONS - THE PROBLEMS

4 It might seem appropriate to implement the recommendations of Burgoyne by simply applying the SRSC regulations offshore. However, this would not be a simple matter, and a number of practical difficulties would arise. Specifically:

- (i) The SRSC regulations place duties on employers. This reflects onshore conditions where at a particular work place the employer is normally the individual primarily responsible for health and safety. This principle is not in accord with the offshore industry where, generally, there will be several employers with

many employees. Hence the concept of the owner, both of an installation and of pipeline works, who is in the optimum position to monitor and control work activities.

- (ii) Because of the numbers of employers normally represented at any one time on an installation, and because of their transient nature, the arrangements embodied in the SRSC regulations whereby each set of employees would be entitled to elect safety representatives would appear to be inappropriate, and possibly unmanageable. This difficulty is not so apparent when considering pipeline works.
- (iii) The SRSC regulations permit the appointment of safety representatives only by recognised trade unions. This requirement may well result in the proposed standards having only a limited impact offshore due to the organisation of labour in the industry at the present time.

#### PROPOSALS FOR IMPLEMENTING THE BURGoyNE RECOMMENDATIONS AT OFFSHORE INSTALLATIONS AND PIPELINE WORKS

5 In view of the noted difficulties associated with the application offshore of the SRSC regulations, it would appear to be necessary to proceed along different lines if the recommendations in paragraph 5.96 of the Burgoyne Report are to be implemented and also applied to pipeline works.



6 Firstly, in relation to the content of any proposals to implement the recommendations there appears to be <sup>three</sup> ~~four~~ possible options.

- (i) The owner of an offshore installation or pipeline works is responsible for setting up a safety committee and appointing safety representatives from among all those persons working on the installation or pipeline works.
- (ii) The owner of an offshore installation or pipeline works is responsible for setting up a safety committee and appointing safety representatives from any persons working on the installation or pipeline works who are members of a trade union, whether recognised or not.
- (iii) Each employer represented on the installation or involved in the pipeline works is responsible for the appointment of safety representatives from his employees subject to the overriding control of the owner of the offshore installation or pipeline works. This option may be more appropriate to pipeline works as there is normally one main contractor involved in the operation who is not the owner.

7 Secondly, in relation to the mechanism by which the proposals are implemented, there appear to be two options:

- (i) The proposals are embodied in mandatory regulations, or
- (ii) The proposals are the subject of Guidance from the Department of Energy. This was the option favoured by the Burgoyne Committee as in their opinion it will

permit offshore owners the flexibility to make arrangements which best suit their particular circumstances eg the numbers of persons at work, shift patterns, involvement of contractors, and other prevailing circumstances.

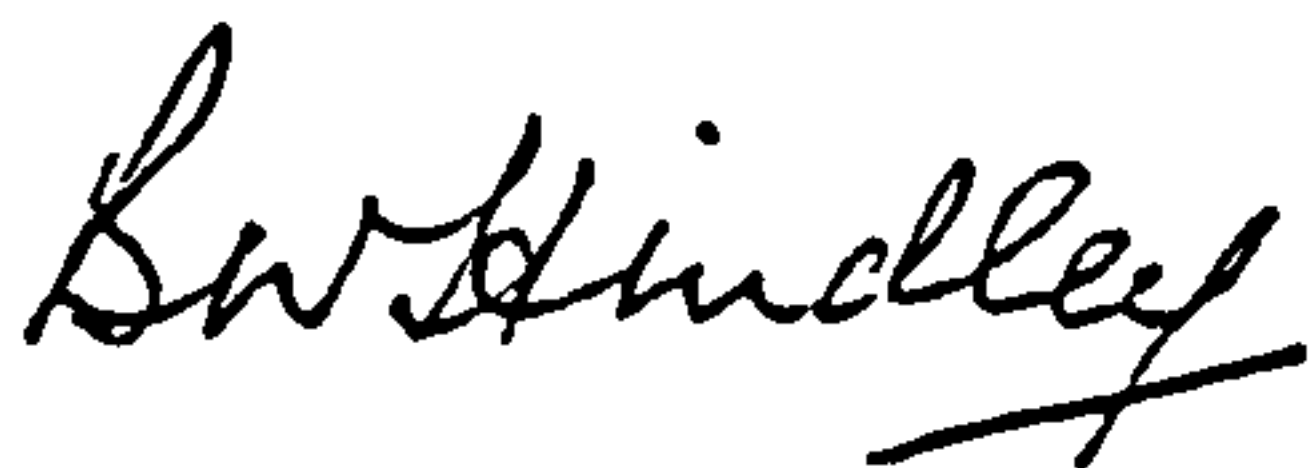
#### CONSULTATION

8 I would stress that this letter is only being circulated on an informal basis for initial consultation. For your information, a copy of the existing SRSC regulations is attached to be read in conjunction with this letter.

9 I should be very grateful if you would give this subject your early consideration. In particular, your views on the matters covered in paragraphs 4 to 7 would be most welcome, as would any other suggestions you have to make.

10 If you have any response to make, please could you let me have it by 31 January 1985. In the meantime, if you have any queries please do not hesitate to contact me (01-211-4073) or Colin Thomas (01-211-3248).

Yours faithfully



B W Hindley

Principal Inspector



Appendix W

**NUS** INTERNAL  
OFFICE MEMO

DATE 6 December 1984

FROM James Duncan, Asst. TO Jack Brennan, Head Office.  
OUR REF. 13.00 YOUR REF. \_\_\_\_\_

SUBJECT: THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE  
BURGOYNE COMMITTEE IN RELATION TO SAFETY COMMITTEES  
AND SAFETY REPRESENTATIVES IN THE OFFSHORE OIL AND  
GAS INDUSTRY

Dear Jack,

After perusal of the documentation of the above, I will make the following comments.

At a meeting approximately 2 months ago with UNOCA Employments Practices Committee who formed part of the IBI representation on O.I.C., the employers stated categorically that under no circumstances would they entertain the idea of Trade Union representation on Safety matters in the Offshore Industry, the debate on this subject was pretty irate, and that was the employers final word on safety.

I believe from my own knowledge that the appointment of a Trade Union Safety representative offshore was accepted in principle by C.I.A.C. approximately four years ago but the mechanics of the appointment or election of this safety representatives are still under discussion.

Which brings us to the papers which have been circulated, so taking in to consideration the employers attitude I would suggest the Trade Union support paragraph 6:2 of the recommendation on page four. with regards to the mechanism with which the proposals are implemented obviously I would suggest paragraph 7:1 on page four. The only other alternative that I believe the Trade Union side has is to try and expand on paragraph 6:2 bringing in words like the 'owner' in conjunction with the Trade Union.

But as you will note from my opening preamble I am not very optimistic and I believe we will get bogged down with consultation and discussions and consensus seeking.

Yours fraternally



James Duncan  
North Sea Operator

4. Whilst there was a majority of ICEF (International Federation of Chemical, Energy and General Workers' Unions) affiliated unions present within the Trade Union Group, it was agreed that we would maintain maximum unity, taking into account the contributions of the Soviet and other WFTU affiliates, as well as unaffiliated Third World unions. The result was a refreshing display of harmony within the Trade Union Group, in marked contrast to the experience at the previous 9th Session of the Petroleum Committee. One of the UK Workers' Representatives, John Miller, was elected by the Workers' Group as the Workers' Vice-President of the Committee, for the Plenary Sessions. The other UK Representative, Roger Lyons, was elected a leading spokesman on the Occupational Safety and Health Sub-Committee.
  
5. The Sub-Committee on Occupational Safety and Health and the Working Environment in the Petroleum Industry was chaired by one of the UK Government Representatives (from the Department of Energy). In the final report of this Sub-Committee, which was adopted unanimously, it provides for an Action Programme designed to support and extend existing occupational health and safety work currently being undertaken at national levels. Arising from the work of this Sub-Committee, the report was made available to the Oil Industry Advisory Committee of the UK Health and Safety Executive after the Petroleum Committee. The TUC Representatives on the OIAC have been able to introduce 10 major items from the Geneva talks for the Work Programme for 1987/88, which indicates the comprehensive and realistic discussions that took place at the Petroleum Committee, and which were the subject of agreement between the parties at international level. The issues included, Freedom of Association on Health and Safety Issues Offshore; Effects of Exposures to Toxic and Harmful Substances; Psycho-Social Stress Offshore; Helicopter Transport to Work Issues; Analysis of Accident Statistics; and Pollution Control Methods.
  
6. The other major Sub-Committee, on which TUC Representative John Miller served, dealt with Manpower Planning and Development in the Petroleum Industry. The Sub-Committee examined in detail the implications of the re-structuring being undertaken within the refining and distribution sectors, and the need to properly involve and consult the trade union representatives. There was general agreement on the need for consultations, but some difference of opinion over the issue of "prior" consultation on major decisions. The problems affecting the industry in developing countries were examined in detail.



7. Other matters dealt with by the Petroleum Committee included consideration of implementation of conclusions and resolutions of previous Sessions of the Petroleum Committee; Labour Migration in the Petroleum Industry; Freedom of Association; Multinational Enterprises in the Industry; the present crisis in the Petroleum Industry and its consequences on the workers; and the future Work Programme of the ILO in the Petroleum Sector. The content of the eventually unanimously-adopted resolutions on these issues are attached.
8. Particular note should be taken of the agreed Resolution concerning Freedom of Association in the Petroleum Industry, which strongly endorsed the right of freely elected independent Workers' Representatives, as defined in Article 3 of Convention No. 135 to participate in representation and negotiation across the Petroleum Industry. The Trade Union Representatives present for the Petroleum Committee had considerable difficulty in obtaining the definition of Trade Union Representatives as "Trade Union Representatives". Both the multinational company Representatives and the ILO Office staff emphasised that successive ILO Conferences and the Governing Board, had accepted the definition as being "Workers' Representatives". It did appear from informal consultation that the phrase "Workers' Representatives" in many languages other than English, was widely accepted as meaning "Trade Union Representatives". However, the English-speaking Trade Union Representatives, particularly from the UK, the USA, Canada, and Australia, together with the Norwegians, identified references to "Workers' Representatives" as not being in the best interests of developing trade union rights in the Petroleum Industry, as supported by ILO Conventions and previous Resolutions of the Petroleum Committee. It was agreed at the Workers' Group, and notified to the full Petroleum Committee, that this issue would be referred by Trade Union Representatives to their national centres, for onward transmission to their members on the ILO Governing Board.
9. In the meantime, it was agreed as an unsatisfactory but workable compromise to continue using the definition of "Workers' Representatives" as in Article 3 in Convention No. 135. UK Representative, John Miller in his capacity as Workers' Vice-President of the Petroleum Committee registered the Workers' Group concern in the main Plenary Session. He referred to the previous ILO Chemical

# Appendix Y

## Summary of Accidents and Incidents 1980 - 1995 [Provisional]

	1980-1989 (Av) per year ***	1989/90	1990/91	1991/92	1992/93	1993/94	## 1994/95
Estimated workforce *	27,300 average	30,700	36,500	33,200	29,500	34,200	27,200
FATALITIES	7.3 (24.0)**	3	13	13#	5	1	1
INCIDENCE PER 100,000 EMPLOYEES	26.7 (87.9)**	9.8	35.6	39.2	16.9	2.9	3.7
SERIOUS INJURIES	68.2	76	84	73	79	52	41
INCIDENCE PER 100,000 EMPLOYEES	250	247.5	230.1	219.9	267.8	152.1	150.7
FATALITIES AND SERIOUS INJURIES	75.5	79	97	86	84	53	42
INCIDENCE PER 100,000 EMPLOYEES	276.4	257.3	265.8	259.0	284.7	155.0	154.4
OVERLAP DAY INJURIES			186 [744]#	571	511	412	270
INCIDENCE PER 100,000 EMPLOYEES			2038.0#	1719.9	1732.2	1204.7	992.6
DANGEROUS OCCURRENCES	187.2	303	386	373	525	633	594

\* From 'Brown Book' statistics for the period shown

\*\* Figures in brackets include Piper Alpha

\*\*\* Figures averaged over 10 year period.

# New category reported under OIR/9A, from January 1991.

## Values based on 3 months data. [- normalised to 12 months]

### Provisional data

#\* Includes Cormorant Alpha helicopter accident



NORTH SEA OIL CHARTER

The Inter Union Offshore Committee and the Labour Parliamentary Offshore group agree to work for the implementation of the following Charter to improve the safety standards, rights and conditions of employment in the offshore oil industry. The following are identified as key areas for immediate action; consolidation of legislation, safety, employee rights and conditions, training for offshore work.

CONSOLIDATION OF LEGISLATION

1. The ever increasing number of acts, codes and regulations urgently require consolidation into one body of legislation for the North Sea.

SAFETY

2. All responsibilities for the health and safety of offshore workers must be transferred from the respective departments to the Health and Safety Commission.
3. All trade unions must have the statutory right to nominate safety representatives to their appropriate safety committees.
4. The number of safety inspectors must be increased and they should have access to all offshore installations without prior notice.
5. English language proficiency must be required in all areas affecting safety in the UK sector offshore.
6. There must be adequate provision of immersion suits, at all times, for offshore personnel.
7. Existing British manning and safety standards must be a condition of all operations in the UK sector of the continental shelf.
8. Operating regulations must be established as a matter of urgency for all submersibles.
9. Transfer of personnel by basket to be prohibited unless under emergency conditions, or where a specific exemption has been sought.
10. A review of the safe operation of cranes, in sea conditions, between installations and vessels is urgently required.
11. A review of all aspects of helicopter safety with specific reference to safe flight time limitations standards, and safe helicopter performance standards is urgently required.

## EMPLOYEE RIGHTS AND CONDITIONS

12. An annual census of all personnel and vessels operating in the UK sector of the North Sea is essential.
13. Trade Unions with an established membership must be recognised automatically.
14. All offshore workers, regardless of nationality must have a proper contract of employment issued prior to commencement of employment.
15. Industrial Tribunals must have the right to investigate unfair dismissals which may involve secondary pressures from the client contractor.
16. Calculation of wages must in no way take account of any form of state benefit.
17. All offshore workers must receive adequate remuneration during allocated fieldbreaks.
18. The Department of Employment must establish a centre for offshore employment and manpower planning.
19. The work permit system must be extended and enforced throughout the UK sector of the continental shelf.

## TRAINING

20. The grossly inadequate resources committed by Government and Industry to offshore training facilities is deplorable. An industrial levy must be brought in to finance and expand all forms of offshore training facilities under the P.I.T.B.

## CONCLUSION

This joint Committee calls for an immediate increase in the number of safety inspectors and the recognition of the Trade Unions right of nomination to safety Committees. We will work to implement these points in forthcoming offshore legislation, this session, and ensure that this charter will be incorporated by the incoming Labour Government as a condition of all offshore licences.



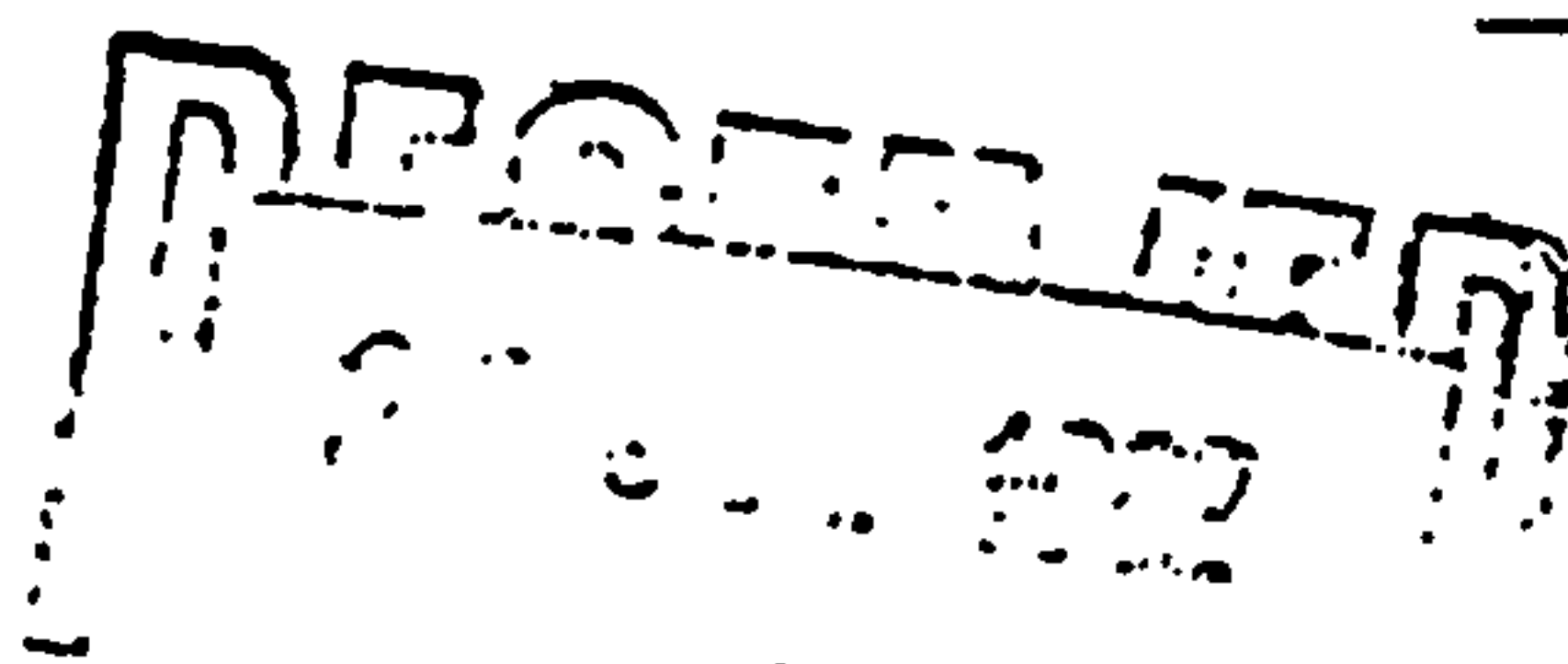
Copy to: All Mobil contacts

Appendix AA

# Mobil North Sea Limited

INCORPORATED WITH LIMITED LIABILITY IN THE U.S.A

ULTIMATE HOLDING COMPANY - MOBIL CORPORATION U.S.A.



MOBIL COURT  
3 CLEMENTS INN  
LONDON WC2A 2E3  
TELEPHONE 01-831 1171

TELEX 381241

26 July 1982

Mr A Campbell Reid  
Secretary  
Inter Union Offshore Oil Committee  
25a Carden Place  
Aberdeen

Dear Mr Reid,

## IUOOC VISIT TO BERYL 'A'

Your letter dated 19 July 1982 has been passed to me for attention.

You will recall our meeting of 12 May 1982 when we discussed the general subject of IUOOC visits to offshore installations, and in particular your request for a further trip to Beryl 'A'. At that time we advised you we could not agree to your request for the following reasons:

- the last IUOOC visits had taken place at the end of September 1981 and earlier in 1982. It was our belief that two visits per year to Beryl was reasonable, and on that basis further access would not be due until the last quarter of 1982.
- sensitive discussions were taking place with our employees to resolve the difficulties identified earlier. As we informed you, a union visit during these discussions would endanger proper focus on the actual problems at hand, and jeopardize our immediate objective to resolve the issues through direct consultation with our employees.

In our discussions you agreed Mobil's policy on access visits for IUOOC was reasonable and that our past record was "as good as that of any other operator, and better than most".

Our approach to this issue is unchanged. Since our meeting we have made significant progress in resolving our earlier problems. It remains our aim to institute an employee relations environment offshore which is second to none. Our employees have been fully involved in the review of future needs, and in depth consultation with them will continue. An increasing number has indicated trade union representation is not wanted and expressed the desire to see formal internal consultative machinery established. The feeling is that further union visits should be suspended until our discussions are completed.

In view of the above I must reject your request for a further visit at this time. We are certainly prepared to review the situation in the last quarter of this year and if you would care to contact me again at that time, we can reconsider your request.

I would like to take this opportunity to advise you that Neil Winter has been transferred to our London employee relations group. His replacement is M. J. Morrice (Mike).

Yours sincerely,



I P Boston  
Manager, Employee Relations



Appendix BB

Henley

The Management College

9 SEP 1982

BRO

6 September 1982

Mr Clive Jenkins  
General Secretary  
Association of Scientific Technical and  
Managerial Staffs  
79 Camden Road  
LONDON NW1 9ES

Dear Mr Jenkins

Re: MOBIL

I am now in a position to reply more fully to your letter of 26 August 1982.

I am appalled at the suggestion that a member of the College's staff may have been used, even unwittingly, to advise a company on how to avoid trade unions or to subvert them. Under no circumstances would the College ever be party to such activities. Indeed, I am sure you are aware of the College's positive work with Trade Unions in recent years.

I had not seen the letter of 20 May from de Board to Boston before. I have seen it now and have spoken to de Board. I do not agree with Mr Lyons's interpretation of it as a report on how to smash the unions on the Beryl Field. I should like to think that, on a second reading, both you and Mr Lyons would see it, as I do: a non-partisan initial attempt to analyse the causes of anxiety among the employees on the platform, and to help the company develop a management style which would improve attitudes and relationships. That is a worthy aim and would be to everyone's benefit.

Early this August the College ran a 3-day workshop for a small number of managers from Mobil. Obviously, the course was an outgrowth of de Board's earlier work. I have also looked at the content of the course and am fully satisfied that it was a normal exercise to improve management competence. It need give you no concern.

Mr Lyons's letter mentions a number of events and ~~communications concerning~~ relations between Mobil and Chevron and the unions. Henley has no knowledge of these matters, has played no part in them, and would not do so under any circumstances.

The answer to the question you have asked me is: certainly not.

Thank you for bringing this matter to my attention. I hope I have now cleared up any misunderstanding.

Yours sincerely

Appendix CC

Sue Maclean

Discussion Document.

Pembroke Hotel 5/9/89.

OFFSHORE INDUSTRY LIAISON COMMITTEE.



Cne.

Origins of the Offshore Industry Liaison Committee.

Achieving that missing element in organising the N'Sea, namely rank and file involvement, has proved the achilles heel of the Trade-Unions. Certainly a degree of success can be recorded over many years with the Offshore Construction Agreement. Getting a foothold outwith this Agreement has proved impossible. In 1984 the four full-time officials, brothers T.Lafferty, T.Gray, J.McCartney and D.Carrigan correctly saw a rank and file committee as the appropriate way forward. They, together with a group of local committed activists, tried. Meetings were held in Aberdeen and Glasgow. A newsheet was handed out every morning at the heli-port. A copy of the first such "Bear Facts" is attached. It predates Piper by 3½ years and the issues highlighted are still relevant now, over a year after.

Activity at that time under the O.C.A. was at an all-time low due in no small part to the 'investment strike' carried out by the Oil multinationals in retaliation at the imposition of the Special Petroleum Tax. This was further compounded in 1985/6, by the oil price collapse, which put paid to any recovery in investment in the U.K. continental shelf. Our short lived grass roots movement vanished in a wave of Sheik Yamanis hand.

The industry in Scotland went into severe recession. One third of the offshore contracting workforce were made redundant. Redundant in this context is a euphemism for sacked. Almost all contractors employees in the N'Sea, and that is 80% of those in the N'Sea, are employed under short term and ad-hoc terms and conditions and therefore generate neither employment rights nor redundancy pay. Those who remained in employment for the most part took substantial wage cuts. The Trade Unions were utterly impotent in the face of this assault. An undercurrent of bad will was generated by the behaviour of the oil companies during this period, a sense of severe aggrievement that the Unions should have been able to exploit. That they were unable to

Two.

do so was primarily through a lack of organization on the ground. In this period our activists offshore did not even number ten.

By the time Piper came along the feeling was already afoot that "something had to be done". Piper changed attitudes quite deeply. Although the anomalous situation regarding offshore safety legislation had been highlighted by the Trade Unions for 12 years, it was only now that the public took any notice. Indeed for the most part it was the offshore workforce's first inclination that a serious void existed in the legislative set-up.

Toward the end of 1968 it was apparent that a great change in attitude was underway. This coupled with an upsurge in activity brought about by a stable oil price and a relaxation of the offshore tax regime, provided an opportunity to redress our situation. At the annual review of the O.C.A. it was certainly the view of the Tern workforce that it was time to confront the O.C.C. and U.K.O.O.A. on the issue of a trade union Agreement for non-hock up work. Accordingly, the O.C.A. was signed for 1969 conditional, certainly as far as the men were concerned, that any further participation by the unions in future, would be dependant on progress toward an industry Agreement.

The attempt at the creation of rank and file involvement was made again. This time with success. This is the background, in brief, of the O.I.L.C.

### The Dispute.

The campaign of sit-ins lasted nearly three months and involved at one time or another 37 installations. The issues were wages and conditions, trade union recognition and safety. A full account of the dispute will be available in a separate document.



Organising the N'Sea has unique problems. Over twenty operators on over one hundred installations, in three sectors, and a mobile workforce distributed among over two hundred contracting companies. Within this equation there are divisions of function. Production, Maintenance, Construction, Catering, Drilling and Down-hole services. Drilling is further sub-divided into fixed installations and 'floaters'. Construction has two main sub-divisions, Hock-up and non Hock-up/maintenance.

One division of categories would seem to indicate the possibility of a solution for the trade unions. It is that between the directly employed and the contractors employees. Without a single exception the differential in pay and conditions between these two groups is gross. No space need be wasted here in re-iterating the degree of difference, suffice to say the universal sense of injustice felt by the indirectly employed workforce is a unifying force. Hence in the recent dispute the participation of all sections of the contractors employees was seen. This must be qualified on two points. Firstly, except by two drilling crews, drillers did not participate. Intimidation made sure of that. Secondly, participation by catering workers was patchy. Two reasons for this. In the early stages of organising the sit-ins it was anticipated that the best way to sustain the action would be to feed the "bears". As the dispute progressed, the non-participation of the catering workers was more to do with the N.U.S. and the T. & G. dissuading involvement for fear of jeopardising their approaching negotiations with CCTA.

The point being made is simply that the divisions of categories within the industry are many. What may be in the interests of one sector of the industry may not suit another. This is further compounded by inter-union rivalry and some particular instances of mutual distrust. The purpose of this document is not to castigate any Union or its officials for defending the legitimate self interest of their respective unions. It is merely to suggest that a

Four.

suitable forum must be found to enable these at times, conflicting interests to be reconciled in the cause of organising the N'Sea effectively. This document would also like to suggest that the authentic voice and active participation of the N'Sea workforce can be brought to bear through the O.I.L.C.

The first function of the O.I.L.C. is to provide a forum, within which the offshore workforce, no matter which sector of the industry they earn their living, no matter which of the seven unions they are members, can meet in common purpose. Its success so far has been in providing such a service. Over seventy mass meetings have taken place. These have been educational on the broader issues, and the agitation that led to the summer of discontent was wholly from these meetings.

The participants in the O.I.L.C. are a broad based representative cross section of the N'Sea workforce, whose motivation is the achievement of strong trade unionism offshore. The dramatic upsurge in trade union membership over the summer is directly attributable to O.I.L.C.'s activities.

#### Trade Union Information Centre.

The O.I.L.C. has recently acquired the office above the Criterion Bar, across from the main line station in Aberdeen, for use as an information Centre. This is literally the crossroads of the industry. Information, knowledge, intelligence, the gathering of, and the distribution of same, are the key to progress in our bid to unionise the N'Sea.



Five.

An immense amount of information and experience was gained in the dispute. After all, the tactics involved were unlike any tried before. Should another dispute prove necessary (and this appears likely) the success and shortcomings of this summer's action will guide us. Lack of detailed logistical planning let us down. Only when things were up and running did the full extent of the task fully dawn on us.

Communication was inadequate. In future, 24 hour phone coverage will be essential. Fax and Telex too. Most of all there will have to be comprehensive and constantly updated data base on who is where, on what shift, on what rig. The O.I.L.C. must start collating this information immediately.

Awareness and knowledge of the issues is still lamentably deficient among a large proportion of the offshore workforce. Distribution of literature at the heli-ports and on the platforms is essential. The collection and study of all relevant information on the industry is central to this education process.

Future disputes aside there is a pressing need for active monitoring of, and research into problems particular to offshore. Radio-active L.S.A. scale, continuing use of p.c.b.'s in the offshore environment, etc. particularly in view of the fact that the COSHH regulations are not to have the force of law offshore.

Monitoring of the phasing in of the new Safety Reg and Committee Regs., unsatisfactory as they are, it is essential that contractors personnel get every opportunity to participate.

In these aspects of its function the O.I.L.C. would hope to be guided by the example of the Lothian Trade Union & Community Resource Centre. A short descriptive leaflet is attached. Daily input of information from the men passing through to and from the rigs will enable us to keep our finger firmly on the pulse, as well as providing the ammunition we require in the propaganda war against the oil multi-nationals.

Six.

The most important function carried out by the O.I.L.C. in the recent dispute, is also its most valuable asset for the future. That is its ability to operate to a great extent outside the constraints of the anti-trade union legislation. Since the action was instigated and sustained on an unofficial basis, it left the trade unions fairly comfortably distanced from that dangerous legislation.

### Finance.

Contributions in excess of £9000 have been made to the funds of the O.I.L.C. by the offshore workforce. This has largely been spent on running the dispute. Printing, advertising, expenses involved in running the meetings accounting for most of the expenditure. By the wishes of the committee, a wage has been paid to the Chairman based on 40 hours at N.A.E.C.I. rate. In addition, some of the cost of producing the tabloid newspaper Blow Out, has been met by the fund. A xeroxed copy of the pilot issue is attached. Attached also find a statement of account of the O.I.L.C. funds up to the beginning of Aug. 1989.

How useful and effective the information centre will be, will be in direct proportion to its level of funding. A glance at the figures attached will confirm that the amount of income provided by the workforce, generous as it has been, is not enough.

A separate document is in preparation outlining the cost per annum of running the centre. with rent, rates, and other costs usually associated with running an office of this type, we are looking at a bit more than £8,000. In addition there is the initial outlay on furniture and equipment.

There is the wage of at least one research/resource worker. to cover the tasks in hand, and an admin assistant would be an immense asset.



INCOME

EXPENDITURE

Balance from 31/3/89

Payments

	25.00	June 14 to August 21	
April 6	1414.00	Aberdeen Trades Council (Hall rent)	20
June 12	126.00	British Telecom (Telephone exp.)	375
" 19	114.15	Advertising - Scottish Daily Record	496
" 22	380.00	" " Aberdeen Journals	271
" 26	545.00	" " Evening Gazette	180
" 28	1572.95	" " Newcastle Chronicle	63
July 6	60.00	Kall-Kwik - Printing	423
" 11	20.00	Expenses - J. Fleming	274
" 12	1807.00	" D. McGilivray	360
" 17	403.00	" R. McDonald	375
" 18	436.00	Postages	20
" 19	403.00	U.K.A.S. (Computer Software)	73.
" 24	741.00	R. McDonald ( 12 weeks wages )	2400.
" 31	465.00		<hr/>
August 8	292.00		3410.
" 11	402.00		
" 17	447.00	Cash in Bank	4242.
	<hr/>		<hr/>
	<u>£9653.10</u>		<u>£9653.</u>

Appendix DD

# Electrical Electronic Telecommunication & Plumbing Union

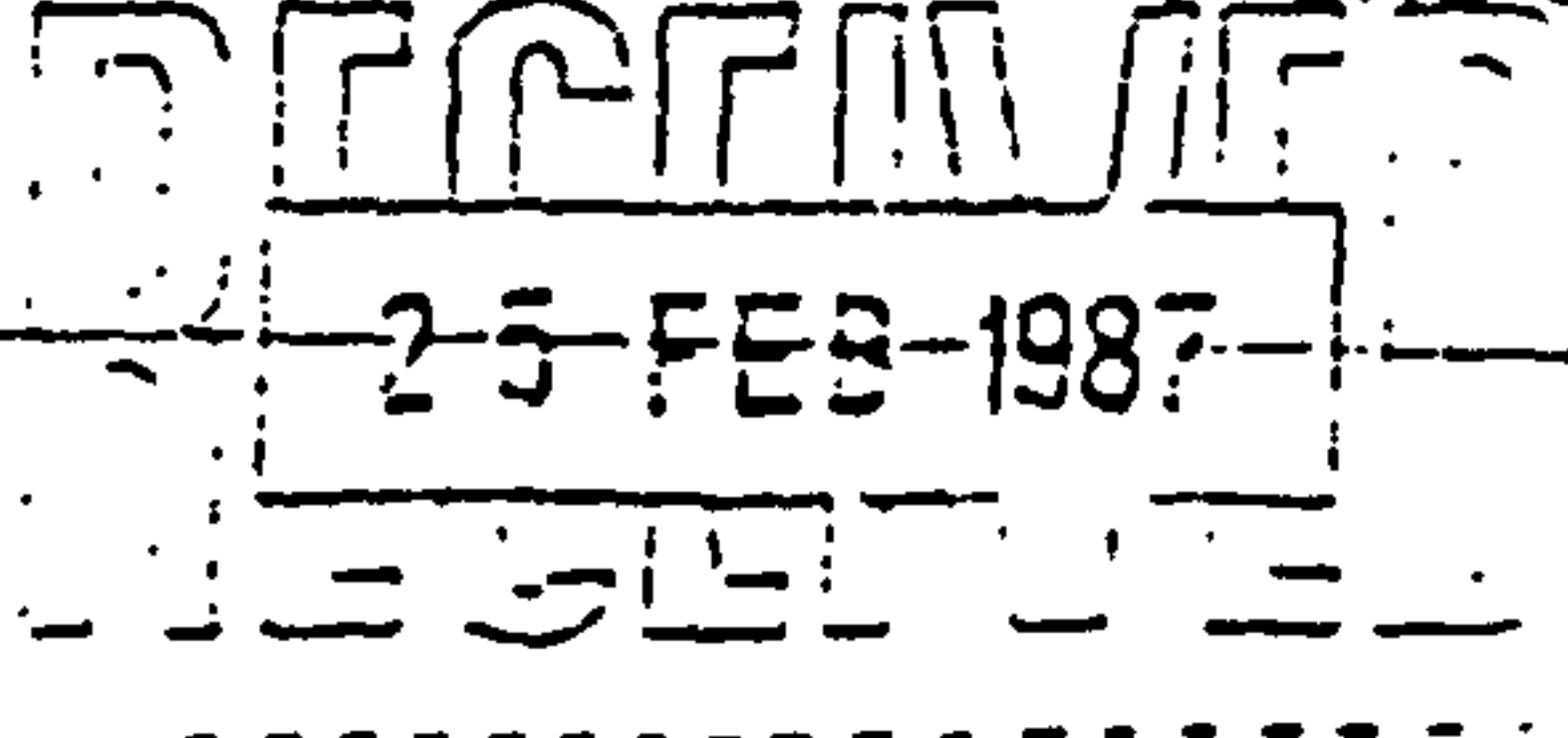
General Secretary E A B Hammond O.B.E

Telephone 031-556 8148, 9 (2 lines)



All communications to be addressed to  
A B Souza Area Secretary Area No 5  
26 Abercromby Place Edinburgh EH3 6QE

Area Officials R Eadie R Lumsden J D Wilson



Our Ref RWE/TR

Your Ref

SUBJECT

Date 23rd February, 1987

Mr A Campbell Reid  
Secretary  
I.U.C.O.C.  
A.S.T.M.S.  
25a Garden Place  
ABERDEEN  
AB1 1UG

Dear Campbell,

Since our last IVCCC meeting, I believe I should follow-up in writing some of the points that I made on that occasion.

My concern is that my union and no doubt other unions are being faced with a serious problem in retaining existing members we have working for oil companies offshore. This problem is closely related to the question of recruitment and recognition. I think you would yourself, recognise that if the unions go on as we are at present, ASTMS is the only union likely to achieve recognition. The hard facts are that if other unions are perceived by their members to have no say or influence in their company, membership soon begins to lapse, and, after a period of time you made it clear that they could be taken into ASTMS.

We all realise that getting union recognition is not going to be easy, but it does seem to me that the Committee should consider various ways unions can be assisted by the IVCCC and where we can work together in a planned way on recruitment and recognition.

On close reading of the Memorandum of Understanding, there seems nothing to prohibit more than one union seeking recognition, just the reverse the document seems to emphasise the role of the committee in achieving recognition. Perhaps the committee could form Common Interest Groups of 2, 3 or even - unions in order to achieve recognition in a particular company or in a particular platform.

If oil companies place obstacles in the way of recognition involving this type of Common Interest Group, it seems to me that the IVCCC could still be capable of ensuring that unions with a membership could be involved and consulted through the operations of the IVCCC. It may be as an alternative that a particular union be given the task of achieving recognition with the support of the Committee and other unions in an agreed platform.



Mr. Campbell, Fall

If none of the above moves appears to be likely to occur on the  
own, then reluctantly, I intend to strongly advocate the policy of  
regularly appointing the officers of the IUCO in order to give each  
union an opportunity to have a higher profile with their members' affairs.

Yours sincerely,

F. M. White  
IUCO OFFICIAL

CONSTITUTION OF THE INTER-UNION OFFSHORE OIL COMMITTEE  
AS AMENDED

Appendix EE

1. Aims and Objectives

To co-ordinate the recruitment and organisation of employees engaged in the offshore oil and gas industry and thereafter to seek recognition. Following the establishment of recognition rights the unions with membership amongst employees of the oil companies concerned will assume all responsibility for collective bargaining.

2. Unions in Membership

AEU  
BALPA  
EETPU  
GMB  
MSF  
NUMAST  
NUS  
TGWU

3. Voting in Committee will be on the basis of one vote per union.

4. A Chairman and Secretary will be elected from the full membership for a term of two years and will be eligible for re-election. The Chairman and Secretary will have one vote in accordance with their membership position.

5. Meetings of the IUOCC will be held quarterly. Venue to be determined. Further meetings may be convened at the discretion of the Chairman and Secretary following a request from any member union.

6. Quorum

Quorum to be any four members at normal quarterly meetings.

Sub-committees (as may be necessary) to be Chairman and Secretary and such other Committee members as is considered necessary.

7. Summary of business and decisions taken to be circulated prior to normal quarterly meetings.

8. IUOCC costs to be shared equally by the constituent member unions.





OFFSHORE OIL COMMITTEE

A. CAMPBELL REID  
Secretary  
0224 640490

GARDEN PLACE  
ABERDEEN. AB1 1UQ

Minute of Extraordinary Meeting of the OOOO  
held in the MSF Office, Aberdeen,  
at 11 a.m. on Friday, 22nd July, 1988

- Present:
- E. Bree - OMS
  - R. Bygate - NUS
  - W. Duncan - NUS
  - M. Jochims - NUS
  - M. Leenan - NUS (Part meeting only)
  - G. Lynn - NUS
  - T. Lafferty - NUS
  - A. Macfarlane - NUS (Part meeting only)
  - A. McWilliam - NUS (Part meeting only)
  - G. Mackay - NUS
  - G. Reid - NUS Secretary
  - G. Stewart - NUS

MEMBERS

- G. Allan - NUS
- H. Doran - Mem. of Parliament
- G. Fitzpatrick - Solicitor
- D. Harrison - OTOO
- R. Hughes - Mem. of Parliament
- I. McDonald - Commissioner of MC
- G. Stewart - Solicitor

Minute of Meeting of 18th July, 1988

The Minutes of Meeting of 18th July, 1988 are accepted as correct.

Matters Arising

[Faint, illegible text describing matters arising from the meeting]

membership of the 1000.

The Secretary requested that the Committee consider the TUC position and that the ESTPO be informed that they would not be entitled to attend future meetings of the 1000. This was accepted without dissent.

### 3. Report of Meeting of Aberdeen Solicitors Co-ordinating Group

The Secretary, acting on behalf of the 1000, reported on the results of a meeting of solicitors held in Aberdeen on 14th July 1974. The meeting was held at the request of the 1000 and was attended by representatives of the Aberdeen Solicitors Co-ordinating Group. The meeting was held in a private room at the Aberdeen Club. The Secretary reported that the meeting was held in a friendly atmosphere and that the representatives of the Aberdeen Solicitors Co-ordinating Group were very helpful. The meeting was held in a private room at the Aberdeen Club. The Secretary reported that the meeting was held in a friendly atmosphere and that the representatives of the Aberdeen Solicitors Co-ordinating Group were very helpful. The meeting was held in a private room at the Aberdeen Club. The Secretary reported that the meeting was held in a friendly atmosphere and that the representatives of the Aberdeen Solicitors Co-ordinating Group were very helpful.

Several members of the Committee intimated that they were in touch with the Law Society of Scotland and had not seen it necessary to provide legal advice and assistance to all members and their families.

It was determined that the Secretary should write to the Law Society of Scotland and requesting all trade union members and their families that they would be entitled to free legal advice if they contacted their appropriate trade union.

### 4. Meeting of TUC Offshore Safety Group with Cecil Parkinson, Secretary of State for Energy

The Secretary reported on the meeting with the Secretary of State for Energy, Cecil Parkinson, on 11th July 1974. The meeting was held at the Secretary of State's residence in London. The Secretary reported that the meeting was held in a friendly atmosphere and that the Secretary of State was very helpful. The meeting was held in a private room at the Secretary of State's residence in London. The Secretary reported that the meeting was held in a friendly atmosphere and that the Secretary of State was very helpful.

The Secretary reported that the meeting was held in a friendly atmosphere and that the Secretary of State was very helpful. The meeting was held in a private room at the Secretary of State's residence in London. The Secretary reported that the meeting was held in a friendly atmosphere and that the Secretary of State was very helpful.



5. Meeting with John Prescott, MP, Opposition Spokesman for Energy

The Chairman reported that a great deal of ground had been covered at the meeting with John Prescott, during which it had been agreed that a further meeting would be held in Aberdeen in due course. It had also been agreed that Prescott would continue political activity in keeping pressure on the Department of Energy for an improved safety regime in the North Sea.

6. TUC Offshore Safety Group

Several dates had been proposed for the TUC Offshore Safety Group, but the dates of 15th and 16th August were the most suitable to meet members of the TUCOS. This information was to be conveyed to the TUC in the hope that one of the dates would prove acceptable.

7. Piper Alpha - Lifting of Accommodation Module

Keith Jobling, NUS, reported that divers working at the scene of the tragedy had reported that the accommodation module had been damaged but was in a tangled mass and it would prove extremely difficult to recover the module intact. Barges and lifting equipment had already been contracted, but he felt that any anticipation of a successful conclusion to the lifting of this module would be premature. The exercise would be extremely hazardous and it was not clear whether it was in fact possible. The identification of any bodies recovered in the exercise would be difficult because of the danger of time being lost in the water and the identification by dental records and/or jewellery would be possible.

8. Collection of Funds for the Families of Victims of the Piper Alpha Disaster

T. Lafferty, AEU, informed the Committee that he had received many calls from other stewards who were responsible for collecting money for the families of the victims of the disaster. He mentioned that they were unhappy at the thought that the money collected would be used to pay the costs of the disaster. He mentioned that the money collected would be used to pay the costs of the disaster. He mentioned that the money collected would be used to pay the costs of the disaster.

The Chairman thanked T. Lafferty for his contribution and mentioned that the Committee would be looking at the possibility of collecting funds for the families of the victims of the Piper Alpha disaster. He mentioned that the money collected would be used to pay the costs of the disaster.

and more help back for any reason or work.

It was finally determined that the Secretary should contact the Card Provost with a view to arranging a meeting with the Trustees of the Fund in order that we should discuss with them their intentions and also put forward some ideas as to how the trade unions would like the monies distributed.

### 19. Meeting with Minister of State, Department of Energy

The Secretary reminded the meeting that Peter Morrison had agreed to an early meeting with the NUOVO, and that the NUOVO had agreed to a meeting with him on 10th October regarding the proposals for the restructuring of offshore areas under consideration. The Secretary indicated that the Minister of State, Department of Energy, had indicated that the NUOVO officials had been invited to a meeting with him on 10th October. The NUOVO officials had indicated that as they were the most knowledgeable people in the country on the subject it would be preferable that the meeting should be held between the NUOVO officials and the Minister of State. The Secretary pointed out that any union wishing to have a representative present was entitled to do so, although it was hoped that there would be no need for this. It was suggested that the Secretary should try to keep the delegation as small as possible.

### 20. Public Meeting - Aberdeen

Several officials indicated that a public meeting would be held in Aberdeen on 10th October, as a result of the NUOVO officials having a determined effort to organize in the NUOVO area. Following consultation with the NUOVO, it was decided that there would be an open public meeting, commencing at 7.30 p.m. on 10th October, Aberdeen, at an early date. The meeting would be held in the NUOVO, Aberdeen, and at some other venue. The Secretary made tentative estimates of the cost of the meeting, press advertising, leaflets, posters etc. The NUOVO officials would then be invited to share the cost. N. Morrison of the NUOVO offered to assist the Secretary in this matter.

### 21. Helicopter Survival Briefings

The Secretary, MOP, indicated that it was now necessary to arrange for helicopter survival briefings to be held at various locations. The Secretary indicated that the NUOVO officials had been invited to attend such briefings. The Secretary indicated that the NUOVO officials had indicated that they would be unable to attend such briefings. The Secretary indicated that the NUOVO officials had indicated that they would be unable to attend such briefings.

### 22. Recognition of Union

The Secretary indicated that it was now necessary to arrange for the recognition of the union. The Secretary indicated that the NUOVO officials had been invited to attend such briefings. The Secretary indicated that the NUOVO officials had indicated that they would be unable to attend such briefings.



North and southern North Sea and had received a letter indicating that the company did not wish the intervention of a third party in the area of industrial relations.

Notes.

### 13. Request for Visit to the Marathon Brae B Platform

The Secretary reported that having requested a visit to the above platform, he had received a response to the effect that this visit could not take place until February/March, 1988.

Notes.

### 14. Conclusion of Meeting

The meeting ended at 1.15 p.m. with a vote of thanks to the Chair.

Campbell Reid  
Secretary

DR. HAROLD W. D. HUGHES O.B.E.

UK Offshore Operators  
Association Limited  
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Confidential

File - 12 100  
Appendix GG

16 MAR 1990

HIGHLY CONFIDENTIAL

PERSONAL TO ADDRESSEE

WFM  
xc 1250  
REC'D  
DES

13 March 1990

To: MEMBERS OF COUNCIL WITH OPERATORSHIPS OF PRODUCTION  
cc: C Ryan, UKOOA  
M F Shearer, UKOOA

From: DIRECTOR-GENERAL

OFFSHORE INDUSTRY LIAISON COMMITTEE

I enclose a Note of one of Mr Ronnie McDonald's recent meetings,  
which came into my hands from a source I prefer not to disclose.  
It makes interesting reading.



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23 MAR 1990  
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## OFFSHORE INDUSTRY LIASION COMMITTEE

### NOTES OF 7 MARCH 1990 MEETING IN ABERDEEN

The Meeting, chaired by Mr Ronald McDonald and representatives of the NUS, GMB, and the TGWU, was attended by about 160 offshore workers and was held in the Trades Council Building.

#### DEMAND FOR A CONTINENTAL SHELF AGREEMENT

The meeting was told that the main argument was over the need for a Continental Shelf Agreement which would cover all types of work offshore; maintenance, construction, drilling, and catering. McDonald explained that the latter two categories were traditionally reluctant to get involved in trade union activity because of the relative ease with which they could be given NRB notices. "It's therefore great to see so many of you here today, because the one vitally important message is that we're all in this together".

Shell and BP were accused of "buying off" their workers when safety was lax - "the men are effectively being offered money in compensation for a potential tragedy". McDonald said that what had been given this year [financially] would be taken away next year, reminding the audience that in 1986 wages plummeted by 30%. He also said that the pay discrimination between the North and South sectors had to stop, and hence the need for a comprehensive Continental Shelf Agreement.

#### CALL FOR BETTER HOURS

OILC also demands better "conditions" for workers in all sections of the industry. On average, the offshore worker works a 2,300 hour year compared with an onshore average of 1,700 hours. In addition, the 2,300 hours is telescoped into a 36-week cycle before holidays.

McDonald produced a Department of Energy safety notice (No.1/90) which stipulates that no worker should work more than 12 hours in a row. Workers from the audience produced a memo from Total confirming this, and saying that they were still being asked to do 16 hour shifts "back-to-back".

McDonald said that workers who agreed to do 16 hour shifts were "contemptuous" and should be treated like thieves who steal another man's work. OILC demands a uniform limit of twelve hours, although this would involve a 30% wage cut. "We must accept this, because our argument is for safety. A uniform 12 hour limit will mean a fresher, safer workforce".

#### WHY THE NEED FOR OILC ?

The Government was accused of running all the collective and national agreements covering all the trades and disciplines in the industry. "That is why OILC was formed, as an illegal enabling and mediating body". Many workers would not get involved in individual trade union activity, but in a short space of time, OILC has become the recognised "umbrella" for offshore workers.

"Today's meeting, like the others we are holding regularly around the country - and south of the border too - is designed to inform you of what is happening, so we can get your support for the sit-ins". McDonald said that workers had been abused for too long, that oil companies were breaching the Mineral Working Act, and that workers' rights now had to be fought for.

#### THE INDUSTRIAL ACTION

The essence of the sit-ins would be on the first day. OILC believes it has secured sufficient support to shut down at least 30 platforms as of day one. "Thus the companies will not be able to shut down the affected platforms - they might get away with losing the output of a few platforms, but not 30".

The operators were already becoming aware of the activities of OILC; the "Blowout" newspaper was now banned from all SEPCO installations. Disaffected workers on those platforms are particularly concerned that Filipino strike-breakers could be used. "If the companies put just one foreign worker on a rig, we'll shut down the whole fucking lot".

Money was being raised to help administer the strike programme through a "card scheme" which is being launched in Aberdeen soon.



#### AMOCO INCIDENT

McDonald reported that the Inspectors had ruled that the platform, especially the accommodation block, was neither gas-proof, fire-proof, or blast-proof. Yet workers are still compelled to work on the platform because a "Certificate of Fitness" was issued which doesn't expire until 1991. And yet Peter Morrison said that "not one barrel of oil will leave until it can be done so safely". McDonald then said "little does he know how right his words are once OILC has had its say".

#### OTHER ISSUES DISCUSSED

McDonald said that safety was increasingly becoming a problem on the Montrose platforms. "The reservoir is almost empty, and is just full of crap". Workers were advised that the platforms could no longer be considered safe.

OILC would be demanding that the 48 knot crossing limit on bridges should be adhered to everywhere. The bridges are "failsafe" and therefore have to be severely mismanaged before activating their "automatic lift facility" and falling into the sea. A total of 14 bridges had fallen into the sea, and three men died on Piper Alpha when a bridge fell into the sea. The meeting was reminded of the 1981 incident when workers were "forced" to run over a bridge against their will. "This is still happening, and it must stop".

9 March 1990.

OFFSHORE INDUSTRY LIAISON COMMITTEE

NOTES OF 28 MARCH 1990 MEETINGS  
IN NEWCASTLE AND MIDDLESBOROUGH

The meetings in Middlesborough and Newcastle were held in the AEU offices and were attended by about thirty and forty offshore workers respectively. In both places, these were the fourth OILC meetings to be held, and Mr Ronald Macdonald - who chaired the meetings - commented that these attendances were lower than the previous two. They compare with figures of over a hundred at Aberdeen meetings and sixty to eighty in Glasgow. Both meetings lasted for about two hours twenty minutes.

1. PURPOSE OF THE MEETINGS

Macdonald said that the meetings, as most offshore workers would by now know, were being held to galvanise support for the OILC campaign to secure a "Continental Shelf Agreement".

OILC had brought the six offshore unions together, in order to devise an agreement that would ensure no offshore differentials in pay or conditions between the Northern & Southern sectors of the North Sea and in Morecambe Bay. Currently, negotiations were far too "piecemeal". For instance the recent caterers' deal, won by the TGWU and NUS, secured a wage increase but no official recognition by the companies.

He reported that when union officials met the OCC (Offshore Contractors Council) in January, they had agreed not to negotiate any "hook-up" agreements (9 of which are due in the next three years), as this covered barely ten percent of the workforce.

The EETPU, however, had said that although they will abide by the inter-union agreement for now, (confirmed by their not renewing the SJIB agreement in February), they will negotiate separately in July if OILC are seen to be getting nowhere in their dispute.

The Unions will be meeting in Glasgow on April 18th to spell-out their position. It is the first time all six unions, including the NUS and TGWU, will be allowed to take part in the OCA (Offshore Construction Agreement).



## 2. DEMANDS FOR A "CONTINENTAL SHELF AGREEMENT"

Macdonald reported that the draft of a proposed "Continental Shelf Agreement" (CSA) would be distributed to members in the first week of April, and details would be published in the next edition of "Blowout", also available that week.

The proposed CSA covers a number of areas, in particular it seeks a single agreement for all offshore workers irrespective of status or location. A key element is the right to full trade union recognition on all platforms, with annual negotiating rights on pay and conditions (especially those relating to safety).

On the issue of hours of work and holiday entitlement, it was reported that BP had cut their 4-day bereavement allowance from 12 hours to 8 hours, and that Shell were only giving 3 days. Offshore workers worked, on average, a 2,180 hour year compared with an onshore average of 1,840. The 2,180 figure excludes travel time, so there will be a demand for an extra four weeks off during the year to bring the overall hours in line with onshore. This will mean that every quarter the cycle becomes two weeks on, three weeks off.

In motivating the workers to support the action, it was essential to identify who would gain from a CSA. Caterers obviously would - because despite two wage rises in the last 18 months, they still lagged behind in terms of status and recognition. Construction workers and drilling crew would gain, as a CSA would help protect them from the worst contractors such as APG and Wood Group, who slashed their rates in 1986. Workers were reminded that at the start of last year, Wood Group were offering about £5/hour - "it could happen again".

Members were reminded of the last year's united approach when UKOOA and the OCC told the contractors to give another £7.20. This year, there was "total disarray" amongst the contractors and oil companies were doing "their own thing" - especially Shell who are the most highly exposed.

Asked what the attitude would be to the OILC's CSA demands from the contractors, Macdonald said that some would welcome it, some would be neutral, and the "worst" obviously wouldn't like it, such as contractors like Deetzmann who weren't in the OCC. A-Mod similarly - they don't even take part in the Crusader Insurance Scheme, which a CSA would make mandatory.

A CSA would also get rid of the "NRB" threat, and would ensure proper grievance procedures.

### 3. SHUTDOWN PROGRAMME

The proposed industrial action will involve platform shutdowns on a rolling, "targeted" basis which will coincide - as far as possible - with the time at which individual platforms are at their most vulnerable during the refurbishment phase. The action will now be starting early than planned, probably in late May, and will progress into August/September. Macdonald said that the companies would not accept the demands for a continental shelf agreement, so "the time was right to strike". The industry was now seen as viable for at least another three decades, and over the next five years a £27 billion investment programme was at stake.

Onshore refinery workers, through the unions, will be involved this time around, and the aim will be to "make the oil companies see sense" with regard to the demands for a CSA. Macdonald reported that last year's strikes clearly did not work, because they were not adequately co-ordinated and "the oil wasn't stopped". It was, in any case, more an expression of anger and frustration. This time, the aims were clear cut.

"It's clear that, as the miners found out, you can't win a dispute until you hurt the middle classes in the Home Counties. Well, this year we're going to stop the oil long enough to do just that." He said that such a strategy was also the only way of ensuring that the UK press, not just the Scottish press, gave coverage to the issues at stake.

It was clear that over forty platforms would "definitely" be involved, and that while it was obvious to all that certain platforms would take part (for instance CORMORANT ALPHA), other platforms - crucial to the strategy - were currently "lying low" and appearing to be non-problematic. However, "the key people have already been identified for most of the forty-odd platforms".



It was reported that in anticipation of the summer troubles, BP and Shell (joined by Conoco in the Southern Sector and later in the Northern) had implemented an £8.03 pay rise as from April 1st (notably, Marathon was waiting until the winter). This was seen as an attempt to placate workers, and Macdonald stressed that the dispute was not one about cash. It was about "basic rights, safety standards, and basically getting the same deal as the Norskies get".

#### 4. PROBLEMS WITH FOREIGN LABOUR AND 1992

It was reported that MacDermott's of Louisiana and a Dutch company Hermac had formed a joint venture company which has pooled together five barges, off the Dutch coast, manned by a multi-disciplined Filipino crew, trained at the US naval refurbishment base at Cebu, Phillipines.

This was a "sign of things to come", with three of the barges already operational. Some work had already been carried out off Humber side and in Morecambe Bay, and this was a clear threat to the UK workforce, as labour costs are approximately £10 a day.

After 1992, the company would be able to operate anywhere, and would certainly be used in major construction and abandonment projects.

#### 5. NEWS FROM OFFSHORE

ARBROATH: A problem had developed with Press Offshore, who had delayed a wage review due in January until April. The workers involved were not satisfied about this, but had been unable to do anything about it.

BRENT: Bravo and Delta were already virtually non-operational. With David Robertson working on Bravo (his wife is Macdonald's secretary), information was easy to get hold of regarding BP's activities.

CORMORANT ALPHA: With the companies apparently concentrating the shop stewards on this platform, earning it the nickname "the Gulag", there would be no problems "activating" the platform. Macdonald pointed out that if Cormorant Alpha goes down, so does the oil from seven other platforms.

SHELL FIELD: This would be the hardest-hit field. "Everything will stop". It was reported that Shell were planning to compress a 2 year work programme (as measured in manhours) into seven weeks. "They will lose the most, which in some ways is a shame, 'cos the management is better than many" said Macdonald.

FORTIES: With the removal of so many stewards, there was "a problem here". Workers were concentrating on triviality, and Macdonald said this exemplified "management's inability to manage". Good trade union representation would lead to better offshore harmony, whereas now "thing's have got to such a stage that the men just aren't willing to take any more shit."

With nine shop stewards already removed, an acting steward has also been thrown off Forties. Press Offshore admitted that the man was treated "unfairly" and offered him Montrose. Apparently when he said he wanted to go back to Forties, Press Director Thain said "I'm afraid the client [BF] don't want you there". OILC are trying to get confirmation of this statement in writing.

CHEVRON: Members were asked whether they knew of the "Donut" escape system, already introduced by Chevron, which had received substantial publicity. It was "hype" of a huge magnitude, and the meetings were told that Piper survivor Bob Ballantyne, who had looked at the "Donut", said it wouldn't be much use in a fire anyway.

AMOCO/MONTROSE: The catalogue of events in mid-Februaury was related, and it was explained that eventually the Department of Energy had had to give an exemption certificate for the platform. Workers were very concerned about staying on this platform "where even the helideck's made of wood".

THISTLE: A worker from the platform reported that recently he had argued with a safety officer about stopping drilling, because 100 mph winds were creating "very dangerous conditions, everyone on the floor half the time". Apparently, the safety officer replied that he could stop anything on the platform except drilling - he could only make a recommendation to stop as regards drilling.



## 6. MISCELLANEOUS

It was reported that Press Offshore are currently in the process of screening a PR video to all workers prior to their going offshore. The video, in which Press's IRO Bill Murray appears, supposedly has two offshore workers being told how safe the North Sea now is. In fact, the two are professional actors, and Macdonald advises all Press workers not to "waste a day watching twenty minutes of crap".

It was also reported that an offshore worker had had a heart attack en route to the Norwegian sector, and that as his contractor did not have the right insurance, his widow would be getting nothing. Macdonald reiterated the need for a comprehensive shelf agreement, which he said would eliminate a "disgraceful situation such as this one". He is planning to visit the Dutch union FWZ in April, when he will be going to Rotterdam for a fortnight's holiday.

29.3.1990.

INTRACOMPANY CORRESPONDENCE

J. V. Parziale

DATE 2nd August, 1990

Corporate

FROM R. J. Carter *RJC*

UKCS INDUSTRIAL RELATIONS DISPUTES

OFFICE External & Corp. Affairs

Over the course of the past year or so an unofficial trade union body, the Oil Industry Liaison Committee (OILC), has sought to put pressure on the operating companies to obtain a National Offshore Agreement. They have pressed their claim under the guise of seeking better representation on safety committees, but this is really a cover for the bigger objective.

With no national agreement in place, the industry collectively has been very fragmented in its response and has been compelled to follow the negotiated settlements of BP and Shell who broke ranks and conceded to the demands being made. The result has been that the remaining companies have had no influence over events, whereas if a national agreement were in place we would naturally have an input into any negotiations.

Marathon has tended to support the concept of a national agreement because, (a) it appears to be an inevitable outcome, (b) there is some substance to the claim of the workforce, but (c) and perhaps more importantly, the UK Government is very keen to see industrial peace and stable production conditions on the UKCS. This has been particularly so since the Piper Alpha disaster and has produced messages from the Minister which urge operators to avoid industrial relations disputes.

So far Marathon has not been affected and at the present time remains outside the current dispute.

However, today's unofficial action coincides with the Iraqi invasion of Kuwait which is almost certain to produce a period of prolonged oil market instability. The offshore workforce is bound to realise that these events give them additional bargaining strength and they may well use it in order to step up pressure.

If further industrial action does take place, then the UK Government's concerns will be multiplied. They will want the oil to flow with even greater urgency and could, if the worst happens, put more pressure on the operating companies.

cont'd.....



To: J. V. Parziale

From: R. J. Carter

My own view is that in a situation where we have been led by the nose by BP and Shell, we have nothing to lose by supporting the concept of national agreements. What form these agreements should take and how far they should extend must remain open for discussion, but if the disputes continue, I think Government will seek to push us in the general direction of an accommodation with the Unions.

c.c. R. C. Earlougher Jnr.  
D. E. Smith  
P. L. Wood

RJC388

RECEIVED

- 3 AUG 1977

INTRACOMPANY CORRESPONDENCE

J.V. Parziale

DATE 6 August 1990

Findlay

FROM D.E. Smith

Industrial Relations

OFFICE London

The Industrial Relations situation in the North Sea continued to worsen over the weekend. At 19.00 hours Friday, August 3, the majority of Brae 'A' contract workers on the gas disposition project began an unofficial wildcat strike. They made no demands stating only that they were striking "in sympathy with their brother workers on other installations". Marathon management offshore (in concurrence with onshore management) advised the workers to return to their jobs by 24.00 hours or they would be downmanned and returned to shore to sort out their difficulty with their respective employers. At 24.00 hours the workers advised they would not return and were in turn told they were to return to shore. A total of 79 men were transported to shore on Saturday, August 4, without incident.

Subsequent to the Brae 'A' group being removed, an action began on Brae 'B' on Saturday, August 4. A total of 57 men began an unofficial strike and were transported to shore on Sunday, August 5, without incident. Additionally, 17 more Brae 'A' contractors joined the strike and were also sent in. One further Brae 'A' employee went out on Monday.

The 154 personnel who have been removed are mainly employed as welders, fitters, riggers and scaffolders. It is noteworthy that all of our contractors have not been affected. Contract operators, crane operators, deck crews, drillers and catering personnel have remained. These personnel, along with 21 personnel from the affected companies who did not go out, give an adequate workforce to continue virtually normal production operations.

Production operations continue in a normal manner on both platforms and drilling has not been affected. Adequate crews also remain to continue with the critical generator repairs on Brae 'A'. The repaired interturbine duct has been received and installed on 'C' berth and the repaired jet engine is in route to the field by boat. A second generator should be running by the end of the week. The gas disposition project is shut down and we are evaluating how to progress it at this point. The impact on production is that the gas lift systems will not be operable until it is completed, costing approximately 2500 barrels per day on Brae 'A'.



The issues in the dispute are centered on two areas as follows:

1. North Sea-wide Union Recognition - The majority of workers are currently union members. However, they belong to a wide variety of organizations. There is no agreement encompassing the longterm construction and maintenance work on platforms. An agreement did exist for construction and hook-up on new structures. However, it lapsed early this year. The target appears to be one agreement which would cover both areas.
2. Safety - At present the Department of Energy is responsible for offshore safety. The drive is to change that responsibility to the "Health and Safety Executive" who have a similar function onshore. (The current system mimics the U.S where OSHA does not apply offshore, MMS is responsible). The H&SE have provisions for workforce safety representatives who are appointed by the governing union, i.e. defacto unionization of the workforce.

These issues have been presented only via the media through an unofficial group called the Oil Industry Liaison Committee (OILC) located in Aberdeen and headed by one Ronnie McDonald. As of Monday, August 6, it appears that virtually every facility in the U.K. sector of the North Sea is involved to some extent. McDonald has publicly called for an all-out strike. A number of more militant strikers on other installations have opted to "sit-in" and are refusing transportation to shore. Numerous reports of strong-arm tactics are surfacing in which workers trying to stay on the job are being physically threatened by sympathizers. On the other hand, many contractors did not go out and it is unlikely that much, if any, production is currently affected.

The situation is obviously very confused with the variety of companies and contractors involved and no "official" union or demand to deal with. Our current plans are to deal with the situation as an illegal strike and remove workers who walk off the job. At the same time we are working with our contractors who are affected to determine what, if any, demands are being made and what steps can be taken to return construction crews to work. We have suspended crew change of these workers (i.e. the men going out to "relieve" striking employees) for the time being. A meeting of contractors is scheduled in Aberdeen today which also may shed some light on the situation.

I will keep you posted. Please advise if I can answer any questions.



INTRACOMPANY CORRESPONDENCE

J.V. Parziale	DATE	20 August 1990
London	FROM	D.E. Smith
UKCS Industrial Relations Disputes	OFFICE	Aberdeen

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The sporadic work stoppages by offshore contractor personnel have continued for approximately three weeks under the orchestration of the unofficial Oil Industry Liaison Committee (OILC). At this point a comment from the operations end of the business, regarding R.J. Carter's letter of August 2, seems appropriate.

The mass media has finally begun to characterize the reasons for the action as first, recognition of a North Sea-wide labor agreement and second, improved safety conditions. UKOOA (United Kingdom Offshore Operators Association) spokesmen have done a creditable job of presenting the industry view that safety is not the issue, only the lever being used by the organizers. All sides of the dispute acknowledge that increased pay is not at issue.

Over the course of three weeks of industrial action, production in the North Sea has been affected very little if at all. Planned construction and maintenance programs have been deferred, but with little pain to the industry. The resolve of the major operators (Shell and BP) has been demonstrated by their willingness to demobilize the striking members of the workforce. In summary, the workers being led by the OILC have not succeeded in causing major problems for the industry. They have begun to lose substantial work time and consequently wages. With the only objective being representation, the strikers' resolve is beginning to weaken. Marathon's position in all this has been that our critical safety related work was done during 1989. Recognizing what was to come, we have prepared for and accomplished reducing our work force to a minimum level and distancing ourselves from the major industrial action. We can certainly endure a protracted strike and expect that in the event safety related work is required, we can get staff to accomplish it. Ray Carter's comments on possible government intervention may come true. However, to date government has been remarkably absent from any input.

The current questions are: where do we go from here and how do we see the final resolution of the disagreements? Marathon's normal complement represents less than 5% of the offshore contract labor force compared to BP and Shell who together employ over 50%. These numbers will not change substantially and as a consequence we don't now have a great deal of influence in negotiations. Under a National



Agreement that situation would not be altered. We might have input but influence comes from the power of numbers. Two aspects of an all encompassing union agreement are very concerning. First, the union would have leverage to severely impact production by calling out a wider scope of workers than they can now accomplish. Secondly, if caught in that situation, virtually our only course of action would be to dismiss the contractors and take laborers onto the Marathon payroll in those slots. We would be seeking talent from a relatively small group of specialists and would in all likelihood hire unionists who could and would attempt to organize the entire workforce. The kind of projects we operate are so sensitive to early and continuous cash flow that this position is virtually intolerable. As a consequence, we should direct our efforts to continue frustrating the efforts to organize.

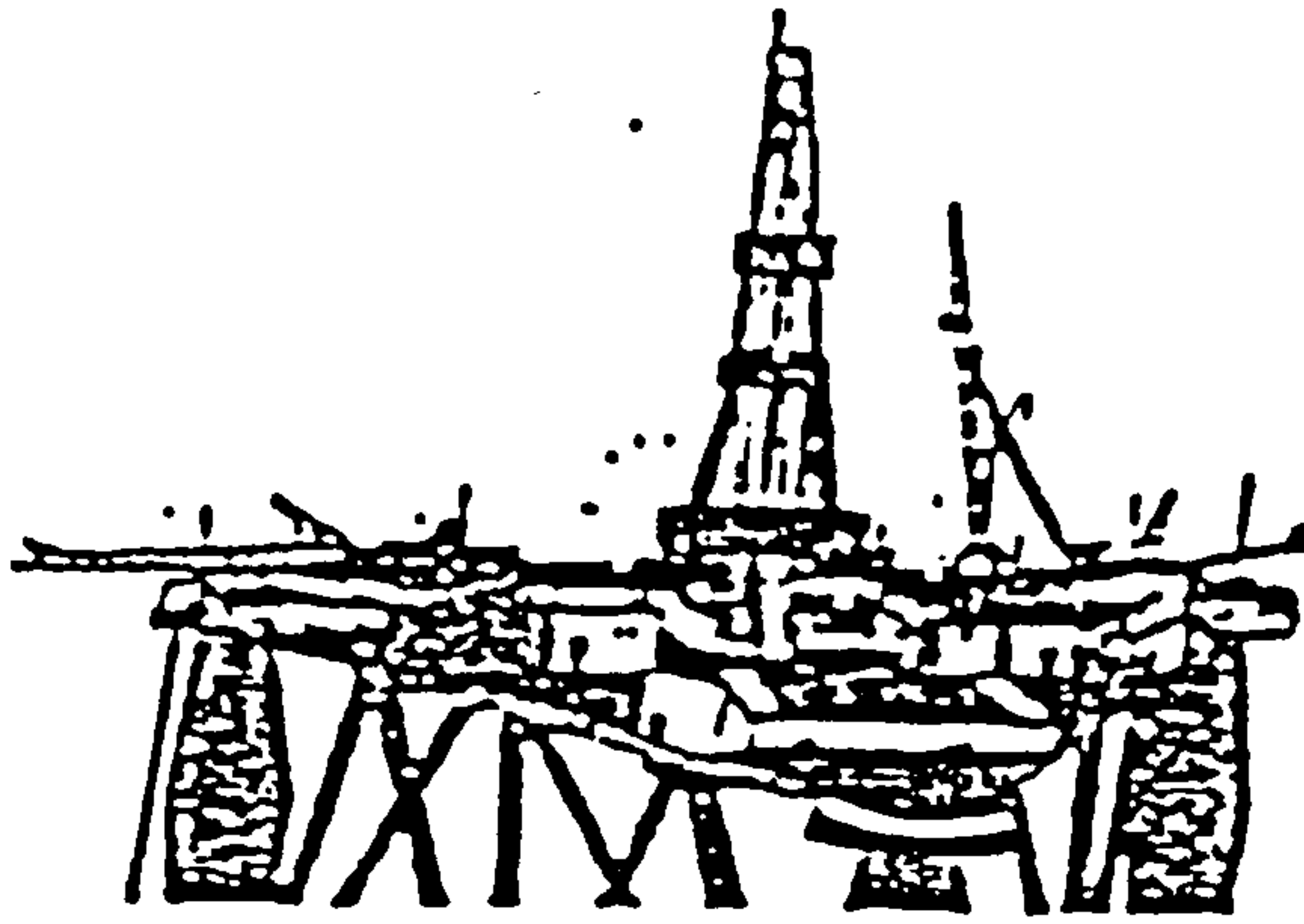
The offshore industry in the U.K. has continued for 25 years without an all encompassing union agreement. The primary reason the unions have failed in their organizing efforts is the fragmentation of the workforce. The seven national unions trying to organize over 30 contractors working for 20 operators on 50 sites has presented a logistical nightmare they have been unable to overcome. The OILC has presented a focal point. However, the unions are unwilling to surrender power to them. The OILC's only lever to success has been their ability to play on the Piper Alpha disaster and that memory is slowly fading. I believe that by maintaining our stance that the unions must deal with the contractors and at the same time pressing the contractors we can forestall this effort and maintain the current "free market" contractor system. One objective of the workers is to obtain more equal treatment and we are working in that direction through better pay, comparable living and meal conditions and longer term contracts for key contract employees. These efforts must continue along with a strong reaction to any work stoppages.

In summary, unionization does not appear to be inevitable and we can play an important role in preventing it. In turn, we must ensure that there are no abuses of our contract workforce as they are an integral and important facet of our team.

cc: R.J. Carter  
P.L. Wood  
J.R. McClellan  
R.C. Earlougher

# INTER-UNION

Appendix LL



## OFFSHORE OIL COMMITTEE

F  
CARDEN PLACE  
ABERDEEN. ABL 100

A. CAMPBELL REID  
Secretary

0224 640490

12 August 1991

Dear General Secretary

At the last meeting of the Inter Union Offshore Oil Committee in Aberdeen, the Committee unanimously agreed that it would wish to investigate further a proposition to re-organise the IUOOC on similar lines to the Confederation of Shipbuilding and Engineering Unions. It was felt that this could possibly assist the Unions in their long running battle to achieve recognition in the Offshore industry.

In order to continue the discussions on this proposition the Committee wishes to invite all unions in membership to nominate their senior official with responsibility for offshore oil to attend a meeting during the Trades Union Congress in Glasgow.

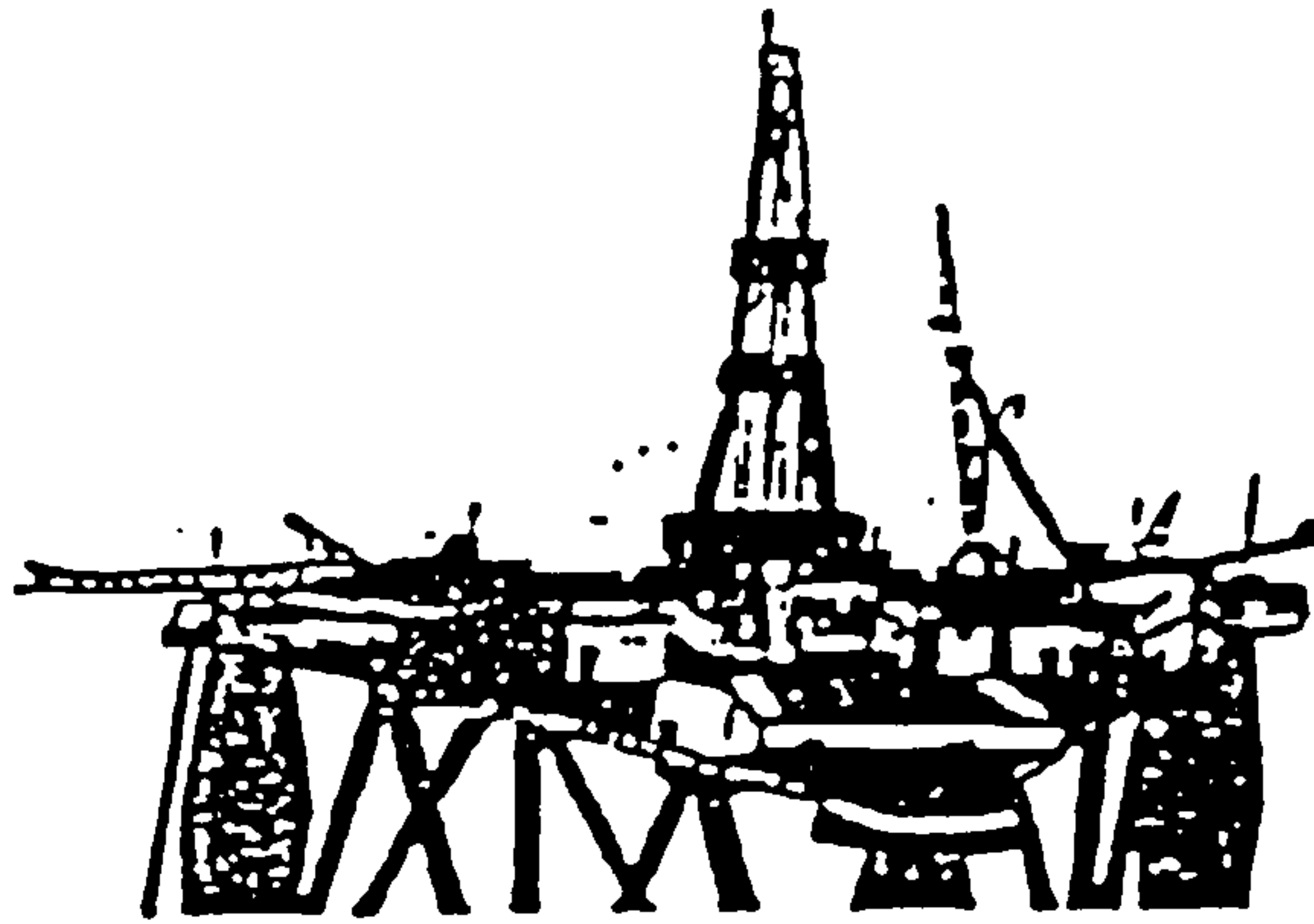
A room has been booked at the Scottish Exhibition and Conference Centre for this meeting at 12.30 pm on Thursday 5 September and I would be grateful if you would let me know the names of the senior officials (limited to 2) who will represent your union. Local/Regional Officials who normally attend the IUOOC will also be present. When I receive the names I will send them a copy of a working document which will be the basis for our discussions.

Yours sincerely

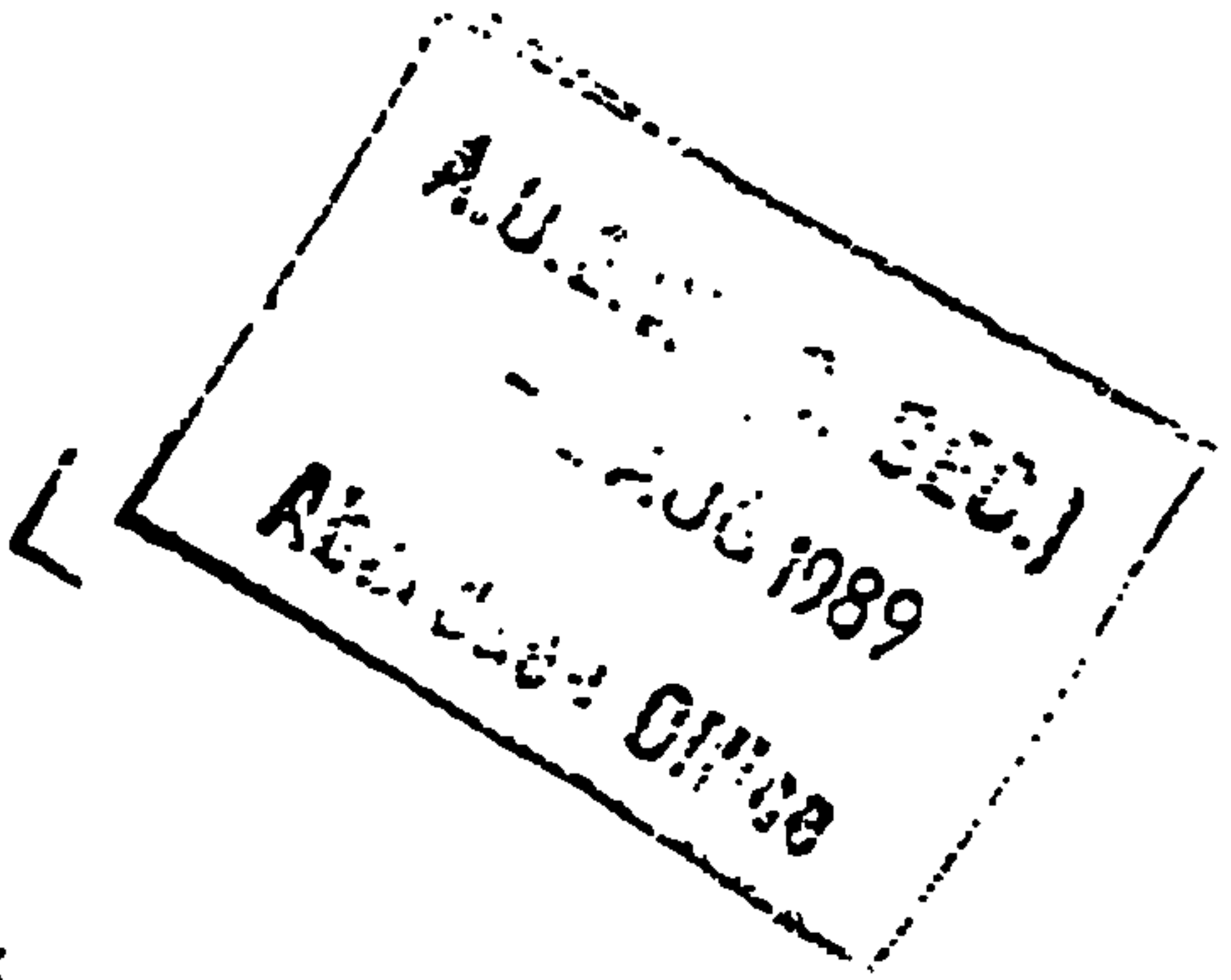
*A Campbell Reid*  
A CAMPBELL REID  
SECRETARY



# INTER-UNION



## OFFSHORE OIL COMMITTEE



A. CAMPBELL REID  
Secretary  
0224 640490

JEN PLACE

N. ABL IUO

Minutes of the IUOOC Meeting held in the TGWU Offices, Aberdeen,  
on Tuesday, 4th July, 1989

- PRESENT:
- |              |   |            |
|--------------|---|------------|
| E. Bree      | - | GMB        |
| W. Duncan    | - | NUS        |
| R. Eadie     | - | EETPU      |
| T. Lafferty  | - | AEU        |
| J. Locke     | - | TGWU       |
| I. McFarlane | - | AEU        |
| M. McVicar   | - | NUS        |
| A. Miller    | - | EETPU      |
| B. Parker    | - | NUMAST     |
| C. Reid      | - | MSF        |
| R. Spiller   | - | MSF        |
| J. Taylor    | - | TGWU       |
|              |   |            |
| F. Doran     | - | MP         |
| L. McDonald  | - | Researcher |
| R. McDonald  | - | OILC       |

1. Minutes of the IUOOC of 7th June, 1989

On a proposal from E. Bree, seconded by N. McVicar, the Minutes of 7th June, 1989, were accepted as a correct record.

2. Matters Arising

None

3. Contract Workers' Dispute Offshore

T. Lafferty updated the meeting on the current situation with regard to the strike action taking place offshore. He also referred to the documented offer made by Press Offshore on Friday

day, 30th June, 1989. A number of amendments were proposed to the draft document and Press intimated that they would probably consider these and respond at a meeting on the following Monday.

As a result of the discussions with Press, men working on the Safe Felicia indicated that they were prepared to return to normal working subject to certain conditions and a number agreed to leave the sit-in and return to shore as they had completed their normal turn of duty. It transpired, however, that the employer refused to allow a return to work and the men were informed that they were expected to leave the platform. At or around the same time it was learned that BP had contracted a number of foreign nationals to undertake work which would allow them to continue production. This led to a call for a total stoppage across the North Sea in support of the demand that the scab labour be removed immediately.

The TGWU and the NUS officials both expressed their extreme concern at having been excluded from meetings at which new terms and conditions were being discussed and felt that they had been excluded deliberately by the Construction Unions, despite the fact that the professed policy of the OILC was for a one industry agreement, including catering and drilling. It was pointed out that the meetings held had been called at extremely short notice and were addressed primarily to the construction industry. The construction unions had, however, intimated to the employers that unless the catering and drilling sides of the contract business were included in any new proposals there would be no deal struck.

The EETPU officials made it clear that the SJIB agreement which had recently been concluded would not be allowed to 'wither' in favour of any one industry agreement. It was the EETPU's intention to continue to protect its members irrespective of any one industry agreement.

On behalf of the OILC, R. McDonald intimated that the Committee's policy was still for a one industry agreement. He also expressed the view that the EETPU had lost credibility with their membership by concluding a new agreement with the SJIB without referring the offer to their members. He also intimated that the offshore rank and file workers could see divisions within the IUOOC which was giving cause for concern.

The NUS officials indicated that the NUS were quite prepared to agree along with a one industry agreement, but only if this was done under the banner of the IUOOC.



It was pointed out by the AEU officials that currently there was a widespread dispute in the North Sea but no deal on the table and the IUOOC should be taking appropriate action to support the workforce.

The MSF officials intimated that it was their view that there should and had to be a one industry agreement. Unless catering, drilling and service companies were involved and the agreement concluded formally, the workforce would be back at square one in twelve months time.

It was agreed that the unions would make attempts to contact related onshore sites at Wytch Farm, Sullom Voe, Grangemouth, St. Fergus etc. asking for their support for the offshore membership. It was also agreed that contact should be made with the Norwegian Trades Unions and the International Trades Union Federations asking for their support.

It was unanimously agreed that the following statement would be made available at the meeting of the OILC to be held later that day:-

"This meeting of the IUOOC expresses its total support for those workers who are currently engaged in industrial action offshore and expresses the hope that no services will be provided to 'scab' labour.

We state our intention to pursue with vigour the establishment of a single offshore agreement with the representatives of all offshore employers covering all contract workers in the offshore oil industry."

This statement would also be released to the media.

Meeting closed at 10.50 a.m.

A. Campbell Reid  
Secretary

Inter Union  
Offshore  
Oil Committee

1) The bargaining arrangements for contract workers in the offshore industry are decentralised, heavily delimited and scarce.

Present agreements whether we like them or not provide:

Hook up covering a maximum of 2,000 at any one time

Catering covering perhaps 3,000 but excluding the South and only applicable to mobiles with some effort.

Some individual contractors involved to a limited extent on construction work but primarily on drilling, operations and support services.

SJIB Companies with offshore interests who may apply the rates to other than electricians.

2) Thus out of a total offshore contractor force in excess of 30,000 perhaps 6,000 are covered by union negotiated agreements. Even if post hook up and maintenance were to be covered, up to 15,000 half the workforce, would still be excluded from any joint arrangement.

3) The mobility of offshore contract labour force from contract to contract, area to area and employer to employer means that the membership of any given offshore agreement is constantly changing. Workers can move from covered to non covered areas as a result. This is best illustrated by hook up workers who are being redeployed as post hook up work is being done by workers moving from fixed to mobile or vice versa. The bargaining by area or trade or function is therefore of little value.

4) The fact that the agreement to make a joint membership based on all offshore workers is not being made is a significant indication of the failure of the bargaining process.

5) In the case of the...

6) The fact that the...



Differential resources applied by different unions.

Unions perceived to have a more effective policy on Health and Safety creating a recruiting atmosphere

The initial absence of collective bargaining over terms and conditions reduced traditional loyalties. 'Anyone' can provide insurance.

5) The industrial action of the recent past has been less effective than might have been the case because of the impact of the law and the restrictions that has placed on the unions. Whilst unofficial bodies like the OILC can organise, the absence of formal endorsement by the National Unions weakened the overall effort.

6) The perception of a group of offshore activists was to overcome these problems by calling for the establishment of a single offshore union. In terms perceived by those either unaware of the problems or deliberately seeking to ignore the problems, a rational suggestion and one that follows the false perception of Norway.

7) An alternative has been suggested which would boost the ability to work of the Inter Union Offshore Committee. The committee has sought over the years to integrate the activity of a seven offshore unions. It has usually failed when the difference in approach between unions has prevented agreement. Sometimes different rule books have clashed to prevent what otherwise could be acceptable to all. The recruitment potential of the up until recent years organised workforce has also played an important role in preventing as much cooperative working as there might have been.

8) This alternative scenario could be looked at as a staged process or as steps, any of which could become a goal in itself. The outline is this

The seven Offshore Unions each establish an Offshore Section into which are elected the representatives

Each Offshore Section is granted the right to elect a representative to the Inter Union Offshore Committee

The Offshore Sections are brought together in a Confederation based on the OILC

The Offshore Sections are brought together in a Confederation based on the OILC

The secretariat of the Confederation could be either seconded officials or appointed.

Representation on the Committee could be either by officials appointed by the union bureaucracy or from Area Committees or from the offshore membership or a combination of any of these

Unions change their own rules to permit greater autonomy if needed to permit the Sections to play a full role in the Confederation

9) The final stage might not be necessary and may go further than some member unions would wish.

10) These ideas have the unanimous backing of the local full time officials from Aberdeen and East Anglia who are responsible for looking after the UK Offshore membership. We commend it to the National Officials as a starting point for debate. Without some more formal method of bringing together the representatives of all the offshore workforce the present fragmentation and disunion could grow, with a loss of existing membership and obstacles to future recruitment.

11) The matter is however urgent. The workforce are not likely to wait indefinitely to see the unions demonstrating working together and bringing the benefits of improved Health, Safety and Terms and Conditions they so richly deserve.

RS 03099



Appendix 00 (i)



## OFFSHORE INDUSTRY LIAISON COMMITTEE

CRITERION BUILDINGS, 52 GUILD STREET, ABERDEEN AB1 2NB  
Tel: (0224) 210118 Fax: (0224) 210095  
T.Gold: 74:MIK2712 Geonet: OIL-COMMITTEE  
24 HOUR INFORMATION: (0224) 210119

25 October 1991

Mr Reid  
Secretary  
Offshore Oil Committee

100  
of Muchalls  
ABERDEEN

Mr Campbell

In your letter of the 21st. instant outlining the preliminary agenda for the meeting of Wednesday 30th. October, please include the following:-

Application for membership of the I.U.O.O.C. from the offshore union Offshore Industry Liaison Committee.

Thanks for your assistance on this matter.

Sincerely

Donnie

McDonald

Appendix 02 (ii)

**TER-UNION**

**RE OIL COMMITTEE**

PA - EEPTU - GMB - MSF - NUMAST - RMT - T & GWU

Secretary:-  
Campbell Reid  
Mayfield  
Bridge of Muchalls  
Aberdeen AB3 2RR.

Tel. 0569-30086

1 November 1991

Mr Ronnie MacDonald  
Acting Chairman  
Offshore Industry Liaison Committee  
Criterion Buildings  
52 Guild Street  
ABERDEEN AB1 2NB

Dear Ronnie

Re: Application from OILC for membership of  
the IUCOC

-----

Further to your letter of 25 October 1991, your request for membership on behalf of the OILC was discussed by the Committee at their meeting on 30 October 1991.

I am instructed by the Committee to inform you that the application from the OILC was rejected by an overwhelming majority.

Yours faithfully

A CAMPBELL REID  
Secretary



Appendix 00 (iii)

INTERNATIONAL

**OFFSHORE OIL COMMITTEE**

Mayfield  
Bridge of Mounials  
Aberdeen AB3 2RR

AEU-BALPA-EEPTU-GMB-MSF-NUMAST-RMT-T&GWU

Tel. 0569-30086

21 November 1991

Mr Ronnie MacDonald  
Manager  
Offshore Information Centre  
Criterion Buildings  
52 Guild Street  
ABERDEEN AB12NB

Dear Ronnie

Re: OIC Attendance At IUOOC Meetings  
-----

At their meeting on 30 October 1991, the IUOOC decided to withdraw their invitation to the Offshore Information Centre to send a delegate to IUOOC meetings.

This decision was taken in light of the changed circumstances since the OIC was first invited to attend the IUOOC meetings in December 1989.

Yours sincerely

~ CAMPBELL REID  
SECRETARY

Appendix PP



# INTER-UNION OFFSHORE OIL COMMITTEE

Secretary:-  
Campbell Reid  
'Mayfield'  
Bridge of Muchalls  
Aberdeen AB3 2RR.

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AEU-BALPA-EEPTU-GMB-MSF-NUMAST-RMT-T&GWU-EPIU

---

Tel. 0569-30086

30 November 1992

Mr Fraser Adam  
GMB  
59 Dee Street  
ABERDEEN

Dear Fraser

REF: D ROBERTSON  
-----

At the IUOOC meeting held on 12 November 1992 the abovenamed attended claiming to be the lay representative of the GMBATU. On a previous occasion he had attended a meeting of the committee only to clearly articulate the policies of the OILC rather than those of the GMB, causing offence and was asked to withdraw.

At the meeting on 12 November the Chair ruled that Robertson was not entitled to be present as he the Chair, had been informed verbally by yourself that Robertson had no authority to speak on behalf of the GMB. The Chair's comments on this point were confirmed by another union representative.

As a result the Chair's ruling excluding Robertson was not challenged and he was asked to leave. This he did.

The Committee have asked me to seek your assistance to try and avoid any possible unpleasantness in the future. Would it be possible, when you are unable to attend meetings of the committee, that you informed the Secretary of the IUOOC, of the name(s) of any lay delegate(s) authorised to speak/vote on behalf of the GMB.

Thanking you in anticipation of your co-operation and understanding.

Yours sincerely

A CAMPBELL REID  
Secretary - IUOOC



Appendix QQ



# INTER-UNION OFFSHORE OIL COMMITTEE

Secretary:-  
Campbell Reid  
'Mayfield'  
Bridge of Muchalls  
Aberdeen AB3 2RR

AEU - BALPA - EEPTU - GMB - MSF - NUMAST - RMT - T&GWU

Tel. 0569-30086

8 January 1991

Mr Campbell Christie  
General Secretary  
S.T.U.C.  
Middleton House  
16 Woodlands Terrace  
GLASGOW G3 6DF

Dear Campbell

OIL INDUSTRY LIAISON COMMITTEE (OILC)  
-----

For the past few years the member unions of the Inter Union Offshore Oil Committee (IUOCC) all of whom are affiliated to the STUC, have given both financial and moral support to the objectives of the OILC. Despite certain reservations about the attitude adopted by the leadership at times the IUOCC accepted that there was a genuine attempt being made to organise the offshore workforce and to represent their aspirations both in Health and Safety terms and in the area of terms and conditions of employment.

During the past year the IUOCC has been very involved in trying to improve the Trade Union organisation as it affects the offshore oil and gas industry. Many of us have felt for years that unions at national level have been less than whole hearted in their approach to the organisation of the offshore workforce. Serious attempts are now being made to set up a "Confederation of Offshore Workers" which will be modelled on the CSEU but which will be independent of that organisation. An initial draft constitution has been formulated by Alec Ferry and a second draft will be discussed at a meeting in London later this month. Progress has been made and the IUOCC believes that the "Confed" must and will become a reality. In this way we believe that the official Trades Unions can speak with one voice and represent all sectors of the offshore industry.

**SECTION C**



Appendix AAA  
(i)

THE SCOTSMAN Friday, 29 August 1997

# Bomb killed Italian oil chief Mattei

## Autopsy sheds light on 35-year mystery

DAVID WILLEY

In Rome

THE DEATH in an air crash in October 1962 of Enrico Mattei, powerful president of Italy's state-owned oil company ENI, and sometime bane of the "seven sisters", the US oil cartel, has been one of postwar Italy's longest lasting political mystery stories.

Did his private plane crash accidentally as it was approaching Milan's Linate airport, or was there a bomb on board?

According to the Turin daily *La Stampa* the mystery has now been definitively cleared up. Mr Mattei was murdered by the Sicilian Mafia, who had been hired to kill him by his Transatlantic business and political enemies.

Analysis of minute pieces of metal taken from his corpse, exhumed by judicial order in June 1995, has shown that there was a bomb on board his plane and that he died as the result of an explosion.

The newspaper quoted sources close to the public prosecutor of Pavia, Vincenzo Calia, who appointed university researchers and aerodynamics experts to carry out a detailed examination of the fragments embedded in his body. Although Mr Calia is refusing to anticipate his final report on the Mattei case, due to be issued in about one month's time, he has not denied *La Stampa's* story.

Enrico Mattei took off from Catania in Sicily on the evening of 27 October 1962 to fly to Rome. On board his private plane was an American *Time-Life* journalist William McHale, who also died, together with the pilot, Imerio Bertuzzi. During the flight the destination on



Enrico Mattei: Refused to follow US price setting

flight plan was changed from Rome to Milan. The plane crashed in trees not far short of the runway.

There have been several official enquiries during the 35 years which have elapsed since the crash, none of which has been conclusive. Most were shelved on the basis that the cause was most likely pilot error or accidental.

Mauro de Mauro, a Sicilian journalist who began a private enquiry into the Mattei mystery, disappeared in the early 1980s. His body was never found, but he is presumed to have been murdered by the Mafia.

In November 1994 the former Mafia boss, Tommaso Buscetta, who turned state evidence and is now a protected witness in Italy and the United States, wrote in his book *Farewell Cosa Nostra* that "the Sicilian Mafia sentenced Enrico Mattei to die. He had damaged certain important American business interests in the Middle East".

By the time he died Mr Mattei had become one of the most

powerful managers of state owned industry in Italy. He disbursed large sums of money to Italy's political parties, not only to the ruling Christian Democrats, but also to the opposition Communists.

ENI was set up by Benito Mussolini before the Second World War. After the fall of Fascism, Enrico Mattei built it up into a formidable international oil company which refused to follow the price setting decreed by the US oil companies.

Members of Mr Mattei's family welcomed the news given by *La Stampa* with some scepticism. "No one has told us anything officially," said Rosangela Mattei, his granddaughter. "But we have never doubted that he was killed by a bomb," she added.

In a land where conspiracy theories flourish, it is rare for any investigation into long ago tragedies to come up with new and hard evidence. The final result of Judge Calia's findings will therefore be awaited with more than usual interest this autumn.



# Italy sheds light on Mattei death mystery

FT 22/11/97

By Paul Betts in Milan

Italy has long had a penchant for sinister mysteries. Few have been darker than the death 35 years ago of Enrico Mattei, founder of Eni, the oil company.

On Thursday a magistrate from Pavia finally concluded that Mattei was assassinated when a bomb blew up his private jet on its approach to Milan on October 27 1962.

The revelation that Mattei's jet was sabotaged, has confirmed what most Italians had suspected from the beginning. After the crash, there was speculation that Mattei had been assassinated because he had become an uncomfortably powerful figure both in Italy and in the international oil industry.

Despite the findings, the

magistrate has completed only the first part of his investigation, which established the cause of Mattei's death.

The next chapter of the *roman noir* will involve discovering who was responsible for planting the bomb.

This is likely to be an even more arduous task. So far, the magistrate has only charged a local farmer, now aged 76, for perjury. It appears the farmer was the only eyewitness of the crash, declaring at the time that he saw the jet turn into a "fireball" in the sky. Subsequently he denied this and claimed he only saw a fire in the fields after the crash.

The mystery surrounding what has become known as the "Mattei affair", the subject of films and books, includes speculation over

whether Mattei was the victim of an international conspiracy or of the local mafia.

Mattei's rise to fame followed his discovery, shortly after the war, of large gas resources in the Po valley, which enabled him to build Eni and become one of the architects of Italy's post-war reconstruction.

He then became a thorn in the side of large integrated international oil companies by attempting to break their cartel and negotiating contracts with third world oil producing countries. He also became troublesome for the mafia because of his efforts to develop a petrochemical industry in Sicily.

After his death and 12 years of investigations, judicial authorities decided to shelve the case on the grounds of insufficient evidence. Then, three years ago, Tommaso Buscetta, a mafia mobster turned state's evidence and declared that Mattei had been killed by the Sicilian Mafia as a favour to "American friends".

This prompted the Pavia magistrate to reopen the case. Two years ago Mattei's corpse was exhumed. Experts examined the remains and discovered fragments of metal, indicating that an explosion had taken place on board the aircraft.



# Councillor Isobel Rhind

SCOTSMAN 21-5-96

## Councillor Isobel Chrissie Rhind

Born: 15 January, 1924, in  
Tollesbury, Essex

Died: 18 May, 1996, aged  
72

ISOBEL Rhind, one of the best known Highland councillors, collapsed on the Inverness-London sleeper train on Saturday morning while travelling south to begin a holiday.

She represented Invergordon for 32 years, beginning her local government service with Ross and Cromarty County Council in 1964. From 1974 until this year she served continuously on both Ross and Cromarty District Council and Highland Regional Council.

She had served as vice-convenor of the district council and chairman of the regional council's social work committee. She also served as chairman of the northern joint police committee. With the Highland Council, she was vice-chairman of the European select committee.

She was educated at Tollesbury Primary School and Maldon Grammar School before gaining a teaching qualification at the University of London (Berridge House).

Councillor Rhind, a widow, is survived by two sons and two daughters.

**Jamie Stone** writes: The young Isobel Drake – a direct descendant of the great Sir Francis – spent her early years in the Essex village of Tollesbury, on the banks of the River Blackwater. There, her father and uncle managed a highly successful family boat-building company

that employed many in the village. The Drake brothers counted Rab Butler, the jockey Chris Collins and the millionaire Courtauld family among their clients and friends.

What was it that involved Isobel in public life in the first place? The answer goes back a long way. October 1950 saw the start of her supremely happy marriage to her late husband, Jack. After the wedding festivities, Isobel set up home in Easter Ross, where she had first met Jack before the war (Isobel's mother came from Kildary, where many a Drake family holiday was spent).

The first of the Rhinds' four children, also called Isobel, was born in 1951. Barbara followed in 1956 and the twins Alastair and Sutherland in 1958. Despite being a busy mother, Isobel played a major part in the growth and development of the Rhind family supermarket business.

It was this experience, and her wish to bring prosperity to Easter Ross, that led her to call a fateful meeting in her home. As Isobel recalled: "In 1963 the late Dr Robertson had told me that the business people should do something to stop all the young going south for work. I thought about it over the weekend. And then I asked the county council's convener and county clerk, and the various provosts and town clerks, to come round to my home for a private meeting.

"I said Invergordon has a fine harbour, good flat land, a railway and electricity – what were the problems and opportunities? What was being done about them? I took them by surprise."

From that meeting, emerged a small committee, including Isobel, which worked up the



case for siting an aluminium smelter at Invergordon, a case which they eventually put before the President of the Board of Trade. The rest, as they say, is history.

In 1964 it seemed only right for Isobel to stand for Ross and Cromarty County Council, and fitting when she was swept into office – "None of this co-opting lark. In by the front door!" A political career was born. Since then, she never lost an election.

Isobel Rhind made no apology for her name being so strongly identified with the economic development of the High-

lands. In the heyday of her partnership with fellow councillors John Robertson and Cameron Ralph (the three Rs), she was part of an extraordinary dynamo that strove to bring jobs to Easter Ross during the Seventies and early Eighties.

She persuaded Brown and Root to open an oil-rig fabrication yard at Nigg, in Easter Ross over two decades ago. "I read an article about Brown and Root planning to build oil-rigs in Spain. I phoned John Robertson. Why not Nigg? Then we flew down south to see Sir Philip Southwell, head of Brown and Root, in London".

Le Bourget airfield, Paris, in 33 hours in a single-engined monoplane Spirit of St Louis, to win a prize of \$25,000. Because of the weight of fuel he had no parachute, wireless, or window panes.

**1944:** Allied forces broke through Hitler Line in Italy.

**1966:** Cassius Clay (later known as Muhammad Ali) beat Henry Cooper to retain the world heavyweight boxing title.

**1982:** British troops landed at Port San Carlos on Argentine-eld Falkland Islands. Destroyer MS Ardent sunk with loss of 2 lives. In air battle as liner Canberra was strafed, 17 Argentine planes were shot down.

**1989:** Students occupying Tiananmen Square in Peking rejected government ultimatum to leave the square.

**1990:** The Labour Party warned members not to support the All-Britain Anti-Poll Tax Federation, calling it a Militant front organisation.

**1991:** Rajiv Gandhi, leader of Congress Party, assassinated by suicide bomber as he arrived at a political meeting near Madras. Fourteen others died in blast.

**1993:** President Carlos Andres Perez of Venezuela was ordered to stand trial on corruption charges.

**1994:** Dundee United beat Rangers 1-0 to win Scottish Cup.

**1995:** Iran indicated that the six-year "death sentence" on author Salman Rushdie could be lifted.

### Birthdays

Baron Clydesmuir, Lord Lieutenant for Lanarkshire, 79; Malcolm Fraser, former Australian prime minister, 66; Terry Lightfoot, jazz bandleader, 61; Andrew Neil, former editor, *Sunday Times*, 47; Willis Pickard, editor, *Times Educational Supplement Scotland*, 55; Rosalind Plowright, soprano, 47; Harold Robbins, author, 80; Mary Robinson, president of Republic of Ireland, 52; Baron Guy de Rothschild, banker and racehorse owner, 37; Leo Dayer, singer, 48; Sir David Smith,

former principal and vice-chancellor, Edinburgh University, 66; Desmond Wilcox, TV producer, 65.

### Anniversaries

**Births:** 1688: Alexander Pope, poet known as "the wasp of Twickenham"; 1780 Elizabeth Fry, prison reformer; 1844 Henry Rousseau, painter; 1878 Glenn Curtiss, aviation pioneer; 1904 Thomas "Fats" Waller, jazz pianist, singer, and composer.

**Deaths:** 1542 Hernando de Soto, explorer; 1895 Franz von Suppe, composer; 1926 Ronald Firbank, novelist; 1929 Lord Rosebery, Liberal Prime Minister; 1965 Sir Geoffrey de Havilland, aircraft designer.



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## Statement of the British-North American Committee to accompany the Report

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From its inception in 1969 the British-North American Committee has had under review the multinational companies, which are today under worldwide scrutiny. In view of the fact that the Committee includes in its membership senior executives of multinational companies and trade union leaders, it is inevitable that it should have found itself from an early date involved in this topic. We have been anxious not to duplicate work already being done. As a first step, therefore, we commissioned a staff review of research completed or in progress on both sides of the Atlantic. This revealed the fact that there was a gap as regards the effects of the multinational on organised labour. N 13

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The Committee next invited David Lea (Head of the Research and Economics Dept., British Trades Union Congress) and Nat Goldfinger (Research Director of the AFL-CIO) to address it at consecutive meetings on the attitude of their respective union organisations to the growth of multinationals. The Committee then decided to commission a specific study by John Gennard, Lecturer in Industrial Relations at the London School of Economics, of the attitudes and responses of British labour to the multinational corporations with special reference to American multinationals operating in Britain. This is his report.

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Without necessarily endorsing all its conclusions the British-North American Committee recommends publication of the study as the first of its contributions on this subject, with the hope that it will help towards understanding of the issues involved.

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### FOOTNOTE TO THE COMPLETE STATEMENT

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*Mr. Gennard's paper rests on certain assumptions which may be peculiar to the author and, if not wholly wrong, are certainly of questionable validity. One of the most basic of these is that in the relationships between multinational corporations and British labour unions the balance of power is tipped in favour of the multinational company and that this, therefore, creates a need which calls for the development of some countervailing power - to be exercised apparently by the labour unions or government or both.*

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*The alleged imbalance of power is said to exist because the multinationals, having operations in more than the one country, are free and able to redeploy their resources internationally in whatever manner they might deem most effective to combat labour union power or pressure. For manufacturing concerns of any magnitude - and this is what most of the multinationals are - this is simply not the case. Once a business concern has committed itself to substantial investment in fixed assets, to the development of an effective work force, and so all the other values that go into an entrenched position, there is little or no flexible mobility. Furthermore, only certain multinationals make the same identical products in a number of different countries. A work stoppage at a British automobile factory making Model A is not relieved by having a German factory make more of Model B or an American factory more of Model C. And even if any such redeployment were possible, it would generally be precluded by the time lag between scheduling additional products and their manufactured availability in the form of deliverable finished goods.*

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Beyond that, labour-management disputes which culminate in and are settled through strikes are seldom of such a permanently harmful nature that they can provide justification for a major redeployment of production facilities. As a matter of fact, it can be shown that some of the longest eras of industrial peace have frequently followed major confrontations as a result of which both parties came to a clearer understanding of their respective purposes and philosophies. Accordingly, if the power which Mr. Gennard deems to be vested in the multinational corporation is attributable for the most part to its mobility, his case in the opinion of this member is not proven.

As may also be discerned from a careful reading of the paper, it deals more with "fears" than realities. The fears are said to be directly related, in the main, to security - primarily security of employment. But where cases are cited, the circumstances could in a number of instances have been no less applicable to a wholly domestic corporation, and the evidence does not support any contention that multinationals offer less job security than others.

Furthermore, I would make an uninformed guess that because of their pursuit of growth the multinationals do on the whole offer greater security than that which prevails at smaller, weaker national companies where the balance of power is more likely to be tipped in favour of the union. If this be so, any code of good behaviour advocated for an incoming multinational could in fact be and presumably should be applicable to all corporations. In the ordinary course, this is embodied in local custom, tradition or the law of the land.

In the final section of Chapter II (pages 35-41 as summarised on page 9) Mr. Gennard examines "the quality of industrial relations in foreign-owned subsidiaries and British firms" and then chooses as one indicator of quality "the relative incidence of strike activity in the selected years 1963 and 1968". I challenge the selection of strikes as a criterion of the quality of industrial relations, and I disagree with the apparently related conclusion that high quality rests on peace and poor quality on opposition. Strong companies tend to beget strong unions, and peace is frequently found only as a result of the price to be paid for it. The implication of Mr. Gennard's thinking would, however, seem to be that companies which acquiesce readily have good relations while those which resist demands which they consider improper have bad relations. And yet IBM and Kodak are criticized for policies which in effect strive to make employees so satisfied that they feel no need for unions.

Mr. Gennard makes no claim that the charges alleged against resident multinationals are made by the labour union rank and file. Instead, he properly brings out that the charges and, therefore, the attack are much more the initiative of the union secretariats. This is to be expected, but unfortunately it has the unwanted, undesirable effect of stirring up between the parties animosities or hostilities which are inimical to pursuit of the highest quality of industrial relations.

WILLIAM BLACKIE

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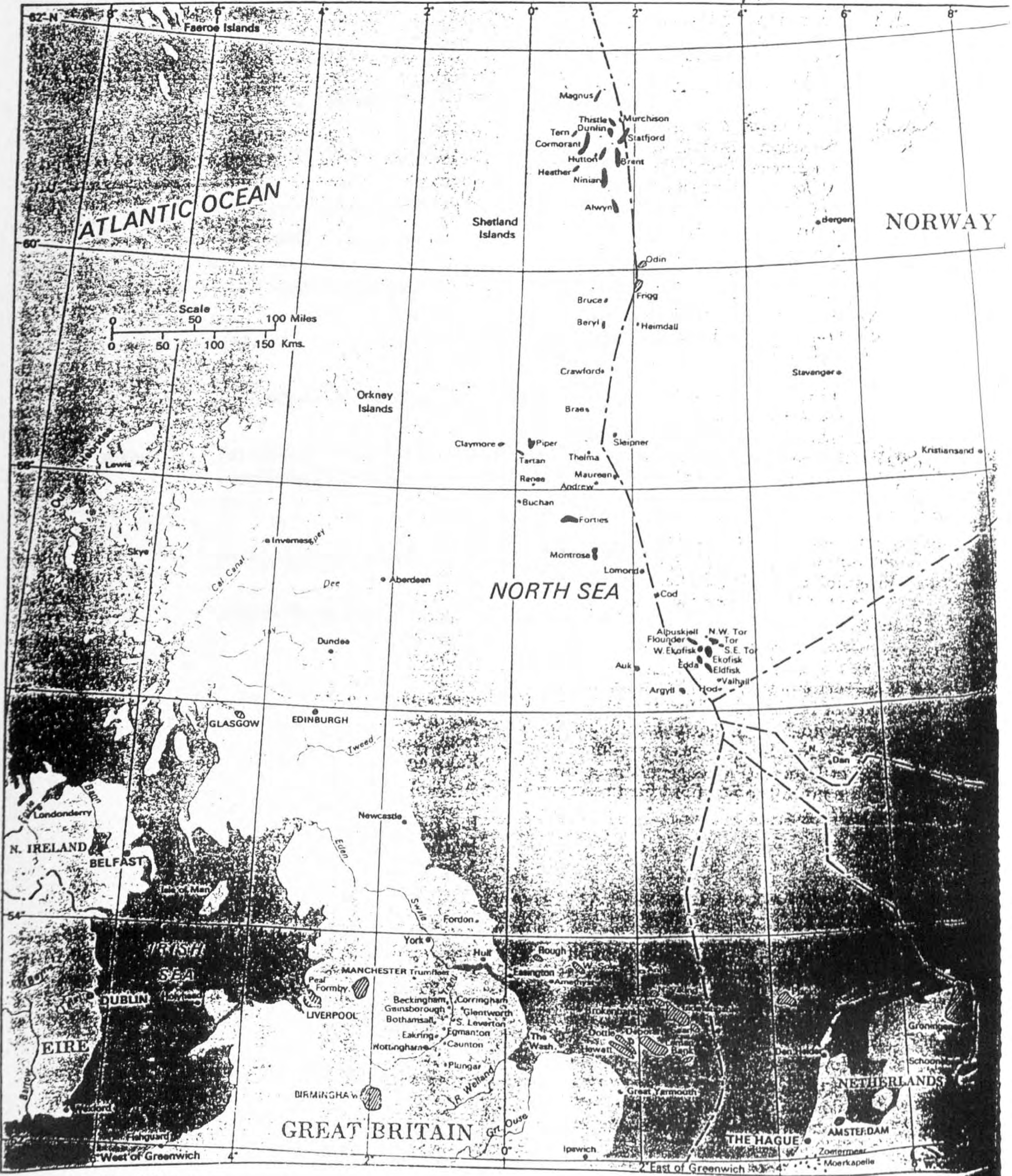
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Professor of Economics, London  
Economics and Political Science  
and University of Chicago





MAP 22.10 North Sea area.



## **CULLEN REPORT**

### **Documents for Appendix to Thesis**

**Preliminary :** (a) Appointment of Lord Cullen to head the Public Inquiry.

(b) Lord Cullen's letter to the Secretary of State for Energy enclosing his report.

**Volume 1** (a) Chapter 1. Executive Summary: pp. 1-5.

(b) Chapter 11. The Sutherland Fatality: pp. 197-199.

(c) Chapter 14. General Observations: p. 238.

**Volume 2** (a) Chapter 21. Comments on safety representatives and trade union involvement on safety committees; the trade union evidence: pp. 374 - 377.

(b) Chapter 23. Recommendations: pp. 387-399.

**Appendix E.** List of Witnesses: pp. 419-423.

THE MINERAL WORKINGS (OFFSHORE INSTALLATIONS) ACT 1971 (c. 61)  
THE OFFSHORE INSTALLATIONS (PUBLIC INQUIRIES) REGULATIONS 1974  
(SI 1974/338)

WHEREAS on 6th July 1988 an accident involving loss of life occurred on and in connection with the operations of the offshore installation known as Piper Alpha situated in the United Kingdom sector of the continental shelf:

NOW THEREFORE the Secretary of State, in exercise of the powers conferred on him by the above-mentioned Regulations, hereby-

- (1) directs that a public inquiry be held to establish the circumstances of the accident and its cause;
- (2) appoints the Honourable Lord Cullen, a Senator of the College of Justice in Scotland, to hold the inquiry and to report to him on the circumstances of the accident and its cause together with any observations and recommendations which he thinks fit to make with a view to the preservation of life and the avoidance of similar accidents in the future.



13th July 1988

Secretary of State for Energy





DEPARTMENT OF ENERGY

# The Public Inquiry into the Piper Alpha Disaster

The Hon Lord Cullen





# SECTION ONE: INTRODUCTION

## Chapter 1

### Executive Summary

1.1 Through the Inquiry I sought the answers to 2 questions -

- What were the causes and circumstances of the disaster on the Piper Alpha platform on 6 July 1988? and
- What should be recommended with a view to the preservation of life and the avoidance of similar accidents in the future?

1.2 In Chapters 4-10 I review the events which occurred in the disaster and its aftermath. In Chapters 11-15 I am concerned with the background to the disaster and deal with a number of further matters which were investigated in the light of what happened. In Chapters 16-22 I consider what is required for the future: and in Chapter 23 I set out my recommendations.

1.3 The present chapter should be understood as giving only a brief indication of the content of what follows in later chapters. The latter contain my full conclusions and observations together with the supporting reasoning and such of the evidence as I have considered it necessary to set out.

1.4 The first event in the disaster was an initial explosion at about 22.00 hours. In **Chapter 5** I conclude that it was in the south-east quadrant of C Module, the gas compression module, and was due to the ignition of a low-lying cloud of condensate.

1.5 As most of the equipment on the platform was not recovered from the wreckage and as key witnesses did not survive the disaster a number of possible explanations for the leak of condensate are considered in **Chapter 6**. Particular attention was given in the Inquiry to events after 21.45 hours when one of the two condensate injection pumps tripped. I conclude that the leak resulted from steps taken by night-shift personnel with a view to restarting the other pump which had been shut down for maintenance. Unknown to them a pressure safety valve had been removed from the relief line of that pump. A blank flange assembly which had been fitted at the site of the valve was not leak-tight. The lack of awareness of the removal of the valve resulted from failures in the communication of information at shift handover earlier in the evening and failure in the operation of the permit to work system in connection with the work which had entailed its removal.

1.6 **Chapter 7** is concerned with the way in which the disaster developed. The initial explosion caused extensive damage. It led immediately to a large crude oil fire in B Module, the oil separation module, which engulfed the north end of the platform in dense black smoke. This fire, which extended into C Module and down to the 68 ft level was fed by oil from the platform and by a leak from the main oil line to the shore, to which pipelines from the Claymore and Tartan platforms were connected. At about 22.20 hours there was a second major explosion which caused a massive intensification of the fire. This was due to the rupture of the riser on the gas pipeline from Tartan as a result of the concentration and high temperature of the crude oil fire. It is probable that this rupture would have been delayed if oil production on the other platforms had been shut down earlier than it was. The fire was further intensified by the ruptures of risers on the gas pipeline to the Frigg disposal system and the gas pipeline connecting Piper with Claymore at about 22.50 and 23.20 hours respectively. The timing of the start of depressurisation of the gas pipelines could not have had



any material effect on the fire at Piper. The OIMs on Claymore and Tartan were ill-prepared for an emergency on another platform with which their own platform was connected.

1.7 The initial explosion put the main power supplies and the Control Room at Piper out of action. It appears that the emergency shutdown system was activated and the emergency shutdown valves on the gas pipeline risers probably closed although extended flaring pointed to a failure of the valve on the Claymore riser to close fully. The other emergency systems of the platform failed immediately or within a short period of the initial explosion. In particular the fire-water system was rendered inoperative either due to physical damage or loss of power. However, at the time of the initial explosion the diesel fire pumps were on manual mode so that, even if they had not been disabled, they would have required manual intervention in order to start them.

1.8 In Chapter 8 I describe the effects of events on the platform personnel. Of the 226 men on the platform, 62 were on night-shift duty; the great majority of the remainder were in the accommodation. The system for control in the event of a major emergency was rendered almost entirely inoperative. Smoke and flames outside the accommodation made evacuation by helicopter or lifeboat impossible. Diving personnel, who were on duty, escaped to the sea along with other personnel on duty at the northern end and the lower levels of the platform. Other survivors who were on duty made their way to the accommodation; and a large number of men congregated near the galley on the top level of the accommodation. Conditions there were tolerable at first but deteriorated greatly owing to the entry of smoke. A number of personnel, including 28 survivors, decided on their own initiative to get out of the accommodation. The survivors reached the sea by the use of ropes and hoses or by jumping off the platform at various levels. 61 persons from Piper survived. 39 had been on night-shift and 22 had been off duty. At no stage was there a systematic attempt to lead men to escape from the accommodation. To remain in the accommodation meant certain death.

1.9 Many organisations, vessels and aircraft were involved in the rescue and subsequent treatment of survivors, as I narrate in Chapter 9. There was some initial delay and confusion onshore due to the lack of accurate information. However, this did not affect the toll of death and injury. The events demonstrated the value of fast rescue craft and the bravery of their crews in getting close to the platform even where the fire was raging at its fiercest. They also demonstrated the shortcomings of the type of standby vessel which was in attendance at Piper.

1.10 Chapter 10 shows that the bodies of 135 of the 165 personnel on Piper who died as a result of the disaster were later recovered. The principal cause of death in 109 cases (including 79 recovered from the accommodation) was inhalation of smoke and fire. 14 apparently died during an attempt to escape from the platform. Few died of burns.

1.11 Chapter 11 shows that the failure in the operation of the permit to work system was not an isolated mistake but that there were a number of respects in which the laid down procedure was not adhered to and unsafe practices were followed. One particular danger, which was relevant to the disaster, was the need to prevent the inadvertent or unauthorised recommissioning of equipment which was still under maintenance and not in a state in which it could safely be put into service. The evidence also indicated dissatisfaction with the standard of information which was communicated at shift handover. This had been the subject of criticism in the light of a fatality in September 1987.

1.12 As regards the fire-water system I find in Chapter 12 that the practice of keeping the diesel fire pumps on manual mode during periods of diving was peculiar to Piper and in spite of an audit recommendation that it should be changed. It inhibited the

operability of the system in an unnecessary and dangerous way. Further it is likely that if the fire-water system had been activated a substantial number of the deluge heads in C Module would have been blocked with scale. This was a problem of long standing but by the time of the disaster the necessary replacement of the distribution pipework had not been carried out.

1.13 Evidence as to training for emergencies, to which I refer in **Chapter 13** showed that the induction was cursory and, in regard to demonstrating lifeboats and life rafts, not consistently given. Muster drills and the training of persons with special duties in an emergency did not take place with the frequency laid down in Occidental's procedures. The OIMs and platform management did not show the necessary determination to ensure that regularity was achieved.

1.14 I point out in **Chapter 14** that Occidental management should have been more aware of the need for a high standard of incident prevention and fire-fighting. They were too easily satisfied that the permit to work system was being operated correctly, relying on the absence of any feedback of problems as indicating that all was well. They failed to provide the training required to ensure that an effective permit to work system was operated in practice. In the face of a known problem with the deluge system they did not become personally involved in probing the extent of the problem and what should be done to resolve it as soon as possible. They adopted a superficial attitude to the assessment of the risk of major hazard. They failed to ensure that emergency training was being provided as they intended. The platform personnel and management were not prepared for a major emergency as they should have been. The safety policies and procedures were in place: the practice was deficient.

1.15 In **Chapter 15** I examine the involvement of the Department of Energy with safety on Piper in the year up to the disaster. Installations such as Piper were subject to regular inspections, the purpose of which was, by means of a sampling technique, to assess the adequacy of the safety of the installation as a whole. Piper was inspected in June 1987 and June 1988. The latter visit was also used to follow-up what Occidental had done in the light of the fatality, which was in part due to failures in the operation of the permit to work system and the communication of information at shift handover. The findings of those inspections were in striking contrast to what was revealed in evidence at the Inquiry. Even after making allowance for the fact that the inspections were based on sampling it was clear to me that they were superficial to the point of being of little use as a test of safety on the platform. They did not reveal a number of clear cut and readily ascertainable deficiencies. While the effectiveness of inspections has been affected by persistent under-manning and inadequate guidance, the evidence led me to question, in a fundamental sense, whether the type of inspection practised by the DEN could be an effective means of assessing or monitoring the management of safety by operators.

1.16 I turn now to those chapters which are concerned with the future. By way of background to what follows, **Chapter 16** provides a brief outline of the existing United Kingdom offshore safety regime and, by way of comparison, the onshore safety regime and the Norwegian offshore safety regime.

1.17 The disaster involved the realisation of a potential major hazard in that an explosion following a hydrocarbon leak led to the failure of gas risers which added very large amounts of fuel to the fire. Although such remote but potentially hazardous events had been envisaged Occidental did not require them to be assessed systematically; nor did the offshore safety regime require this. As I set out in **Chapter 17**, I am satisfied that operators of installations, both fixed and mobile and both planned and existing, should be required by regulation to carry out a formal safety assessment of major hazards, the purpose of which would be to demonstrate that the potential major hazards of the installation and the risks to personnel thereon have been identified and appropriate controls provided. This is to assure the operators that their operations are safe. However it is also a legitimate expectation of the workforce and the public that



operators should be required to demonstrate this to the regulatory body. The presentation of the formal safety assessment should take the form of a Safety Case, which would be updated at regular intervals and on the occurrence of a major change of circumstances.

1.18 Offshore installations have the unique requirement to be self-sufficient in providing immediate protection to personnel in the event of an emergency. I consider, as I set out in **Chapter 19**, that there should be a temporary safe refuge for personnel which should be a central feature of the Safety Case. Such a refuge should be able to provide temporary protection for personnel while the emergency is being assessed and preparations are made for evacuation should that be directed. The events which the refuge should be able to withstand and the acceptance standards for the endurance time and the risk of failure should be specified in the Safety Case. Likewise, the Safety Case should deal with the passability of escape routes and the integrity of embarkation points and lifeboats. Since the formal safety assessment should cover the safe evacuation, escape and rescue of personnel, the Safety Case should demonstrate that adequate provision is made for this also, as I set out in **Chapter 20**.

1.19 The safety of personnel on an installation in regard to hazards at large is, as I point out in **Chapter 21**, critically dependent on the systematic management of safety by operators. The present offshore safety regime does not address this in any direct sense; and current measures are, in my view, ineffective for the purpose of ensuring that the management of safety by all operators is adequate. Each operator should therefore be required in the Safety Case to demonstrate that the safety management system of the company and that of the installation are adequate to ensure that the design and operation of the installation and its equipment are safe. The safety management system of the company should set out the safety objectives, the system by which those objectives are to be achieved, the performance standards which are to be met and the means by which adherence to those standards is to be monitored.

1.20 It is essential, as I state in **Chapter 21**, that there should be assurance that each operator's safety management system is in fact adhered to. It is inappropriate and impracticable for the regulatory body to undertake the detailed auditing of operator's compliance with it. Operators should therefore be required to satisfy themselves by means of regular audits that the system is being adhered to. On the other hand the regulatory body should be required to review operator's audits on a selective basis and itself to carry out such further audits as it thinks fit and by regular inspection verify that the output of the system is satisfactory. This involves a completely new approach to regulation in the United Kingdom offshore safety regime. However it is totally consistent with the Health and Safety at Work etc Act 1974 and the concept of self-regulation. It represents a logical development from the requirement of a Safety Case for each installation.

1.21 In **Chapter 21** I set out my general findings in regard to the existing safety regulations and guidance relating to them. Many regulations are unduly restrictive in that they are of the type which impose 'solutions' rather than 'objectives' and are out-of-date in relation to technological advances. Guidance notes are expressed, or at any rate lend themselves to interpretation, in such a way as to discourage alternatives. There is a danger that compliance takes precedence over wider safety considerations; and that sound innovations are discouraged. The principal regulations should take the form of requiring stated objectives to be met. Guidance notes should give non-mandatory advice. On the other hand I accept that in regard to certain matters it will continue to be essential that detailed measures are prescribed.

1.22 In **Chapter 21** I also reaffirm the need for a single regulatory body. This is of particular importance for the future in which a greater burden will be placed on the expertise, judgement and resources of the regulator upon which his confidence and that of the industry will rely.

1.23 As I set out in **Chapter 22**, developments in regulatory techniques, experience of the capabilities and approach of offshore and onshore regulators, the imminence of major changes in the offshore safety regime and the evidence which I heard in Part 1 of the Inquiry caused me to entertain the question as to the body which should be the regulatory body for the future offshore safety regime. The choice as a practical matter lies between the DEN and the HSE, in either case being suitably strengthened. I come to the conclusion that the balance of advantage lies in favour of the transfer of responsibility to the HSE. The decisive considerations in my mind arise from considering the differences in approach between these 2 bodies to the development and enforcement of regulatory control. These differences are discussed in **Chapter 22**. I am confident that the major changes which I have recommended are ones which are in line with the philosophy which the HSE has followed. This alternative is clearly preferable to the DEN even if it was given a higher level of manning with greater in-house expertise. I also attach importance to the benefits of integrating the work of the offshore safety regulator with the specialist functions of the HSE.

1.24 The above summary has concentrated on the major elements in my recommendations. However in Chapters 18, 19 and 20 I have discussed, in the light of the lessons of the disaster and the expert evidence given in Part 2 of the Inquiry what should be done with a view to the prevention of incidents causing fires and explosions (**Chapter 18**); the mitigation of incidents (**Chapter 19**); and evacuation, escape and rescue (**Chapter 20**). In each of these chapters I have endeavoured to take account of the current state of the relevant technology and the extent to which further work is required; and to identify those matters which should, in my view, be the subject of regulations, either in the form of those which set objectives or those which prescribe fundamental essentials for safety. These include recommendations as to the operation of the permit to work procedures, the fire protection provided on platforms, the means of escape from platforms to the sea and improvements in the standby vessel fleet.



11.14 However, this evidence should be taken in conjunction with that of Mr Clark, who had worked on Piper since 1977. On the one hand he agreed that the whole plant and platform was run in a professional manner. He felt that those who were employed on the platform did their utmost and took a pride in what they did. Safety was improving continually. There were quite a few meetings at which complaints were put forward and, if it was practicable, the complaint was dealt with. On the other hand it was his view that there should be a written procedure as to the amount of information which should be transmitted between personnel as to the work that was being done. "There were always times when it was a surprise when you found out some things that were going on." At a seminar held at the head office of Occidental in Aberdeen in early 1988 he had criticised the way in which the permit to work system was applied. "I thought it was high time it was upgraded and more specific." He had also criticised the lack of communication of information. "I just said that it was totally inadequate and it left a great need for rewriting." He said that nothing had really come from this seminar by 6 July? Asked whether he had felt this in the years leading up to 1988 he said "We had made an issue of it and we had discussed what we felt we wanted between the people on the platform. We had approached the OIM about getting something done with the permit system. We discussed it with him for quite some time and the permit system was altered but, again, when it came, it was not what we wanted." Right from the beginning he had also been critical of the method of communication. He could not see any reason why his suggestions could not have been carried out. As far as the permit to work system was concerned it was open to interpretation. "Everybody had their own idea of how the permit system should be applied and it sort of changed week to week and crew to crew." He criticised the way in which a permit was extended. "At the end of the day-shift, when it was cancelled, the night-shift would take it back out and just put "extension" on the back of it, which was not the way it was supposed to work." What annoyed him more than anything was permits not being properly carried through. "With permits, there was such a great difference between them and that should never have been." The majority of the maintenance department and also contractors were critical both of the communication methods and the permit to work system on Piper. These comments, which I have no reason to think were other than well-founded, underline the grave shortcomings in Occidental's approach to potentially dangerous jobs.

### **The Sutherland fatality**

11.15 On 7 September 1987 Mr F Sutherland, a rigger employed by an offshore contractor was killed in an accident in A Module. This accident and what arose out of it has a significant bearing on the discussion of the adequacy of Occidental's attention to the quality of its permit to work system and handover procedure.

11.16 On the day of the accident a damaged bearing required to be replaced in a pump on the east side of A Module. It was found that it was impossible to remove the bearing without lifting the motor. For that purpose Occidental's lead maintenance hand on the day-shift obtained the assistance of riggers before handing over to his night-shift counterpart. Occidental's mechanical technicians on the night-shift decided to depart from the method of lifting which had been proposed by the day-shift and decided that clamps should be attached to overhead beams for the purpose of assisting in the lift. This was not discussed with the night-shift lead maintenance hand. In order to attach a shackle and sling to the beams Mr Sutherland climbed on to a panel which formed part of a canopy over the pump. The panel shifted from its support on one side and Mr Sutherland fell off sustaining injuries from which he later died. A number of points should be noted for present purposes:-

- i According to a note made by Mr R D Jenkins, a DEN Inspector, whose work will be referred to in more detail in Chapter 15, the one and only permit which had been issued in respect of the work was to "check and repair the thrust bearing". The lifting of the motor and the replacement of the bearing were not mentioned. One of the conclusions of the Occidental Board of Inquiry into this accident was that "The expansion of the original scope of the work to the

extent that it required the raising of the motor did not alert the supervisor to the additional measures that might have been taken to ensure the safe conduct of the new workscope." In those circumstances it might reasonably be said that if a further permit to work had been applied for this would have ensured that attention was given to the precautions to be stated on the fresh permit and taken at the time when the work was being carried out. Following the fatality Occidental were prosecuted under secs 3(1) and 33(1)(a) of the HSWA for failing to conduct their undertaking in such a way as to ensure, so far as was reasonably practicable, that persons not in their employment who might be affected thereby were not thereby exposed to risks to their health and safety. The complaint, to which they pleaded guilty on 17 March 1987, set out a specification of the manner in which they had failed to supervise the job including "No new permit was taken out to cover the installation of said lifting gear and other necessary work". Mr G Richards, the back-to-back OIM, agreed in evidence that the permit to work should have been extended but took the position that this did not contribute to the accident. This was not identified as a problem at the time. He agreed that if work had been restricted the crew would not have reached the stage where the accident happened. But, according to him, an additional permit would not have played a key part. A permit stated precautions, not the method of carrying out the work. While I appreciate that distinction it does not in my view follow that the absence of a further application for a permit to work had no bearing on this accident. Once again, it seems to me that the Occidental approach left too much to be settled as the work went along

- i: The complaint to which Occidental pleaded guilty also specified "inadequate communication of information from the preceding day-shift to the night-shift". A number of witnesses from the production and maintenance sides on Piper said in evidence to the Inquiry that no changes were made to handover practice after the fatality or Occidental's plea of guilty. There was no awareness of any weakness in or criticism of communication at handover. Mr Bodie, who was a member of Occidental's Board of Inquiry into the Sutherland fatality, was not made aware of the terms of the complaint to which Occidental had pleaded guilty or asked to reconsider the report of the Board in the light of those terms. The report was a production before the Inquiry and contains no examination of the adequacy or quality of the handover between the maintenance lead hands. Nonetheless, Mr Bodie said that he concluded that there was no contribution from the handover.
- ii: The fatality to Mr Sutherland had a number of sequels, one of which was the issuing of a memorandum by Mr J L MacAllan, Occidental's Production and Pipeline Manager, to all OIMs dated 24 September 1987. In this memorandum he emphasised, *inter alia*, that persons filling out permits should be encouraged to be more specific and detailed in the job description. As an example he said that it would not be sufficient to state "change gas head". The permit should read "erect scaffold, change gas head, dismantle scaffold". This advice reinforces the terms of the Occidental written procedure for permits to work. However, it was apparent that this advice was not followed. One example of this was provided by the permit which related to the refurbishment and recertification of PSV 504 and 505 in March 1988. The instruction "isolate as required" was inadequate.
- iv: Another sequel to the fatality was the issuing of a memorandum dated 21 October 1987 to rigging and other supervisors. This referred to the assessment of the job by the rigging foreman and the raising of permits for certain categories of lift. However the evidence given by riggers at the Inquiry was that they would give assistance without their foreman being involved. Mr Richards said that he had checked with the rigging foreman that "everything was done to him". He was unaware that personnel who needed rigging would



were made for the removal of PSV 504 on 6 July 1988. Once again it appears that although action was taken in a certain respect after the Sutherland fatality it did not have a lasting effect on practice.

14.51 In contrast with onshore plants where a local fire service and expert fire crews can be called up within minutes an offshore platform such as Piper requires to be self-sufficient in fighting a fire. On Piper the main systems of active fire-fighting were the deluge system and the fire monitors. It was essential that these systems along with the facility to blow down the hydrocarbon inventory were maintained in first class working condition. It was reasonable for Occidental to attempt to cure the difficulties which had come to light by fitting larger nozzles and carrying out regular cleaning, before embarking on a complete replacement of the distribution system in non-corrosive material. As I said in para 12.22 it was not unreasonable for them to proceed by taking the replacement of pipework in one module at a time and to do the work in such a way as to avoid putting the whole of the system in one module out of operation at any given time. However, having regard to the very great, if not critical, importance of the deluge system it was in my view unacceptable that the process of rectification should be still only one third complete 4 years after the problem had been clearly identified. Even if it was reasonable for the initial replacement in B Module to take as long as 2 years Occidental should have been able to draw on their experience by following on rapidly with replacement in the other modules. They could and should have eliminated delay caused by the lack of enough contract draftsmen. The prolonged process appears to me to have stemmed from the failure of senior management to manage the rectification with the urgency that such a vital safety system warranted. No senior manager appeared to me to "own" the problem and pursue it to an early and satisfactory conclusion. None of the management who gave evidence took the step of witnessing deluge tests for himself. They too readily accepted the advice of more junior staff that the system would still be effective in handling an emergency; whereas in reality by at least February 1988 it was clear that it would not.

#### **General observations**

14.52 The evidence which I have considered in this chapter should be considered along with my observations in Chapters 11-13. It appears to me that there were significant flaws in the quality of Occidental's management of safety which affected the circumstances of the events of the disaster. Senior management were too easily satisfied that the PTW system was being operated correctly, relying on the absence of any feedback of problems as indicating that all was well. They failed to provide the training required to ensure that an effective PTW system was operated in practice. In the face of a known problem with the deluge system they did not become personally involved in probing the extent of the problem and what should be done to resolve it as soon as possible. They adopted a superficial response when issues of safety were raised by others, as for example at the time of Mr Saldana's report and the Sutherland prosecution. They failed to ensure that emergency training was being provided as they intended. Platform personnel and management were not prepared for a major emergency as they should have been.





DEPARTMENT OF ENERGY

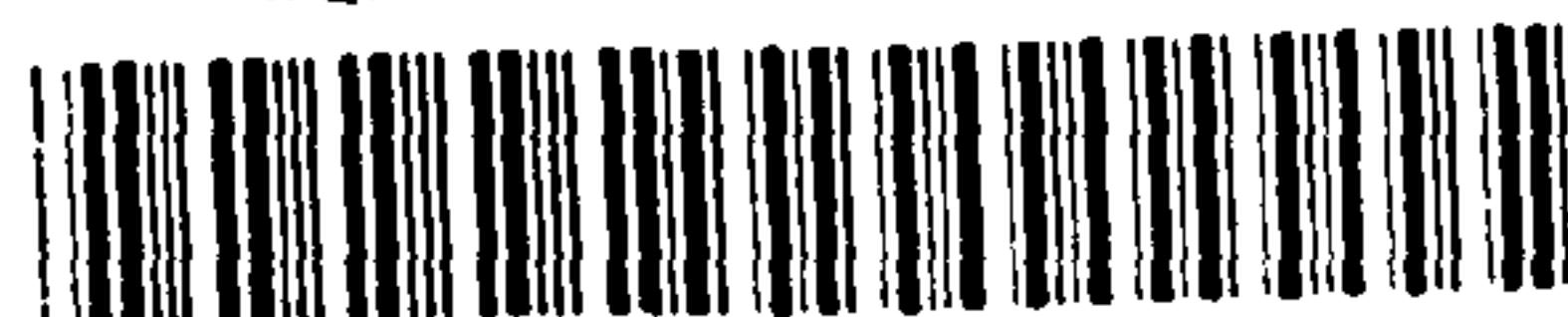
# The Public Inquiry into the Piper Alpha Disaster

The Hon Lord Cullen

## VOLUME TWO

Presented to Parliament  
by the Secretary of State for Energy  
by Command of Her Majesty  
November 1990

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21.72 In the light of representations made at the Inquiry by the contractors' interests I would also advise that in connection with the preparation of guidance notes a regulatory body should review the procedures for consultation so as to ensure that the views of representatives of employers and employees involved in work offshore are adequately taken into account.

*Involvement of the workforce*

21.73 In para 18.48 I referred to the involvement of the workforce as an important means of developing and maintaining an attitude to safety which is conducive to the prevention of accidents which may have harmful consequences. In para 21.56 I indicated that the operators' SMS, which is directed to demonstrating how safety is to be achieved, should include the way in which the total workforce is involved to the end.

21.74 Under the present regime, both onshore and offshore, specific requirements have been laid down for the appointment and functions of safety representatives of the workforce. At the Inquiry there was a clear controversy, which I will deal with below, as to the form which the requirements in the offshore safety regime should take. However, the need for such requirements, whatever form they take, would not in my view, be affected by the implementation of the recommendations which I have made so far in this report. 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. For this purpose it is clearly advisable to have statutory provisions which are well known, universally applied in similar circumstances and effective in operation.

*Safety representatives and safety committees in the onshore safety regime*

21.75 Under Sec 2 of the HSWA regulations may provide for the appointment by "recognised trade unions" of safety representatives whom the employer is bound to consult in regard to arrangements for co-operation in the promotion and development of measures to ensure health and safety at work and in the checking of the effectiveness of such measures. The employer may be required to establish a safety committee which has the function of keeping under review the measures taken to ensure the health and safety at work of his employees and such other functions as may be prescribed. So far as the onshore safety regime is concerned these provisions were implemented by the making of the Safety Representatives and Safety Committees Regulations 1977, which confer various functions on safety representatives including the making of investigations, inspections and representations. A "recognised trade union", which had the sole power to appoint safety representatives, meant an independent trade union which the employer concerned recognised for the purposes of negotiations relating to or connected with one or more of a number of specified matters - such as the terms and conditions of employment, or the physical conditions in which any workers are required to work; the allocation of work or the duties of employment as between workers or groups of workers; and facilities for officials of trade unions. Since 1977 there has been a growth in the extent to which trade unions have been "recognised". Mr Rimington said that safety representatives could play a valuable part in the promotion of safety and in relation to inspections. For those who were appointed safety representatives it was a very great strength that they were appointed by the unions. "The unions train them in quite a sophisticated way. They have the means of putting a great deal of power at the elbow of safety representatives where they care to do so." Where a union was weakly organised or not very strongly represented the usefulness of the safety representatives might be somewhat impaired.

*Safety representatives and safety committees in the offshore safety regime*

21.76 Although Sec 2 of the HSWA applied to the UKCS from 1977 the 1977 Regulations were not applied offshore. Diametrically opposed views were held by the



trade unions and UKOOA. The latter objected to the offshore application of the 1977 Regulations on the ground that there were very few installations where there was a "recognised trade union". The Inter-Union Committee supported the view that on each installation there should be a safety committee representing the representatives of the workforce, including contractors' personnel, but did not consider it essential to embody this in regulations (6.50 and 5.97). However, 2 members of the committee, Mr R Lyons, then National Officer of ASTMS and Mr J Miller, then National Officer of the T & GWU dissented strongly on the latter point, urging that the 1977 Regulations be extended offshore forthwith.

21.77 In the event after years of discussion the DEN in 1987 were able to achieve a measure of general acceptance which led to the making of the Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989. These were made under the provisions of the MWA and provide that the workforce is to be entitled to elect safety representatives and that where these have been elected a safety committee is to be established. This was clearly a step forward and an attempt to deal with a real problem. It still left as the bone of contention whether safety representatives should be appointed by trade unions, as was the case onshore.

#### *The trade unions' evidence*

21.78 The attitude of the trade unions on the matter of safety representatives was one of the principal subjects of the evidence given by Mr Lyons, since 1987 the Assistant General Secretary of ASTMS and latterly of MSF; Mr F Higgs, National Secretary of the Chemical, Oil and Rubber Group, T & GWU; and Mr A W T Cunningham, Occupational Health and Safety Officer, EETPU. Mr Lyons said that MSF had over 4000 paying members and represented in total about 6000 employees in North Sea activities. MSF members worked for both operators and contractors and performed a variety of jobs. According to the evidence of Mr Higgs T & GWU had about 3000 members offshore.

21.79 It was clear that the background to the evidence of these witnesses was a long-standing frustration as to the limited extent to which trade unions had been "recognised" offshore; whereas the unions had been recognised by many of the operating companies in relation to their operations onshore. As Mr Lyons put it: "There is a large trade union influence offshore. It has not got an adequate machinery through which it can be expressed." He complained that a memorandum of understanding as to the procedure for achieving recognition had not been adhered to or enforced. There were members of MSF on every platform in the North Sea, he thought; and there was a majority membership of MSF alone on quite a few of the platforms where no ballots as to recognition had been agreed. "In many of the platforms we have got 100% membership." The Inter-Union Off-shore Oil Committee (IUOOC) had been formed in order to eliminate inter-union disputes over representation offshore. On behalf of the IUOOC he had entered into a recognition agreement in 1978 with the Phillips Petroleum Company in regard to platforms in the Hewett field, the effect of which was that the 1977 Regulations should be treated as if they applied offshore. He said that this had led to an improvement in practices and an increase in confidence. It was hoped to extend that agreement to the Maureen field. MSF had also made many agreements with Shell on behalf of Shell Exxon which were supported by ballots of the workforce. MSF was the only trade union which held such agreements. However in each instance the agreement excluded health and safety. He claimed that there was no other country in the world in which there was a practice whereby a trade union which had been recognised by the employer was excluded from discussing health and safety.

21.80 Mr Lyons castigated the 1989 Regulations as contrary to the spirit of the HSWA. Without the offshore extension of the 1977 Regulations it was nonsense to say that the HSWA fully applied offshore. The 1977 Regulations had the advantage that safety representatives appointed by trade unions would have the back-up and



facilities which a trade union is able to provide, including training and advice on health and safety issues. Unions held regular training schools at which a wide range of health and safety issues were discussed. These took place at regional, national and international levels. If a safety representative had difficulty in performing his or her function there was somebody for him or her to go to in order to get assistance. "For a safety representative to be effective he requires a supportive culture, structure, credibility, advice, training and recognition of the contribution that he can make on safety issues." For a number of years Shell had had a safety committee system which was similar to that provided for under the 1989 Regulations. However, despite the efforts of MSF the workforce were reluctant to stand or be represented. Where the trade union appointed the safety representatives "training and advice can be given openly without any 'fear factor' which unfortunately permeates the UK sector of the North Sea among the workforce. Workers do not want to put their continued employment in jeopardy through raising a safety issue that might be seen as embarrassing to management." As an example he said that contractors' employees suffer particularly from the "not-required-back" phenomenon. When asked whether a safety committee elected by the whole workforce might be seen to be more representative than one which was restricted to members of trade unions he said: "The quality of that committee bears no relationship to a trade union-based safety committee, and that is best borne out by looking at Shell onshore, where the committees do not cover all employees but are extremely positive in health and safety." The 1989 Regulations were perceived as favouring the operators. This was seen as part of the evidence of a conflict of interest which led to trade unions favouring the replacement of the DEN with the HSE as the regulatory body, as he and Mr Miller had also advocated in their dissent from the report of the Burgoyne Committee.

#### *The submissions of UKOOA*

21.81 UKOOA opposed the application offshore of the 1977 Regulations. It would have only a limited scope for operation in view of the limited extent to which there were "recognised trade unions". The 1989 Regulations were adequate. They did not prevent a trade union member becoming a safety representative and having trade union support. There was no suggestion that trade union members were more concerned than others with matters of safety. Where trade unions represented a minority of the workforce, if they were able to appoint the safety representatives they might effectively disenfranchise non-union members: or even union members who might wish to have a different representative.

#### *Safety delegates in the Norwegian offshore safety regime*

21.82 In this regime it appears that trade unions receive automatic recognition. The extent of union membership has grown over the years. The regime provides for the appointment of safety delegates upon whom a number of important powers are conferred, including the right to halt dangerous work. Mr Ognedal considered that union back-up could be beneficial to the work of safety delegates. However, they are elected by the whole workforce, rather than being appointed by the unions.

#### *Observations*

21.83 My remit does not extend to matters of industrial relations, whether or not the point at issue is a controversial one, as it is in the case of the offshore workforce. Accordingly I am not concerned with the merits of the recognition of trade unions offshore or with the means by which support for such recognition should be ascertained. I have to concern myself with the question of safety, and in doing so take account of the existing situation in the North Sea.

21.84 In the light of the evidence which I have heard, which admittedly came almost entirely from trade union witnesses, I am prepared to accept that the appointment of offshore safety representatives by trade unions could be of some benefit in making the



work of safety representatives and safety committees effective, mainly through the credibility and resistance to pressures which trade union backing would provide.

21.85 However, the position offshore is complicated by a number of factors. Trade union membership is still relatively limited in relation to the total offshore workforce; trade unions have been "recognised" only to a limited extent; and the employment of offshore workers is fragmented between a number of different employers, with a high proportion being employed by contractors. As matters stand it does not seem to me to be appropriate to replace the 1989 Regulations with the offshore extension of the 1977 Regulations. This would remove safety representatives from a very large part of the workforce and would undo the limited progress which was achieved in difficult circumstances by the making of the 1989 Regulations. Further those regulations have been in force for only a short period. Experience will show whether or not representatives elected under those regulations lack adequate credibility or resistance to pressures. In the meantime I consider that it would be inappropriate for me to recommend any change in the method by which safety representatives are chosen. I understand that the regulatory body intends to review the 1989 Regulations after 2 years' experience of their working. When carrying out that review the regulatory body may consider that there is room for improving the effectiveness of safety representatives; and putting the trade unions' contentions to the test for that purpose. For example, it may consider that it is appropriate to modify the existing scheme so as to require that safety representatives are appointed by trade unions in certain cases, such as where a trade union had achieved recognition in relation to a substantial aspect of labour relations and had a substantial membership on the installation in question.

21.86 For the present I am satisfied that it is appropriate that the type of protection provided in the case of trade union activities under Sec 58(1)(b) of the Employment Protection (Consolidation) Act 1978 should also be afforded to the activities of an employee as a safety representative. The Trade Union Group also submitted that intimidation and the breaking of a contract should become a criminal offence where it was directed against the raising or pursuing of a complaint relating to health and safety. As regards any wider measures I consider that the correct course in the first instance is to look to the safety representative as the channel through whom complaints in regard to health and safety should be expressed. I am also aware of the efforts which the Secretary of State for Energy and UKOOA have made in order to demonstrate that victimisation is not to be tolerated and that the reporting of incidents affecting safety is to be encouraged.

21.87 The Trade Union Group and other parties made a number of specific criticisms of the 1989 Regulations. Since these regulations have only recently been introduced I do not in general think that it is appropriate for me to recommend alterations. However, there is one exception to that. Reg 27 provides that it is to be the duty of the employer of a safety representative to ensure that he is provided with such training in aspects of the function of a safety representative as may be reasonable in all the circumstances and that the employer is to meet any reasonable costs associated with such training including travel and subsistence costs. In the light of the evidence I consider that the burden of providing the training and bearing its cost should fall not on the employer but on the operator of the installation where the safety representative serves. The operator has a knowledge and a responsibility for safety on an installation which is far wider than that of contractors working on it. In the case of smaller contractors who may have few personnel working on an installation they may, as Mr Lyons suggested, have great difficulty in providing training for any of their employees who may be elected as a safety representative. It is extremely important that the safety committee should include an adequate representation of contractors' employees.

# Chapter 23

## Recommendations

In this chapter I will set out my recommendations in the light of the matters discussed in Chapters 17-22. Each recommendation is followed by reference to the paragraph in the earlier chapter to which it is directly related. The recommendations are arranged according to the following subjects:-

<i>Subject</i>	<i>Recommendations</i>
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### Safety Case

1. The operator should be required by regulation to submit to the regulatory body a Safety Case in respect of each of its installations. The regulation should be analogous to Reg 7 of the CIMAH Regulations, subject to recommendations 2-13 (paras 17.33-43).

2. The Safety Case should demonstrate that certain objectives have been met, including the following:-

- (i) that the safety management system of the company (SMS) and that of the installation are adequate to ensure that (a) the design and (b) the operation of the installation and its equipment are safe (paras 17.36 and 21.56-57);
- (ii) that the potential major hazards of the installation and the risks to personnel thereon have been identified and appropriate controls provided (para 17.37);  
and



- (iii) that adequate provision is made for ensuring, in the event of a major emergency affecting the installation: (a) a Temporary Safe Refuge 'TSR' for personnel on the installation; and (b) their safe and full evacuation, escape and rescue (paras 17.37-38, 19.109, 19.157 and 20.8).

3. The SMS should be in respect of (a) the design (both conceptual and detailed) of the operator's installations; and (b) the procedures (both operational and emergency) of those installations. In the case of existing installations the SMS in respect of design should be directed to its review and upgrading so far as that is reasonably practicable (para 21.56).

The SMS should set out the safety objectives, the system by which these objectives are to be achieved, the performance standards which are to be met and the means by which adherence to these standards is to be monitored (para 21.56).

It should draw on quality assurance principles similar to those stated in BS 5750 and ISO 9000 (para 21.58).

4. In furtherance of the objectives set out in para 2 above, the operator should be required to set out the following in the Safety Case:-

- (i) A demonstration that so far as is reasonably practicable hazards arising from the inventory of hydrocarbons

(a) on the installation, and

(b) in risers and pipelines connected to the installation both in themselves and as components of the total system of which they form part

have been minimised (paras 19.17 and 19.20).

- (ii) A demonstration that so far as is reasonably practicable the exposure of personnel on the platform to accidental events and their consequences has been minimised (para 17.37).

- (iii) A demonstration by quantified risk assessment of major hazards that the acceptance standards have been met in respect of risk to the integrity of the TSR, escape routes, embarkation points and lifeboats from design accidental events and that all reasonably practicable steps have been taken to ensure the safety of persons in the TSR and using escape routes and embarkation points (paras 17.38 and 19.157).

- (iv) A demonstration that within the TSR there are facilities as specified by the operator which are adequate for the purpose of control of an emergency (para 19.182).

- (v) A fire risk analysis, in accordance with recommendation 49 below (para 19.90).

- (vi) An evacuation, escape and rescue analysis, in accordance with recommendations 73-75 below (para 20.9).

5. For the purposes of the demonstration referred to in para (iii) of recommendation 4, the accidental events are to be identified by the operator. A design accidental event is an event which will not cause the loss of any of the following:-

- the integrity of the TSR,
- the passability of at least one escape route from each location on the platform,
- the integrity of a minimum complement of embarkation points and lifeboats specified for personnel in the TSR, and
- the passability of at least one escape route to each of these embarkation points,

within the endurance period specified. Events more severe than this are referred to as residual accidental events (para 19.160).

The acceptance standards for risk and endurance time should be set before the submission of the Safety Case. Standards should be set by reference to the ALARP principle. For the time being it should be the regulatory body which sets these standards. The operator should define the conditions which constitute loss of integrity of, and the standards of protection for, the TSR and escape routes to the TSR and from the TSR to the embarkation points; and should specify the minimum complement of embarkation points and lifeboats for the TSR (paras 19.158-159).

6. The TSR should normally be the accommodation (paras 19.156 and 19.161).

In the case of existing installations any requirement for the upgrading of the accommodation, escape routes and embarkation points should be determined on the basis of the Safety Case (para 19.165).

7. In connection with the above the Safety Case should specify the following:-

In respect of the TSR-

- its function
- the conditions which constitute its integrity
- the conditions for integrity of its supporting structure
- the events in which and the period for which it is to maintain its integrity (paras 19.157-158).

In respect of escape routes to the TSR and from the TSR to the embarkation points-

- the conditions which constitute their passability
- the conditions for integrity of their supporting structure
- the events in which and the periods for which they are to maintain their passability (*provided* that for each location on the platform there should be a minimum of two escape routes to the TSR, at least one of which should remain passable for the period) (para 19.164).

In respect of embarkation points and lifeboats-

- the number and location
- the conditions for their integrity and that of their supporting structure
- the events in which and the periods for which they are to maintain their integrity
- the minimum complement for the TSR (para 19.164).

8. No fixed installation should be established or maintained in controlled waters; and no mobile installation should be brought into those waters with a view to its being stationed there or maintained in those waters unless a Safety Case in respect of that installation has been submitted to and accepted by the regulatory body (para 17.41).

9. As regards existing installations the date for submission of the Safety Case should be laid down by regulation. There is an urgent need for the submission of Safety Cases, but the date should be selected by the regulatory body. The regulatory body should have the power, in the event of the failure of an operator to submit an acceptable Safety Case, to require the operator to take whatever remedial action it considered necessary, including requiring the installation to be shut down (paras 17.44-45).

10. A Safety Case should be updated:-

- (i) After a period of years from its last assessment (not less than 3, not more than 5, years).
- (ii) At the discretion of the regulatory body on the ground of a material change of circumstances, such as a change of operator, the occurrence of a major emergency (including one in which there is a precautionary evacuation), a



major technological innovation or the discovery or better understanding of a major hazard.

However, provision should be made in order to avoid the need for more than one Safety Case to be updated by an operator at the same time; and to enable the regulatory body to postpone the automatic updating where it has recently required a discretionary updating (para 17.46).

11. As regards modifications to installations or their equipment or procedures, the operator should, before putting the modification into effect, ascertain what effect, if any, it has on the relevant components of the Safety Case. An operator should be required to report to the regulatory body all intended modifications which meet criteria set by the regulatory body, with a view to discussing with the regulatory body whether and to what extent a review of the Safety Case is required (para 17.47).

12. For the time being the acceptance by the regulatory body of Safety Cases should not be regarded as justifying the revocation of regulations or the withdrawal of guidance notes (para 17.67).

Where an operator proposes to meet the objectives of a Safety Case by means which are not in accordance with regulations or guidance notes the justification for such a course should be set out in the Safety Case. For the assistance of operators the regulatory body should publish as soon as possible, and thereafter update in the light of experience, a list of the individual regulations relating to an installation and its equipment in respect of which it is prepared to grant exemption in the light of a satisfactory demonstration in a Safety Case; and to do likewise in regard to guidance notes (para 17.67).

In due course the existing regulations of a detailed prescriptive nature should be reviewed with a view to their revocation or replacement by regulations which set objectives. However, it is anticipated that there will continue to be even in the long term a case for some detailed prescriptive regulations (paras 17.63, 17.67 and 21.67).

13. The regulatory body should discuss with the industry whether it is desirable and practicable that at the stage of the application for Annex B consent (or its equivalent) there should be a procedure for submission by operators of a preliminary assessment of matters relevant to a Safety Case and for the acceptance of this assessment being a prerequisite for the granting of Annex B consent (para 17.43).

#### **Auditing of the operator's management of safety**

14. The operator should be required to satisfy itself by means of regular audits that its SMS is being adhered to (para 21.60).

15. The regulatory body should be required regularly to review the operator's audit on a selective basis; and itself to carry out such further audit as it thinks fit; and by regular inspection verify that the output of the SMS is satisfactory (para 21.60).

#### **Independent assessment and surveys of installations**

16. The regulatory body should consider (i) after the introduction of requirements for the demonstration of SMS and auditing of compliance with it; and (ii) after experience in the operation and effectiveness of such requirements whether and to what extent it will be appropriate to retain the present system of certification (para 21.64).

#### **Legislation - General**

17. (i) The principal regulations in regard to offshore safety should take the form of requiring that stated objectives are to be met referred to as "goal-setting

regulations") rather than prescribing that detailed measures are to be taken (para 21.67).

- (ii) In relation to goal-setting regulations, guidance notes should give non-mandatory advice on one or more methods of achieving such objectives without prescribing any particular method as a minimum or as the measure to be taken in default of an acceptable alternative (para 21.67).
- (iii) However, there will be a continuing need for some regulations which prescribe detailed measures (para 21.67).

18. The provisions of the Mineral Workings (Offshore Installations) Act 1971 and the Petroleum and Submarine Pipe-lines Act 1975 which have the same general purposes as those of Part 1 of the Health and Safety at Work etc Act 1974 (HSWA), and the regulations made under such provisions, should be made relevant statutory provisions for the purposes of the HSWA (para 21.68).

19. The Construction and Survey Regulations, the Fire Fighting Equipment Regulations, the Life-Saving Appliances Regulations and the Emergency Procedures Regulations should be revoked and replaced by-

- (i) Construction Regulations, covering *inter alia* the structure and layout of the installation and its accommodation.
- (ii) Plant and Equipment Regulations, covering *inter alia* plant and equipment on the installation and in particular those handling hydrocarbons.
- (iii) Fire and Explosion Protection Regulations, covering *inter alia* both active and passive fire protection and explosion protection, and
- (iv) Evacuation, Escape and Rescue Regulations, covering *inter alia* emergency procedures, life-saving appliances, evacuation, escape and rescue.

Each of the above sets of regulations should include goal-setting regulations as their main or primary provisions and should be supported by guidance notes giving advice which is non-mandatory in the sense set out in paragraph (ii) of recommendation 17 (para 21.69).

20. Operators should be encouraged to specify the standards which they will use to comply with goal-setting regulations. For a given installation compliance may be demonstrated by reference to such standards, the terms of guidance notes and what is shown by a safety assessment or a combination of one or more of such methods (paras 17.66 and 21.70).

21. As regards existing guidance notes the regulatory body should consider whether and to what extent they should be treated without replacement or modification as giving non-mandatory advice in the sense set out in paragraph (ii) of recommendation 17; and should inform the industry accordingly (para 21.71).

22. In connection with the preparation of guidance notes the regulatory body should review the procedures for consultation so as to ensure that the views of the representatives of employers and employees involved in work offshore are adequately taken into account (para 21.72).

### The regulatory body

23. There should be a single regulatory body for offshore safety (para 21.62).

24. The single regulatory body should discharge the safety functions in relation to fire-fighting equipment and life-saving appliances. As regards standby vessels it should discharge all functions, whether directly or through the agency of the Department of Transport (DoT), save those which relate to the statutory responsibility of the DoT under the Merchant Shipping Acts (paras 21.65-66).



25. The functions of the Petroleum Engineering Division of the Department of Energy (DEn) which are concerned with the regulation of offshore safety should in future be discharged by a discrete division of the Health and Safety Executive (HSE) which is exclusively devoted to offshore safety (paras 22.34 and 22.37).

26. This division should employ a specialist inspectorate and have a clear identity and strong influence in the HSE. It should be headed by a chief executive who should be responsible directly to the Director General of the HSE and should be a member of its senior management board. His function would include the development of the offshore safety regime, and in particular the implementation of its provisions for Safety Cases and SMS (para 22.37).

### **Safety committees and safety representatives**

27. The regulatory body, operators and contractors should support and encourage the involvement of the offshore workforce in safety. In particular, first line supervisors should involve their workforce teams in everyday safety (para 18.48).

28. The operator's procedures included in line management of operations which are aimed at involving the workforce in safety should form part of its SMS (para 21.56).

29. The DEn's intention to review the Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989 after 2 years' experience of their working is endorsed (para 21.85).

30. Safety representatives should be protected against victimisation by a provision similar to Sec 58(i)(b) of the Employment Protection (Consolidation) Act 1978 (para 21.86).

31. The Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989 should be modified to the effect that the training of safety representatives should be determined and paid for by the operator (para 21.87).

### **Permits to work**

32. The operator's permit to work system should form part of its SMS (para 21.56).

33. Operators and the regulatory body should pay particular attention to the training and competence of contractors' supervisors who are required to operate the permit to work system (paras 18.17 and 18.29).

34. Standardisation of the permit to work system throughout the industry is neither necessary nor practicable. However, in view of the fact that there is much in common between the systems of different operators, the industry should seek to increase harmonisation, for example in the colours used for different types of permits to work and in the rules as to the period for which a permit to work remains valid (para 18.28).

35. While it is not inappropriate for contractors' supervisors to act as Performing Authorities, operators should be made responsible for ensuring that such supervisors are trained in the permit to work system for the installation where they are to act as Performing Authorities and that they carry documentary proof of having completed such training (para 18.29).

36. All permit to work systems should incorporate a mechanical isolation procedure which involves the physical locking off and tagging of isolation valves (para 18.29).

37. A permit to work and its consequent isolations, both mechanical and electrical, should remain in force until the work is sufficiently complete for the permit to be signed off and the equipment returned to operation (para 18.8).

38. Copies of all issued permits to work should be displayed at a convenient location and in a systematic arrangement such that process operating staff can readily see and check which equipment is under maintenance and not available for operation (para 18.8).

### **Incident reporting**

39. The regulatory body should be responsible for maintaining a database with regard to hydrocarbon leaks, spills and ignitions in the industry and for the benefit of the industry. The regulatory body should:-

- (i) discuss and agree with the industry the method of collection and use of the data,
- (ii) regularly assess the data to determine the existence of any trends and report them to the industry, and
- (iii) provide operators with a means of obtaining access to the data, particularly for the purpose of carrying out quantified risk assessment (para 18.43).

### **Control of the process**

40. Key process variables, as determined by the Safety Case, should be monitored and controllable from the Control Room (para 18.36).

41. The Control Room should at all times be in the charge of a person trained and qualified to undertake the work of Control Room operator. The Control Room should be manned at all times (para 18.35).

42. The training of Control Room operators should include instruction in an onshore course in the handling of emergencies (para 18.35).

### **Hydrocarbon inventory, risers and pipelines**

43. The Emergency Pipe-line Valve Regulations should continue in force until they are subsumed in the Plant and Equipment Regulations. The provision in these regulations for there to be on each riser a valve with full emergency shutdown capability and located as close to sea level as practicable is endorsed (paras 19.34-35).

44. There should be no immediate requirement that a subsea isolation valve (SSIV) be fitted on a pipeline connected to an installation. The operator should demonstrate in the Safety Case that adequate provision has been made, including if necessary the use of SSIVs, against hazards from risers and pipelines (para 19.36).

45. Studies should be carried out with the following objectives:-

- (i) To explore the feasibility of dumping in an emergency large oil inventories, such as those in the separators, in a safe and environmentally acceptable manner, so as to minimise the inventory of fuel available to feed a fire (para 19.19).
- (ii) To minimise the pipeline connections to platforms (para 19.21).

46. Studies should be carried out with the following objectives:-

- (i) To achieve effective passive fire protection of risers without aggravating corrosion (para 19.22).
- (ii) To improve the reliability and reduce the cost of SSIVs so that it is more often reasonably practicable to install them (para 19.37).

### **Fire and gas detection and emergency shutdown**

47. The arrangements for the activation of the emergency shutdown valves (ESVs) and of SSIVs if fitted, on pipelines should be a feature of the Safety Case (para 19.42).



48. Studies should be done to determine the vulnerability of ESVs to severe accident conditions and to enhance their ability to survive such conditions (para 19.43).

### **Fire and explosion protection**

49. Operators should be required by regulation to submit a fire risk analysis to the regulatory body for its acceptance (para 19.90).

50. The regulations and related guidance notes should promote an approach to fire and explosion protection:-

- (i) which is integrated as between -
  - active and passive fire protection
  - different forms of passive fire protection, such as fire insulation and platform layout, and
  - fire protection and explosion protection (paras 19.87-95);
- (ii) in which the need for, and the location and resistance of, fire and blast walls is determined by safety assessment rather than by regulations (para 19.96);
- (iii) in which the function, configuration, capacity, availability and protection of the fire water deluge system is determined by safety assessment rather than by regulations (paras 19.97 and 19.99);
- (iv) which facilitates the use of a scenario-based design method for fire protection as an alternative to the reference area method (paras 19.91 and 19.98); and
- (v) which provides to a high degree the ability of the fire water deluge system, including the fire pump system, to survive severe accident conditions (para 19.100).

51. The ability of the fire water deluge system, including the fire pump system, to survive severe accident conditions should be a feature of the Safety Case (para 19.100).

52. The regulatory body should work with the industry to obtain agreement on the interpretation for design purposes of its interim hydrocarbon fire test and other similar tests. If in the view of the regulatory body there exists a need for an improved test, such as a heat flux test, it should work with the industry in order to develop one (para 19.101).

53. The DEN discussion document on Fire and Explosion Protection should be withdrawn (para 19.102).

54. The regulatory body should ask operators which have not already done so to undertake forthwith a fire risk analysis, without waiting for legislation (para 19.103).

### **Accommodation, TSR, escape routes and embarkation points**

Provisions should continue to be made by regulations supported by guidance notes as to the construction of the accommodation; and as to escape routes and embarkation points (para 19.166).

The regulations and the related guidance notes should promote an approach to protection of the accommodation:-

- i in which external fire protection is provided both to prevent breach of the accommodation and to maintain breathable air within it para 19.170 ; and
- ii in which an integrated set of active and passive measures is provided to prevent ingress of smoke and other contaminants into the accommodation and to maintain breathable air within it paras 19.170-171 .



57. For the purpose of maintaining breathable air within the accommodation, it should be required by regulation that the ventilation air intakes should be provided with smoke and gas detectors and that on smoke or gas alarm the ventilation and dampers should shut down (para 19.172).

58. The regulations and related guidance notes on escape routes should recognise that it may not be practicable to protect escape routes against all physical conditions; and accordingly should be based on the objective that they should remain passable (para 19.174).

59. It should be required by regulation that escape routes are provided with adequate and reliable emergency lighting and with photoluminescent direction signs (para 19.175).

60. The regulatory body should ask operators which have not already done so to carry out forthwith an assessment of the risk of ingress of smoke or gas into the accommodation; and to fit smoke and gas detectors and implement ventilation shutdown arrangements as in recommendation 57, without waiting for legislation (para 19.173).

61. Studies should be carried out with the objective of assisting designers in predicting the breathability of air in a TSR where its external fire wall is subjected to a severe hydrocarbon fire (para 19.163).

#### **Emergency centres and systems**

62. It should be required by regulation that there should be available within the TSR certain minimum specified facilities for the monitoring and control of an emergency under hostile outside conditions (paras 19.178 and 19.182).

These facilities should be in the Control Room, which should be located in the TSR (para 19.179).

On existing installations where the Control Room is not in the TSR, these facilities should be in an Emergency Control Centre located in the TSR. In such a case the Control Room should be protected against fire and explosion as determined by safety assessment (paras 19.180-181).

63. It should be required by regulation that a Radio Room with facilities for external communications should be located in the TSR (para 19.179).

On existing installations where the Radio Room is not in the TSR, these facilities should be in an Emergency Radio Room located in the TSR (para 19.180).

64. The regulations and related guidance notes should promote an approach to emergency systems:-

- (i) which provides to a high degree the ability of these systems to survive severe accident conditions (paras 19.188-189); and
- (ii) which applies to communications systems the fail-safe principle (para 19.193).

The emergency systems include the emergency power supplies and systems, the emergency shutdown system and the emergency communications systems. Severe accident conditions include fire, explosion and strong vibration (para 19.188).

65. The ability of emergency systems to survive severe accident conditions should be a feature of the Safety Case (para 19.189).

66. The regulatory body should work with the industry to promote the use of status light systems (para 19.192).

67. The regulatory body should work with the industry to achieve standardisation of status lights and of alarm systems for emergencies (para 19.194).



68. Studies should be done to determine the vulnerability of emergency systems to severe accident conditions and to enhance their ability to survive such conditions (para 19.190).

69. The regulatory body should ask operators which have not already done so to review forthwith the ability of emergency systems to withstand severe accident conditions (para 19.191).

70. Where a regulation imposes a requirement for a major emergency or protective system, such as a fire deluge system, it should be required that the operator should set acceptance standards for its availability (para 19.199).

#### **Pipeline emergency procedures**

71. Operators should be required by regulation regularly to review pipeline emergency procedures and manuals. The review should ensure that the information contained in manuals is correct, that the procedures contained are agreed with those who are responsible for executing them and are consistent with the procedures of installations connected by hydrocarbon pipelines (para 19.196).

72. Operators should be required by regulation to institute and review regularly a procedure for shutting down production on an installation in the event of an emergency on another installation which is connected to the first by a hydrocarbon pipeline where the emergency is liable to be exacerbated by continuation of such production (para 19.197).

#### **Evacuation, escape and rescue - General**

73. Operators should be required by regulation to submit to the regulatory body for its acceptance an evacuation, escape and rescue analysis in respect of each of its installations (para 20.9).

74. The analysis should specify the facilities and other arrangements which would be available for the evacuation, escape and rescue of personnel in the event of an emergency which makes it necessary or advisable in the interests of safety for personnel to leave the installation (para 20.9).

75. In particular the analysis should specify:-

- (i) The formal command structure for the control of an emergency affecting the installation;
- (ii) The likely availability and capacity of helicopters, whether in-field or otherwise, for the evacuation of personnel;
- (iii) The types, numbers, locations and accessibility of totally enclosed motor propelled survival craft (TEMPSC) available for the evacuation of personnel from (a) the TSR and (b) other parts of the installation from which access to the TSR is not readily available;
- (iv) The types, numbers and locations of life rafts and other facilities provided as means of escape to the sea;
- (v) The specification (including speed, sea capability and accommodation), location and functions of the standby vessel and other vessels available for the rescue of personnel;
- (vi) The types, numbers, locations and availability of fast rescue craft, whether stationed on the installation or on the standby or other vessels; and
- (vii) The types, numbers and locations of personal survival and escape equipment.

(All in para 20.9).



76. The regulatory body should ask operators which have not already done so to undertake an evacuation, escape and rescue analysis forthwith, without waiting for legislation. The timetable for completion of this analysis should be agreed between the regulatory body and the industry but should not exceed a total of 12 months, and that only for operators of a large number of installations para 20.9 .

### **Helicopters**

77. Operators should adopt a flight following system for determining at short notice the availability and capacity of helicopters in the event of an emergency. This system could be either a system operated by the individual operator or a North Sea-wide system (para 20.11).

### **TEMPSC**

78. The requirement by regulation that each installation should be provided with TEMPSC having in the aggregate sufficient capacity to accommodate safely on board 150% of the number of persons on the installation should be maintained (para 20.16).

Such provision should include TEMPSC which are readily accessible from the TSR and which have in the aggregate sufficient capacity to accommodate safely on board the number of persons on the installation (para 20.16).

79. On new installations where the provision of davit-launched TEMPSC is acceptable to the regulatory body they should be oriented so as to point away from the installation (para 20.24).

80. The regulatory body should work with the industry to develop equipment and methods to enable TEMPSC to be launched clear of the installation including where, as on existing installations, they are oriented so as to point along the side of the installation (para 20.18).

81. Reg 5 of the Life-Saving Appliances Regulations should be amended or replaced so as to enable free-fall TEMPSC to be installed on new and existing installations. It should remain for the operator to justify its choice of TEMPSC as being appropriate in the particular conditions of its installation (para 20.24).

### **Means of escape to the sea**

82. It should be required by regulation that each installation should be provided with life rafts having in the aggregate sufficient capacity to accommodate safely on board at least the number of persons on board the installation; along with suitable ropes to enable those persons to obtain access to the life rafts after they have been launched and deployed (para 20.26).

83. A variety of means of descent to the sea should be provided on all installations. In accordance with recommendation 75 the types, numbers and locations of facilities for this purpose should be specified in the evacuation, escape and rescue analysis; but such facilities should include:-

- fixed ladders or stairways
- personal devices for controlled descent by rope (paras 20.28-29).

84. The regulatory body should work with the industry to determine the practicability and safety of escape chutes and collapsible stairways (para 20.30).

### **Personal survival and escape equipment**

85. Each individual on board an installation should be provided with:-

- i) a personal survival or immersion suit;



- (ii) a life-jacket;
- (iii) a smoke hood of a simple filter type to exclude smoke and provide protection for at least 10 minutes during escape to or from the TSR;
- (iv) a torch; and
- (v) fireproof gloves.

These articles should be kept in the accommodation (para 20.36).

Other survival suits, life-jackets and smoke hoods for at least one half of the number of persons on the installation should be stored in containers placed at suitable locations on the installation (para 20.36).

86. The use of small transmitters or detectors on life-jackets in order to assist in the finding of personnel in the dark should be considered. Luminescent strips should be of a colour other than orange (paras 20.33-34).

87. Work should be carried out with the objective of combining the functions of a survival suit and a life-jacket in one garment (para 20.32).

#### **Standby vessels**

88. Changes in the regulations and the code for the assessment of standby vessels should be aimed at an improvement in the quality of standby vessels, introducing basic standards for existing vessels and higher specifications for new vessels (para 20.41).

89. It should be required by regulations that each standby vessel should comply with the following standards:-

- (i) It should be highly manoeuvrable and able to maintain its position;
- (ii) It should provide full visibility of the water-line in all directions from the bridge;
- (iii) It should have at least two 360° searchlights capable of being remotely controlled;
- (iv) It should have two fast rescue craft. One of the 2 fast rescue craft should be able to travel at 25 knots in normal sea states. The smaller fast rescue craft (9 person capacity) should be crewed by 2 persons; the larger by 3 persons. Fast rescue craft should be equipped with adequate means of communicating with the standby vessel by VHF radio; and carry an adequate portable searchlight;
- (v) It should have the means of rapid launching of its fast rescue craft;
- (vi) It should have adequate means of communication by radio with its fast rescue craft, the installation, nearby vessels and the shore; and
- (vii) It should have at least two methods of retrieving survivors from the sea.

(All in para 20.42).

90. Reg 10 of the Emergency Procedures Regulations should be revoked (para 20.39).

91. Sec 3 of the code for the assessment of standby vessels (areas of operation) should be withdrawn (para 20.39).

92. The owners of standby vessels should be required to notify the regulatory body weekly as to the locations and functions of their vessels in the ensuing week. A copy of such notification should also be given to the DoT (para 20.54).

93. As regards the appropriate numbers for the crew of standby vessels, the DoT should take into account the evidence given in the Inquiry when reviewing the code in this respect (para 20.50).



94. The proposals in the amended code as to age limit, medical examination and certification of fitness of members of the crew of standby vessels; and as to their periods of duty are endorsed (paras 20.51-52).

95. The regulatory body should work with the industry to obtain agreement as to adequate training packages for the crew of standby vessels. Such training should be administered, and records of training kept by the Offshore Petroleum Industry Training Board (OPITB) (para 20.55).

96. The coxwain and crew of fast rescue craft should receive special training for their duties, along with regular refreshers (para 20.55).

#### **Command in emergencies**

97. The operator's formal command organisation which is to function in the event of an emergency should form part of its SMS (para 20.59).

98. The operator's criteria for selection of OIMs, and in particular their command ability, should form part of its SMS (para 20.59).

99. There should be a system of emergency exercises which provides OIMs with practice in decision-making in emergency situations, including decisions on evacuation. All OIMs and their deputies should participate regularly in such exercises (para 20.61).

#### **Drills, exercises and precautionary musters and evacuations**

100. The operator's system for emergency drills and exercises should form part of its SMS (paras 20.61 and 20.64).

101. Offshore emergency drills and exercises should be carried out in accordance with the UKOOA guidelines for offshore emergency drills and exercises on installations (paras 20.61 and 20.64).

102. All offshore staff should attend one muster per tour of duty (para 20.62).

103. The circumstances of all precautionary musters and evacuations should be reported by operators to the regulatory body (para 20.62).

104. Operators should maintain lists of personnel on board by alphabetical order and also by reference to the names of contractors whose personnel are represented on board. These lists should be updated for every movement of personnel and copied immediately to the shore (para 20.62).

#### **Training for emergencies**

105. The UKOOA guidelines for offshore emergency safety training on installations should be a minimum requirement for survival, fire-fighting and other forms of training detailed therein for the relevant personnel employed offshore. Personnel who have not met the requirements of these guidelines should not be permitted to work offshore (para 20.64).

In order to ensure that these guidelines are complied with operators should be required to devise and maintain a system for the purpose, pending the date when the central training register instituted by OPITB for recording the personal details and safety training courses attended by all personnel seeking employment offshore is fully operational (para 20.64).

106. The operator's system for emergency training and its enforcement should form part of its SMS (para 20.64).



# Appendix E

## List of Witnesses in Part 2

(and the subject matter of their evidence)

1. ADAMS, A J                      Principal Pipeline Inspector, Safety Directorate of PED, Department of Energy  
Pipeline Isolation Systems including Subsea Valves
2. ALLEN, C S                      Head of Alwyn Safety, Total Oil Marine PLC  
Application of Computers to Permit to Work Systems for Offshore Installations
3. ASHWORTH, M                      Senior Control Engineer, BP International  
Process Control and Emergency Shutdown Systems
4. BANKS, R P                      Supervisor of Engineering Design and Construction, Chevron (UK) Ltd  
The Qualifications and Qualities required in an Offshore Maintenance Supervisor
5. BAXENDINE, M R                      Offshore Installation Manager, Shell (UK) Exploration & Production Ltd  
Command Structure in an Emergency
6. BOOTH, M J                      Head of Operations Safety, Shell (UK) Exploration & Production Ltd  
Escape Routes to the Survival Craft and the Helideck on Offshore Installations
7. BRANDIE, E F                      Safety and Compliance Manager, Chevron (UK) Ltd, Chairman of UKOOA Fire Protection Working Group, representative of CBI on OIAC Factors for Enhancing the Integrity of Offshore Safe Haven Areas. An Alternative to Standard Firewater System Designs for UK Sector Offshore Installations
8. BROADRIBB, M P                      Central Safety Engineering Superintendent, BP Exploration  
Subsea Isolation Valves - The BP Approach
9. CHAMBERLAIN, G A DR                      Technical Leader of Explosion Protection Review Task Force, Shell (UK) Exploration & Production Ltd  
The Nature and Mitigation of Vapour Cloud Explosions
10. COX, R A DR                      Consulting Engineer, formerly Chief Executive of Technica Ltd  
Overview of Quantified Risk Assessment
11. CUNNINGHAM, A W T                      Occupational Health and Safety Officer, EETPU  
Safety Representatives
12. DALZELL, G A                      Fire and Safety Engineer, BP International, Member of UKOOA Fire Protection Working Group  
The Prevention of Smoke Ingress into Offshore Accommodation Modules

13. DANIEL, J J S  
Director, Hollobone Hibbert & Associates Ltd,  
Chairman of the Standby Ship Operators  
Association Ltd  
Standby Vessels
14. DAVIES, G H  
Area Director, Health and Safety Executive,  
Merseyside & Cheshire Area  
Permits to Work
15. DAY, J  
Head of Electrical Engineering, Shell Exploration  
& Production Ltd, Member of UKOOA Electrical  
Sub-committee  
Electrical Power for Emergency Systems
16. DE LA PENA, M  
Divisional Director, Environmental & Safety  
Products Division, Dowty PLC  
Smoke Hoods
17. DENTON, A A DR  
Chairman, Noble Denton International Ltd, Vice  
President of the Institution of Mechanical  
Engineers  
Quality Management Systems
18. DOBLE, P A C  
Deputy Project Manager, Kittiwake Project, Shell  
(UK) Exploration & Production Ltd  
The Means of Preventing and Mitigating the  
Effects of an Explosion - Kittiwake Project
19. DREW, B C  
Chief Surveyor, Marine Directorate, Department  
of Transport  
Code for Assessment of the Suitability of  
Standby Vessels
20. ELLICE, K A J  
Training Manager, BP Exploration  
Training of Offshore Installation Managers
21. ELLIS, A F DR  
Deputy Chief Inspector, Technology Division,  
Health & Safety Executive  
Quantified Risk Assessment - HSE's View
22. EVANS, J D  
Research & Development Manager, MSA (Britain)  
Ltd  
Smoke Hoods
23. FERROW, M  
Manager, Safety & Quality Assurance, Conoco  
(UK) Ltd  
The Offshore Safety Regime and Formal Safety  
Assessments
24. FLEISHMAN, A B  
Senior Safety Technologist, Group Safety Centre,  
BP International  
Gyda Safety Evaluation
25. GILBERT, R B DR  
Chief Engineer, Nelson Project Team, Shell (UK)  
Exploration & Production Ltd  
Subsea Valves
26. GINN, M C CAPT  
Principal Air Transport Officer, British Gas PLC,  
Chairman of UKOOA Aircraft Committee  
The use of Helicopters in Offshore Evacuation
27. GORSE, E J  
Principal Inspector, Safety Directorate of PED,  
Department of Energy  
Formal Safety Assessments
28. HEIBERG-  
ANDERSON, G  
Platform Manager, Gullfaks C, Statoil, Norway  
The Means of Ensuring Safe and Full  
Evacuation - The Statoil Approach, The  
Control of the Process



29. HIGGS, F  
National Secretary of the Chemical, Oil & Rubber Group, Transport & General Workers' Union  
The Offshore Safety Regime
30. HODGKINS, D J  
Director of Safety and General Policy Division, Health and Safety Executive  
The Agency Agreement between the Health and Safety Commission and the Department of Energy
31. HOGH, M S DR  
Manager Projects and External Affairs, Group Safety Centre, BP International  
Overview of Use and Value of Quantified Risk Assessment
32. JONES, M J  
Training Officer, Central Training Division, BP Exploration  
Development of Craft Training Scheme
33. KEENAN, J M  
Assistant General Secretary, Banking Insurance & Finance Union, formerly District Officer, Transport & General Workers' Union, Aberdeen  
Standby Vessels
34. KELLEHER, T W  
Fire and Safety Engineer, Shell Exploration & Production Ltd, Project Manager of Department of Energy/UKOOA Research Projects on Evacuation by TEMPSC  
Survival Craft and Free Fall Lifeboats
35. KINLOCH, D S  
Offshore Installation Manager, Conoco (UK) Ltd  
Independent Actions during Emergencies, Permit to Work Procedure
36. KYLE, S R  
Environment and Safety Co-ordinator, Brae Operations, Marathon Oil (UK) Ltd, Chairman of UKOOA Working Group on Permits to Work  
Permit to Work Procedure
37. LIEN, E  
Technical Director, Selantic Industrier as, Norway  
Skyscape Offshore Emergency Evacuation System
38. LITTLEJOHN, I J  
Process and Maintenance Engineering Group Supervisor, Amoco (UK) Exploration Ltd  
The Qualifications and Qualities Required in an Offshore Supervisor
39. LYONS, R A  
Assistant General Secretary, Manufacturing, Science & Finance Union  
The Offshore Safety Regime
40. MCINTOSH, A R  
Principal Inspector, Safety Directorate of PED, Department of Energy  
Protection against Fire and Explosion
41. MCKEE, R E  
Chairman and Managing Director, Conoco (UK) Ltd  
Managing Safety
42. MACEY, M  
Director, Maritime Rescue Services Ltd  
Standby Vessels - Training of Personnel
43. MATHESON, A B MR  
Consultant in Accident and Emergency Care, Aberdeen Royal Infirmary  
The Offshore Specialist Team
44. MARSHALL, V C DR  
Chartered Engineer, Formerly Director of Safety Services, Bradford University  
Safety Cases and Safety Assessments

45. MIDDLETON, C J Marine Superintendent, Marathon (UK) Ltd,  
Chairman of UKOOA Marine Committee  
Standby Vessels
46. NORDGARD, T Vice President, Projects Division, Statoil, Norway  
The Location and Protection of Accommodation  
on Integrated Drilling and Production Platforms  
on the Norwegian Continental Shelf
47. OGNEDAL, M Director, Safety and Working Environment  
Division, Norwegian Petroleum Directorate  
The Norwegian Offshore Safety Regime
48. PAPE, R P DR Head of Major Hazards Assessment Unit, Health  
and Safety Executive  
Quantified Risk Assessment - HSE's Experience
49. PERROTT, I R Assistant Chartering Manager, Maersk Co Ltd  
Skyscape
50. PETRIE, J R Director of Safety, PED, Department of Energy  
Life-Saving Appliances, The Offshore Safety  
Regime
51. PRIDDLE, R J Deputy Secretary, Department of Energy  
The Offshore Safety Regime
52. RIMINGTON, J D Director General, Health and Safety Executive  
The Onshore Safety Regime
53. RUDD, D T Marine Superintendent, BP Exploration  
Evacuation Policy and Plan for Forties Field
54. SCANLON, T J Mechanical Piping Engineer (formerly Offshore  
Superintendent, Wood Group Engineering  
Offshore Ltd)  
Permit to Work Systems
55. SEFTON, A D DR Leader of the Hazardous Installations and  
Transport of Dangerous Substances National  
Interest Group, Health and Safety Executive  
The Control of Industrial Major Accident  
Hazards Regulations 1984, Safety Reports
56. SHEPPARD, R A Vice President (Production) and Director, Amoco  
(UK) Exploration Co Ltd  
Managing Safety
57. SIDE, J DR Senior Policy Scientist, Institute of Offshore  
Engineering, Heriot-Watt University  
Offshore Emergency Rescue and Evacuation
58. SPOUGE, J R Consulting Senior Engineer, Technica Ltd  
Comparative Safety Evaluation, Arrangements  
for Accommodating Personnel Offshore
59. TAYLOR, B G S DR Director of Technical Affairs, UKOOA  
The Development and Future of the Offshore  
Oil Industry
60. TVEIT, O J Senior Engineer, Statoil, Norway  
Risk Assessment, The Norwegian Offshore  
Safety Regime
61. VAN BEEK, A W Head of Offshore Structures Engineering, Shell  
(UK) Exploration & Production Ltd  
Blast Walls



**GOVERNMENT MINISTERS RESPONSIBLE FOR THE  
UNITED KINGDOM OFFSHORE INDUSTRY  
1963-1996**

**Ministers of Power**

F. Errol (to October 1964)  
F. Lee (October 1964 to April 1966)  
R. Marsh (April 1966 to April 1968)  
R. Gunter (April 1968 to July 1968)  
R. Mason (July 1968 to October 1969)

**Ministers of Technology**

A. Benn (July 1966 to July 1970)  
G. Rippon (June 1970 to July 1970)  
J. Davies (July 1970 to October 1970)

In October 1970 the Ministry of Technology was reorganised under the Department of Trade and Industry.

**Secretaries of State for Trade and Industry**

J. Davies (October 1970 to November 1972)  
P. Walker (November 1972 to March 1974)

In January 1974 energy was hived off from the Department of Trade and Industry and made a department in its own right.

**Secretaries of State for Energy**

Lord Carrington (January 1970 to March 1970)  
E. Varley (March 1974 to June 1975)  
A. Benn (June 1975 to May 1979)  
D. Howell (May 1979 to September 1981)  
N. Lawson (September 1981 to June 1983)  
P. Walker (June 1983 to June 1987)  
C. Parkinson (June 1987 to July 1989)  
J. Wakeham (July 1989 to April 1992)  
T Eggar (April 1992 to November 1996)

## SUMMARY

This report (OTH 97543) presents the results from Project P3366 which has investigated human and organisational factors in offshore safety. The project was jointly sponsored by British Gas, British Petroleum, Coflexip Stena Offshore, Conoco UK Ltd., Elf Enterprise Caledonia, Texaco, Total Oil Marine, the Offshore Contractors Association and the HSE Offshore Safety Division. The study comprised three phases of work with the following objectives:

1. To measure human and organisational factors identified as most important for offshore safety in the 1994 Risk Perception study
2. To examine the role of the supervisor in determining safe working practices in their team or crews
3. To investigate human factors coding systems and training practices in high hazard, high reliability industries and to see whether these codes correspond with the human factors causes of accidents as measured by the questionnaire.

A representative sample of 722 employees working on 11 offshore installations (33% response rate) and 103 employees from 2 onshore installations (40% response rate) were surveyed using a modified version of the 1994 'Offshore Risk Perception Questionnaire'. The new 'Offshore Safety Questionnaire' (OSQ) and 'Gas Terminal Safety Questionnaire' (GTSQ) included scales measuring 'Work clarity', 'Work pressure', 'Job communication', 'Safety behaviour', 'Risk perception - hazards and work tasks', 'Satisfaction with safety measures' and 'Safety attitudes'. The questionnaire also included a section on self-reported accidents and near-misses and the causes which victims ascribed to their accident.

The results of the questionnaire survey showed that a majority of both the onshore and offshore samples felt 'safe' with regard to a range of potential hazards on oil and gas installations and felt 'satisfied' with safety measures designed for the detection, prevention and control of incidents. The majority of respondents also experienced good 'Work clarity' and 'Job communication' and reported that they 'never' committed violations or unsafe acts, although about a third of each sample admitted to carrying out some violations 'seldom/sometimes'. The 'Safety attitudes' scale revealed a diversity of opinions about safety and accident prevention at work. Personnel seemed generally positive about 'Supervisor commitment to safety' and 'OIM commitment to safety'. In addition, the majority did not feel that it was necessary to violate procedures and take risks in order to get the job done. They were more ambivalent about 'Speaking up about safety' and in their 'Attitude to rules and regulations'. Finally, contractor staff generally expressed a diversity of attitudes about 'Management commitment to safety'; 'Contractor company commitment to safety' and 'Confidence in the operating company', depending on which company they were working for.

Multivariate analysis of the questionnaire data revealed a variety of 'safety sub-cultures' operating in the offshore environment, characterised by differences in the opinions and attitudes of employees from different companies; supervisory status and occupation. A number of different 'safety climates' were also apparent as evidenced by differences in perceptions of the state of safety on the various installations surveyed in the study. Accident victims had more negative opinions about factors affecting safety than those who had not had an accident. Irrespective of whether these opinions are a *cause* or an *effect* of the accident, accident victims hold these opinions now



and steps should be taken to improve their perspective on safety. These steps should include further emphasis by both peers and management that violations will not be tolerated and also improving accident prevention measures onboard the installations.

In more general terms, improvements in safety could be brought about by reviewing the causes of violations, i.e. inadequate rules and procedures (as experienced by about a third of respondents) and work pressure. Personnel, in general, should also be encouraged to 'Speak up about safety' more, without fear of reprimand or sanctions being taken out against them.

The results of the supervisors' study indicate that 'more effective' supervisors in terms of safety performance, value their subordinates and the work that they perform to a greater extent than 'less effective' supervisors. They appear to have a supportive style of management and be concerned for their subordinates welfare. They visit the work-site frequently to see how their subordinates are getting on, out of interest and not to try and catch people out. When visiting the work-site they monitor the safety of the operation and raise any safety concerns they may have with their subordinates. 'More effective' supervisors tended not to talk about productivity and costs to the same extent as the 'less effective' supervisors. When they did speak about production they felt that it was their role to try and remove subordinates' perception that there was a need to compromise their own safety to get a job done.

The third phase of the project has provided a description of the human factors accident causation codes which are currently used by the UK offshore oil industry. These are compared against codes used in accident reporting forms by other high reliability industries. There appears to be a large degree of variance between companies in the UK offshore oil industry with regard to content, clarity and structure in their accident reporting forms, investigation procedures, guidance manuals and accident investigation training courses. It has proved difficult to obtain complete and accurate accident statistics with regard to their human factors causes, and companies tend not to use this data in their accident prevention strategies because of lack of expertise in this area. In addition, trained accident investigators do not code the same accident scenario consistently with regard to the human factors causes of the accident.

Recommendations arising from these three phases of work include the following;

- Personnel working on oil and gas installations appear unsure about speaking up about safety issues and are not entirely convinced of the utility and efficacy of rules and regulations. A fair proportion also feel it is necessary to violate rules and regulations in order to achieve production targets, and furthermore admit to 'occasionally' carrying out violations to get the job done. It is necessary for management to cultivate an atmosphere in which personnel are willing to share information about safety issues and feel uninhibited about expressing their views on such matters. In addition, it is necessary to reinforce the belief that violations will not be tolerated, unless the rules and regulations which are in place to control risk and safety are proved to be totally inadequate or would benefit from modification.
- How supervisors manage the production versus safety issue and their acceptance of violations on the job determines their 'effectiveness' in terms of safety performance. Furthermore, 'less effective' supervisors appear to abdicate responsibility for safety and actually perceive that they

are under more pressure from management to get the job done. Supervisors thus need to be trained in key man-management skills related to leadership, communication, understanding and respect for others' opinions. This can be done through 'Crew Resource Management' (CRM) which was developed in the aviation industry to improve team skills on flight decks. Modified versions of CRM have already been developed for aircraft maintenance crews and control room operators in the nuclear industry and this approach has been proposed in a new project on the management of safety in the oil industry (see Flin and Mearns, 1997).

- Analysis of oil industry accident reporting forms suggests that some companies would benefit from including more detailed human factors codes, such as those used in the marine and aviation industries. In addition, companies should agree on a common set of codes which would facilitate accident analysis on a larger scale in oil industry accident databases. This would help identify some of the more common trends in human factors causes of accidents. It is also suggested that accident investigation procedures are standardised throughout the industry so that the accident investigation process is consistent both between and within companies. The lack of consistency, even among relatively experienced personnel, in their coding of human factors causes of accidents, indicates a need for more training and a better understanding of those factors which influence human behaviour at the workplace.



## 7. CONCLUSIONS AND RECOMMENDATIONS

1. Respondents generally reported a good safety climate on their installations characterised by good work clarity and job communication, satisfaction with safety measures and general feelings of safety about hazards in the working environment. The only negative aspect was that a proportion of the sample appeared to be under considerable work pressure. It is suggested that management addresses this issue of *perceived* work pressure and that supervisors are trained to manage the team workload more effectively.
2. Although the majority of respondents in this survey 'never' committed violations or unsafe acts at the workplace, a certain proportion (30-50%) admitted committing certain violations 'seldom or sometimes'. This raises the question of the extent to which rule violation is implicitly tolerated by peers, supervisors and managers. Attitude to violations' was also the best predictor of previous accident and near-miss involvement. In order to improve the 'safety climate', management must discourage the belief that rule violations are a necessary part of getting the job done. This may involve a reconsideration of the rules and regulations governing safety since respondents' attitudes to rules and regulations were far from consistently positive. It may also involve training supervisors to be more aware of unsafe behaviour at the workplace and not to condone it when it happens (by not turning a blind eye, for example). Supervisors should also be encouraged to reward 'safe' behaviour when there is an apparent conflict between production and safety. There is also the possibility that rules and procedures may be outdated or inefficient and this should also be borne in mind.
3. The data also indicate a reticence on the behalf of about a third of our sample to 'Speak up about safety'. This is shown by an unwillingness to report accidents and near-misses and a belief that if you say too much about safety you might be fired. In order to cultivate a positive safety culture, members of an organisation must be encouraged to share information about safety-related matters. Management must therefore have an open forum on safety if they are to achieve the 'learning culture' required to prevent accidents and near-misses in the future.
4. From the supervisors' management of safety section of the project it was found that more 'effective' supervisors (in terms of safety performance); value their subordinates more, visit the work site frequently and encourage participation in decision making. It is therefore obvious that supervisors would benefit from training to improve their man-management skills. Crew Resource Management (CRM) provides a framework for such training because it essentially teaches human factors skills such as leadership, team-working, decision making, assertiveness and communication with the aim of reducing human error (Wiener, Kanki & Helmreich, 1993). It is suggested that such a programme should be developed for training supervisors in the oil and gas industry and this is one of the proposals in our current project on 'Factoring the human into safety' (Flin & Mearns, 1997).

## QUESTIONS TO PUT TO OIL MANAGERS

### AIDE-MEMOIRE FOR INDUSTRIAL RELATIONS ISSUES

#### 1 Employer Associations

- (a) Membership of UKOOA
- (b) Value of membership
- (c) Usefulness as regards industrial relations matters
- (d) Membership of any other employer association and its usefulness
- (e) General comments on the inter-relationship of employer associations and industrial relations

#### 2 Industrial Relations Policy and Procedure

- (a) What has been company policy on industrial relations over the past 25 years?
- (b) Degree of centralised and devolved decision making on industrial relations matters
- (c) Dispute resolution methods: standard procedures or *ad hoc* approach ?
- (d) Comment on any major dispute in which your company was involved : its origin progress and resolution



(e) Disciplinary procedure: formal ( conforming to ACAS code ), *ad hoc* or any other format ?

(g) Grievance procedure: formal, *ad hoc* or any other format ?

(h) Degree and/or nature of trade union involvement in any of these procedures such as representational rights in grievance or disciplinary issues.

### 3 Accident Prevention

(a) Has the establishment of statutory safety committees following the Offshore Installations ( Safety Representatives and Safety Committee ) Regulations 1989 altered significantly the approach of your firm to accident prevention?

(b) To what extent do you consider that employees offshore are satisfied with the current form of representation on safety committees ?

(c) Trade unions assert that they alone can represent employees adequately in safety matters. How would you rebut this assertion ( assuming that you do not agree with it) ?

(d) Do you think that trade unions approach accident prevention as a means whereby they can extract recognition rights from employers?

#### **4 Operators and Contractors**

**(a) In what ways have industrial relations been affected by the increasing use made of contractors ?**

**(b) Any comments on the industrial relations practices of contractor firms or the approach of contractors' employees towards industrial relations issues**

#### **5 The Oil Industry Liaison Committee**

**Any comments which you would care to make about its purpose, efficacy and prospects of survival.**



Employment and Trade Union Statistics (in thousands) 1975 -  
1995

Year	No of Trade Unionists	Workforce	Workforce in Employment	Employees in Employment	Unemployed
1975	12,026	25,894	25,050	22,723	977.6
1979	13,289,	26,741	25,507	23,173	1,390.5
1980	12,947	26,972	25,459	22,991	1,794.7
1982	11,744	26,828	24,059	21,414	3,119.0
1984	11,063	27,456	24,426	21,238	3,159.8
1985	10,818	27,891	24,712	21,423	3,271.2
1986	10,598	27,969	24,739	21,387	3,292.9
1987	10,480,	28,171	25,266	21,584	2,953.4
1988	10,387	28,492	26,151	22,258	2,370.4
1989	10.043	28,700	26,957	22,661	1,798.1
1990	9,810	28,755	27,200	22,920	1,664.5
1991	9,585	28,584	26,343	22,270	2,291.9
1992	9,048	28,454	25,776	21,931	2,778.6
1993	8,665	28,249	25,384	21,613	2,919.2
1994	8,230	28,096	25,511	21,660	2,636.5
1995	8,031	28,002	25,747	21,933	2,325.6

Sources: (a) Annual Reports of the Certification Officer for Trade Unions and Employers' Associations  
(b) Economic Trends Supplement 1996/1997

**SECTION D**



## ABBREVIATIONS

### Trade Unions (including federations)

ABPD	Association of British Professional Divers (now part of AEEU)
AEU	Amalgamated Engineering Union (now part of AEEU)
ASTMS	Association of Scientific, Technical and Managerial Staffs (now part of MSF)
AUEW	Amalgamated Union of Engineering Workers (a former name of AEU)
AEEU	Amalgamated Engineering and Electrical Union
BALPA	British Airline Pilots' Association
BSJC	British Seafarers Joint Council
CEU	Constructional Engineers Union (now part of AEEU)
EETPU	Electrical, Electronic, Telecommunication and Plumbing Union (now part of AEEU)
FPIC	Fuel and Power Industries Committee (of the TUC)
GMB	General, Municipal and Boilermakers' Union
IADC	International Association of Drilling Contractors
IUOOC	Inter Union Offshore Oil Committee
LO	Landsorganisasjon
MSF	Manufacturing, Science and Finance Union
NOC	National Offshore Committee
NOPEF	Norske Olje og Petrokjemiforbund
NUM	National Union of Mineworkers
NUMAST	National Union of Marine, Aviation and Shipping Transport Officers
NUS	National Union of Seamen (now part of RMT)
OFS	Oljearbeidernes fellessammenslutning
OILC	Offshore Industry Liaison Committee
STUC	Scottish Trades Union Congress
TGWU	Transport and General Workers Union
TUC	Trades Union Congress

### Employers' Associations

COTA	Catering Offshore Traders Association
ECA(S)	Electrical Contractors Association (Scotland)
NAF	Norsk Arbeidsgiverforening (now replaced by NHO)
NHO	Næringslivets Hovedorganisasjon
IADC	International Association of Drilling Contractors
OCA	Offshore Contractors' Association (now OCC)
OCC	Offshore Contractors' Council
OCPCA	Oil Chemical Plant Constructors Association
OLF	Oljeindustriens Landsforening
SJIB	Scottish Joint Industry Board
UKOOA	United Kingdom Offshore Operators Association

### **Government Organisations**

ACAS	Advisory, Conciliation and Arbitration Service
HSE	Health and Safety Executive
NPD	Norwegian Petroleum Directorate
OSD	Offshore Safety Division (of HSE)
OPITO	Offshore Petroleum Industry Training Board
PED	Petroleum Engineering Division (of Department of Energy)

### **Miscellaneous Abbreviations**

CSA	Continental Shelf Agreement
HASAWA	Health and Safety at Work Act
NRB	Not Required Back
OCA	Offshore Construction Agreement
OIM	Offshore Installation Manager
SWA	Southern Waters Agreement



**SECTION E**

# SOURCES USED IN THE RESEARCH

## PRIMARY SOURCES

### 1 Interviews

#### **A United Kingdom**

As stated in the methodology, the author had no difficulty in obtaining interviews with managers although they made it a condition that any information had to be on a non-attributable basis. The one exception was Mr Cheetham, who had recently left his employment as personnel manager of Phillips Petroleum Company UK and his detailed account of the company's protracted discussions with ASTMS on recognition is given in Appendix S. Oral information was received from twelve managers in seven major oil operating companies and two servicing companies, one large and one small. Three of these managers were directors, two of them in major oil operating companies, three were concerned principally with accident prevention and six were heads of personnel departments.

The author's academic colleagues, Dr Green and Mr Hutton, formerly managers with BP and Britoil respectively, were able to speak without any of the constraints, which might previously have applied.

Trade unionists were prepared to discuss industrial relations without demanding anonymity. Mr Ronnie McDonald of OILC and Mr Campbell Reid of ASTMS (later MSF) were unstinting in their help across a wide range of accident prevention and industrial relations issues. Mr and Mrs Robertson of OILC were also most supportive with information, especially as regards the dispute (see Chapter Six) where they were personally involved. Mr Bobby Buirds of AEEU gave the author vital information about the events on Tern in late 1988, while Mr Rab Wilson, also of AEEU, explained the reasons for the re-negotiation of the Offshore Construction Agreement in 1991.

#### **B Norway**

Professor Jan-Erik Karlsen of Rogaland Research, Stavanger gave the author information on industrial relations in the Norwegian offshore oil industry, without which Chapter Three ("Norway and her Industrial Relations") would have lacked a proper perspective. A member of his staff, Dr Ole Andreas Engen, also gave assistance both at Stavanger and on a visit to Aberdeen.

Mr Borge Bekkheien, Assistant Director of the Norwegian Oil Industry Association and Mr Gunnar Lied, Head of Technical Training, Elf Petroleum Norge, provided information on the approach to industrial relations by the managements of oil operating companies working in Norwegian waters.

Interviews were also obtained from three senior officials of Norwegian trade unions representing oil workers. These were Mr Ketil Karlsen, Deputy Leader of NOPEF (the Norwegian Oil and Chemical Workers' Federation), Mr Tor Fjellidal, Research Officer



of NOPEF and Mr Orjan Bergflodt, Deputy Leader of OSF (the Norwegian Oil Workers' Federation).

## **2 Unpublished Sources**

### **A Trade Union Materials**

The minutes of the Inter-Union Offshore Oil Committee from its first meeting down to 1988 are held in the archives of the Offshore Industry Liaison Committee, which is currently located at 6 Trinity Street, Aberdeen. These minutes were found by Mr Ronnie McDonald when Tommy Lafferty resigned as secretary of IUOOC and anyone who seeks to carry out research on industrial relations offshore during these years owes a debt of gratitude to Mr McDonald. The minute books also contain the correspondence between fellow trade union officers in North East Scotland, between local and national trade union officers and between both local and national trade union officers and members of the government and senior civil servants. In addition, there are also original documents and of prime importance have been those relating to the discussions between government ministers and trade union representatives prior to the agreement on the terms of the Memorandum of Understanding on Trade Union Access to Oil Installations. Without the opportunity to study these original sources it would not have been possible to write this thesis.

As stated at page 17 in the chapter on Methodology these IUOOC documents have been catalogued under the title of OILCarc (OILC archives) and appear immediately below.

#### **OILC ARCHIVES (OILCarc)**

<b>Number</b>	<b>Date</b>	<b>Contents, Description etc</b>
1	8 Nov. 1974	G. Gilliat to W. Price, MP.
2	11 Nov. 1974	A. Booth, MP Under-Secretary of State for Employment to W. Price, MP.
3	Undated but probably April/ May 1974	Charter of Unionisation of employees engaged in the Offshore Oil Industry within UK jurisdiction.
4 <sup>1</sup>	25 Mar. 1980	L. F. Myhre, President of NOPEF, to A. C. Reid.
5	3 July 1980	R. Lyons to A. C. Reid. Norwegian trade unions and safety issues offshore.
6	Undated but probably April 1974	W. P. Reid to oil industry employers
7	Undated but received by IUOOC 17 May 1976	Draft Press Notice of meeting of Secretary of State for Energy (T. Benn), Minister of State (D. Mabon), Minister of State, Dept of Employment (H. Walker), trade union and employer representatives.
8	5 April 1976	Minute of meeting held on 30 March, 1976 between Ministers, TUC and IUOOC.
9	Undated but almost certainly May 1976	Final agreed wording of the Memorandum of Understanding on Trade Union access to Offshore Installations

<sup>1</sup> Numbers 4 and 5 break the chronological order of these archives. This is deliberate since they refer to the chapter on Norwegian industrial relations which appears early in the thesis.

10	Undated but almost certainly April 1976	Earlier draft of above Memorandum.
11	14 May 1976	A. C. Reid to J. Langan.
12	3 Mar 1977	A. C. Reid to S. Davison.
13	21 Mar 1977	D. E. Lea to all trade unions with offshore interests.
14	27 April 1977	Report of meeting at Congress House on 23 March 1977 to settle demarcation issues in offshore employment
15	5 August 1977	R. Lyons to S. Davison.
16	26 July 1977	Notes from Department of Energy on meeting of 21 July, 1977 between Secretary of State for Energy (T. Benn), ASTMS and UKOOA representatives. (Referred to in letter of 5 August, 1977)
17	21 Nov 1978	D. M. Fraser (Shell UK) to H. Bygate (Secretary of IUOOC).
18	28 Sept 1979	A. C. Reid to R. Lyons.
19	8 May 1980	A. C. Reid to W. P. Reid.
20	18 June 1980	A. C. Reid to F. James (S. E. Drilling Services Ltd).
21	12 Nov 1980	A. C. Reid to S. Davison.
22	18 June 1981	UKOOA to J. Baldwin and IUOOC trade unions.
23	16 June 1981	Report of meeting held on 4 June, 1981 between TUC and IUOOC.
24	18 June 1982	J. Bromley to A. C. Reid.
25	21 June 1982	H. Gray, Minister of State, Dept of Energy, to A. C. Reid.
26	26 July 1982	T. P. Boston (Mobil North Sea) to A. C. Reid.
27	6 Sept 1982	T. Kempner (Principal, Management College, Henley) to C. Jenkins.
28	17 Sept 1982	C. Jenkins to T. Kempner.
29	30 Sept 1982	T. Kempner to C. Jenkins.
30	11 Nov 1982	L. Murray, TUC Secretary General, to N. Lawson, Secretary of State for Energy.
31	June 1983	List of UKOOA Member Companies.
32	23 Nov 1984	J. M. Keenan to A. C. Reid.
33	6 Dec 1984	W. Duncan to J. Kinahan.
34	12 Aug 1985	R. Lyons to B. Callaghan.
35	10 Oct 1985	"Scotsman" report of claim by ASTMS of acceptance by Shell/Esso of representational rights on five installations.
36	4 Dec 1985	A. C. Reid to B. Callaghan.
37	23 Feb 1987	R. W. Eadie to A. C. Reid.
38	10 Oct 1987	Un-named newspaper. Report of representational rights won by ASTMS on five installations.
39	3 June 1988	Amended Constitution of Inter-Union Offshore Oil Committee.
40		Various undated documents to which only approximate dates can be suggested follow:
40 (a)	Probably August 1979	Excerpt from evidence of TUC to Burgoyne Committee.
40 (b)	Probably 1981	Draft of North Sea Oil Charter



40(c)	Probably 1977 or 1978	Memorandum on Disputes Procedure
40 (d)	Probably 1986 or early 1987	Excerpt from a report to the TUC by delegates who had attended a meeting of the International Labour Organization.

IUOOC minute books and correspondence from 1989 have been in the hands of Mr Campbell Reid, at 2 Layton Drive, Old Whittington, Chesterfield. He was invited to resume secretaryship of IUOOC in 1991 although he had retired as an MSF officer and he was kind enough to bring them to Aberdeen so that the author could make full use of them.

### **B OILC Records**

OILC documents and minute books date from mid 1989 are held in the union's archives at 6 Trinity Street, Aberdeen where the author was granted full access to them. The most interesting document is a copy of Ronnie McDonald's address to national officers of the major British trade unions on 5th September, 1989 during the TUC meeting at Blackpool. This paper outlines the background to the OILC, comments on the industrial action offshore that summer and asks for unifying action by the trade unions to support offshore oil and gas workers. Curiously enough the author found a copy of this paper not among OILC material but among documents which he received from Marathon.

### **C Company Records**

There was no likelihood of being given access to company records by direct request, because, as this thesis has demonstrated, oil companies prefer to carry out industrial relations policies without reference to any other organizations, whether it be another oil operator or a trade union. Nevertheless, the personnel manager of one company handed over some documentation providing information on the company's policies and reactions towards the offshore industrial action of 1989 and 1990. This allowed, for the first time, a comparison to be made between the trade union and the employer interpretations of that dispute through the use of original documents.

### **D Correspondence and Communication with Individuals**

Since the main players, both company and trade union, were based in Aberdeen, correspondence was limited to requests for interviews, which were usually agreed. There was one exception in the person of Mr Kåre Willoch, former Prime Minister of Norway. He kindly gave details of the offshore policy which his government had sought to implement during his premiership (1981-1986) and explained that one of his ministers, Mr Arne Rettedal, should have received the credit for its success rather than himself.

Dr J. H. B. Vant, the author's adviser, has had a lot of experience of the oil and gas industry. Communication with him was almost always by telephone and fax and original information was incorporated into the thesis at relevant points.

### **3 Official Publications**

#### **A United Kingdom Government**

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- 1969 Cmnd 4114. Report of Committee of Inquiry into Trawler Safety.
- 1970 Cmnd 4117. First General Report of the Commission on Industrial Relations.
- 1972 Cmnd 5034. Safety and Health at Work.
- 1980 Cmnd 7866. Offshore Safety: Report of the Committee 1974.
- 1990 Cmnd 1310. The Public Inquiry into the Piper Alpha Disaster

1990 HSE Contract Research Report 20/1990. Statutory Involvement in Health and Safety at the Workplace: a Report of the Implementation and Effectiveness of the Safety Representatives and Safety Committees Regulations 1977.

1993 HSE Report OTO 93 012. The Effectiveness of Offshore Safety Representatives and Safety Committees- a Report to the Health and Safety Executive.

1997 HSE Offshore Technology Report OTO 96 049. A Comparative Study of Risk Perception and Safety in UK and Norwegian Offshore Personnel.

1998 HSE Report OTH 97 573. Human and Organizational Factors in Offshore Safety.

1974 Hansard (House of Commons). Columns 690-691 of 16th January, 1974.

1991 Seventh Report of the House of Commons Energy Committee (Session 1990/1991). Offshore Safety Management.

1990 Department of Energy. Petroleum Engineering Division Safety Notice S1/90.

1994 Department of Trade and Industry Report. The Energy Report.

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#### **B Norwegian Government**

1975 NOU 1975:38. Report of Public Inquiry into Offshore Employment,

1983 UDA 167/83 Industrial Democracy in Norway.

1994 Annual Statistical Report of Statistisk Sentralbyrå, Oslo.

#### **C International Labour Organization**

1993 TMOPI/1993. Safety and Related Issues pertaining to Work on Offshore Petroleum Installations.



#### **4 Newspapers reporting Contemporary Events**

##### *Dundee Courier and Advertiser*

7th December, 1996 - statement by UKOOA of expenditure on accident prevention.

##### *Financial Times*

31st August, 1990 - comment of J. Airlie on recent industrial action offshore.

##### *Scotland on Sunday*

22nd October, 1995 - article by S. Fraser: "Safety Hopes buried at Sea".

##### *Scotsman*

10th October, 1987 - comment of Shell on result of an ACAS conducted ballot on trade union recognition.

11th August, 1993 - report on prosecution of Odeco Drilling following the blowout, which led to the destruction of the rig "Ocean Odyssey".

3rd March, 1990 - comment of R. McDonald on non-negotiated pay award.

19th April, 1990 - comment on formation of the National Offshore Committee.

5th November, 1993 - interview with Mrs Lafferty.

7th July, 1995 - article by J. Ledgard: "Booming Norway basks in its go-it-alone age".

21st May, 1996 - obituary of Isobel Rhind.

18th July, 1996 - comment on HSE report on safety standards on "Elf Claymore".

29th August, 1997 - comment on death of Enrico Mattei in 1962.

##### *Scottish Daily Express*

29th August, 1991 - comment of R. McDonald on Offshore Construction Agreement.

##### *The Times*

2nd December, 1963 - comment on selection of employee representatives.

24th November, 1974 - report on visit to a BP drilling platform by union officials.

11th March, 1997 - obituary of J. Airlie.

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#### **1 Books (those with an asterix are text books)**

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Ahlstrand, B., (1990) *The Quest for Productivity: a Case Study of Fawley after Flanders*. Cambridge University Press.

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#### **4 Publications of the Oil Information Centre**

The following publications have specific reference to the Offshore Industry Liaison Committee which was initially a pressure group of offshore workers who still owed allegiance to their trade unions. In order to have legal identity and to provide some focus for their activities they set up the Offshore Information Centre, which published the titles which appear below. No indication was provided whereby authorship could be attributed.

1991 *Striking Out: New Directions for Offshore Workers and their Unions*.

1991 *The Summer of the Offshore Liaison Committee*.

1991 *The Crisis in Offshore Trade Unionism*.

1992 *Submission on the Draft Offshore Installations (Safety Case) Regulations*.

In addition there is "Blowout". This began as a broadsheet, which began to appear at irregular intervals from 1989. Content and standard of printing gradually improved and from December 1995 it has been published every two months as a magazine with articles of interest for all people within offshore employment as well as serving as the mouthpiece of the Offshore Industry Liaison Committee.