

29/03/2021

Dear GMB Member,

We trust you remain safe and well.

Further to recent press releases, which followed earlier GMB Bulletins and Surveys, GMB has now concluded and signed up to the new Energy Services Agreement. For ease of future reference, we have included the link to the agreement below:

https://oilandgasuk.co.uk/wp-content/uploads/2021/03/OGUK_Energy-Services-Agreement_March-2021.pdf

The outcome of the trade unions consultative survey was member support the Energy Services Agreement by 63.6%. Also, we ended up getting 14 employers signed up to the agreement. These are: Aker Solutions, Altera, Brand, KAEFER, Muehlhan, Navitas, ODE, Oleochem, Petrofac, Ponticelli, Semco Maritime, Stork, Wood and Worley.

Now the agreement has been signed off we will re-double our efforts to firstly encourage other contractor companies such as Altrad, Bilfinger and others to become part of the agreement. If encouragement fails to achieve this, we will then mount specific campaigns, all designed to improve conditions for our members offshore with these companies.

Stay safe!

Ross Murdoch

GMB National Officer



Previous Bulletins

2020 Bulletins

18/12/2020

Dear GMB Member,

We trust you remain well during this very worrying crisis.

In our previous GMB newsletter we let you know that we were working to complete the new Energy Services Agreement (ESA) agreement before the end of December, when the OCA partnership agreement ends.

Unfortunately, despite everyone's best efforts, it will not be possible to complete the ESA agreement, and consult with members before this date.

Therefore, all parties have mutually agreed to continue to develop the ESA into next year, until there is a completed agreement and the trade unions have been able to consult their members on it.

Importantly, during this time all current OCA agreement terms and standards, including recognition of the relevant trade unions, will be respected and remain in force.

We believe that it is vital for our members to be covered by an offshore collective agreement, that protects their terms and conditions, and will be fit for the future.

Stay safe!

Ross Murdoch

GMB National Offices

Date: 13/10/2020

Dear GMB Member,

I am writing to you to give you an update on how GMB and the other offshore unions (Unite & RMT), are trying to develop a new collective offshore agreement (Energy Services Agreement) to replace the OCA agreement, which ends at the end of this year.

As you will know for many years, we have had a national collective agreement offshore, the Offshore Contractors *Partnership* Agreement. The agreement has served members well, and has ensured stable industrial relations, regular pay increases, and good terms and



conditions. Recently it has been seen as outdated by employers and not flexible enough.

Following discussions between the trade unions and the existing OCA companies (Aker, Brand, Muehlhan, Petrofac, Stork, Wood, Worley) it has been accepted that the existing Offshore Contractors *Partnership* Agreement, will end, at the end of 2020.

It has also been accepted that to ensure the continued stability in the industry, in what will still be a challenging time ahead, there will be a need for a new collective agreement that; has more offshore contractors as part of it (and more members covered by it), maintains minimum terms and conditions in alignment with the Scottish Government Fair Work Principles, and reflects better the current and future workforce.

We have been working on a new collective agreement and have completed approx. 75% of it, and have got 6 new contractors (Kaefer, Altrad, Semco Maritime, Ponticelli, Altera, Oleochem), as well as the original OCA contractors to sign up to the Statement of Intent, to take this forward.

Due to the progress made so far, it has been agreed to extend the completion deadline with the OCA companies from the 30th September, for another 4 weeks, to try and get some of the other contractors such as; Bilfinger, Sparrows, EnerMech, PD&MS, Global E&C, R&M Engineering, CAN (Offshore), and Oceaneering, to sign up.

For this new collective agreement to succeed, it will need full industry and contractors support.

GMB believe our members need to be covered by this new Energy Services Agreement (ESA), as it will give them the required stability and protection of their wages and terms and conditions, as we go into next year.

Finally, GMB would like to take this opportunity to thank you for your continued support.

Please stay safe!

Ross Murdoch

GMB National Officer

Date: 04/07/2020

OCA Update

Dear GMB Member,

We trust you remain well during this very worrying crisis.



You will recall from previous GMB Bulletins that we were engaged in serious high-level discussions with the OCA over their future and consequently the future of the Offshore Contractors Partnership Agreement (OCPA), which effectively governs your terms and conditions offshore. We also advised that the OCA Board decision was to still serve 6 months-notice at the end of June 2020.

There have been regular weekly meetings on this matter, particularly on what to the trade unions would be an unacceptable position of being served formal notice to terminate the OCPA. To this end we have been successful in staving off this formal notice.

However, it is only a partial victory at this stage, in that we have bought a firm commitment from the OCA signatory employers to negotiate a new model agreement fit for the energy transition taking place. It is however clear that the OCPA in its current format will end as of 31 December 2020, though there is a collective undertaking to use the period 30 June to 30 September 2020 or, later as agreed as a development, negotiation and drafting period, during which time all partners will collectively seek to develop a framework for new working arrangements. The current OCA employers involved in these negotiations will along with other current non-signatory and recent OCPA leavers then be invited to sign up to this new model. After our meeting this week a joint statement was put together, which you are likely to read in the press. (See below)

“Following negotiations between the trade unions and the OCA it has been agreed that notice to terminate the Offshore Contractors Partnership Agreement (OCPA) is not required. However, the OCA and the partner trade unions Unite and GMB all acknowledge that the OCPA will come to an end at the end of this year.

All parties remain committed to working together in order to develop a new framework that will supersede the OCPA and work will continue over the next few months.

This will involve developing a detailed plan to ensure that alternative arrangements can be in place when the current agreement ends.

The partners also agreed that, all current OCPA terms will continue to be honoured until the termination of the OCPA on 31 December 2020.”

It is very much still our opinion that the operators are creating the culture and conditions that lead to the start of a race to the bottom and it is this that is proving to be the biggest threat to the offshore workforce. GMB and our sister offshore unions will fight to ensure any new model agreement is one that protects the hard fought for terms and conditions we have currently as an absolute minimum. However, we cannot emphasis strongly enough just how much of a challenge all of this is to the future of the offshore industry.

We will continue to campaign through every means be it politically or via the media or any other at our disposal to save this industry so you have a future.

Now is the time more than ever to convince those colleagues not in a union to sign up to GMB, at www.gmb.org.uk/join

If you or your colleagues have any concerns please send an email to our National Organiser for Offshore Dominic Pritchard at dominic.pritchard@gmb.org.uk



In the meantime, GMB thanks you for your on-going support and please, Stay Safe!

Ross Murdoch

GMB National Officer

Date: 22/05/2020

OCA Bulletin: OCA/OCFA Future

Dear GMB Member,

You will recall from previous GMB Bulletins that we were engaged in serious high level discussions with the OCA over their future and consequently the future of the Offshore Contractors Partnership Agreement (OCPA), which effectively governs your terms and conditions offshore.

By way of a recap, in January 2020, the OCA full member companies (Aker Solutions, Altrad, Brand, Muehlhan, Petrofac, Stork, Wood and Worley) informed GMB and its sister unions that they were looking to serve notice to come out of the OCA agreement. Following very tense and difficult negotiations, which included at this time the threat of an industrial action type response from the unions to what effectively would have amounted to derecognition, they agreed not to serve notice until the end of June 2020 at the earliest; for info this would be 6 months-notice which would take us to the end of 2020.

During this time meetings were to be held to see if a way forward could be found, these included meetings with the Oil & Gas Authority (OGA) and Oil & Gas UK (OGUK). Of course, then the Covid 19 crisis happened and everything either slowed down or indeed stopped. On the 31st March 2020, a meeting took place between GMB with our sister unions, the OCA, and Oil & Gas UK, at which both we and Oil & Gas UK asked the OCA to postpone any decision on serving notice during the current coronavirus crisis, to allow us to deal with the issues from the pandemic. Since then we have been awaiting an answer.

On Monday 11th May 2020, we got that answer.

In the opinion of the OCA, the involvement of the Oil & Gas Authority and Oil & Gas UK had been a waste of time and nothing had changed their minds, therefore informing the unions that the OCA Board decision is to still serve notice at the end of June 2020. They then offered GMB and the other unions individual recognition agreements with each OCA member company. However, when pressed they would not confirm they would maintain the same rates of pay and associated terms and conditions as per the current OCA agreement.

They also offered to produce meaningless guidance to protect workers. In a calculated and callous move, the OCA has used the global coronavirus pandemic to their advantage. The OCA intend to destroy a collective agreement that has protected members terms and conditions since 1995, they intend to go back to a system of competing for a workforce and



seeing who can employ them for the least money.

Both myself and our GMB National Organiser Dominic Pritchard during the 11 May conference call, made the point in no uncertain terms to the OCA and the signatory employers dialled in that this was no more than an opportunistic decision to start a race to the bottom, which they refuted but then again they would wouldn't they!

In GMB's view, this is the biggest threat to the offshore workforce, not low oil and gas prices, not coronavirus. This will see an offshore industry that; reduces wages, reduces conditions, reduces safety, on a downward spiral to the bottom.

GMB and our sister offshore unions will fight this, we cannot allow this to happen, you our members cannot allow this to happen. We will campaign through every means at our disposal to save this industry so you have a future, and we will campaign to save the collective agreement, so you have a fair, just, and safe future.

Now is the time more than ever to convince those colleagues not in a union to sign up to GMB, at www.gmb.org.uk/join

If you or your colleagues have any concerns please send an email to our National Organiser Dominic Pritchard at dominic.pritchard@gmb.org.uk

In the meantime, GMB thanks you for your on-going support and please, Stay Safe!

Ross Murdoch

GMB National Officer

Date: 27/04/2020

OCA Bulletin: Crisis Behind the Crisis

Dear GMB Member,

Through the work GMB does with their sister unions offshore, we have highlighted in the report below titled 'The crisis behind the crisis', just how perilous a position we believe the industry is in.

The OCG position on the offshore energy crisis.

We are extremely concerned that, whilst there is without question a need to deal with the ongoing impact of the pandemic, the fact the sector is in meltdown appears to be of little consequence? Currently there are 17 mobile drilling units (MODU's) in the Cromarty Firth, 5 sitting in Dundee and a couple in the Firth of Forth while others are heading for Norwegian, Dutch and Spanish ports. What we already know is that drilling contractors Valaris; Borr; Archer; KCA; Noble; Diamond; and Transocean are all looking at redundancies. This accounts for something like 1,000 plus workers and it is almost certain other drilling contractors will be forced to go the same way. With those drillers go the well service companies, drilling fluids, wire line, tubulars, and a whole host of other supply chain



companies. Most if not all of these have only recently started working again after the worst downturn in a generation and now they face being dumped, again!

In addition to this we are seeing significant numbers of engineering contractors preparing to make redundancies across the sector as the operators simply stop all activity. The count has just started with these but already we are looking at several hundred and that number goes up each day. Our conservative estimates suggest we could be looking at upwards of 3,500 workers displaced by September 2020 and most of the drilling sector workers have been told it will be 2022 before there is any upturn in activity. Similarly, the Subsea sector is seeing contracts ended and the very real potential for tying vessels up.

We doubt whether the industry can be sustained with these dramatic fluctuations in activity driven by the major oil companies pulling the plug the moment things get a bit tough. As a nation exploiting the remaining natural resources from a mature basin, we cannot treat a highly skilled workforce as if it were a tap that can be turned on and off when needed. Neither can we hope to retain and develop the skills needed to achieve the much talked about 'Just transition' from oil and gas to renewables. There must be Government intervention now to halt this carnage. The Government Job Retention Scheme (Furlough) is very welcome and the principle of the Scheme is relatively sound. However, fundamentally we believe that the best way to invest taxpayer's future contributions is exactly that, to "invest" them and not simply use this money as an alternative to welfare state provisions. We are of the opinion that the supply chain is aligned across industry, in that unless we do something different then this downturn is going to outlast any Government sponsored furlough scheme and many of the employers in the supply chain.

It is our belief that to enable us to sustain our industry in Scotland and the UK we need to think differently, as simply bunkering down and doing the same old things as before is not going to work. The supply chain cannot sustain any further cuts. The economy should not tolerate a business which cannot/will not adapt/will not learn. We see it as vital that we get the Government to invest in projects, not as operating partners but as equity partners, providing low cost loans to Operators. These loans could be based on project economics. i.e. the projects that were on the books for 2020/21 were based on an oil price of X\$ while the oil price is now at Y\$; therefore, the Government could bridge the gap with an investment, rather than paying benefits through furlough and subsequently Universal Credit. Keep workers working, keep the economy going and growing. When oil prices are where they need to be for the project to be economical, the Government would take a return in proportion to the investment made.

We have heard a lot about a National Investment Bank and with the onset of the Covid-19 we have seen just how quickly the finances can be found to deal with a crisis. The offshore industry is in a crisis right now, an industrial crisis, which is hidden from view because of the health crisis. The health crisis will be resolved, but what is unfolding with the industry could cause irreparable damage in terms of government aspirations to exploit remaining resources and achieve the transition.

If the Government were prepared to pull the licences from those who are not prepared to take part in such a scheme, we could quickly establish those committed to the sector and give the licences to those who will? This type of scheme would allow the Supply Chain to keep working, we could keep training, we could continue to develop new talent and keep paying taxes to HMRC. We might have a chance of achieving a Just Transition and our climate change goals. The alternative is the Furlough scheme and welfare state that delivers nothing and further burdens the exchequer through loss of tax revenues whilst making the Vision



2035 objectives unsustainable. There are numerous models around the world where wells are drilled and capped during downturns until needed. The Middle Eastern National Oil Companies routinely build well stocks to enable them to flatten production curves, i.e. as one well declines, they always have another to bring online. This is a longer-term investment strategy than traditional in the UK, but our market has now fundamentally changed, our economy is fundamentally changing and therefore it is time for a fundamental change in our industry, how it is funded and how it is regulated.

We as an industry have to commit to lowering the cost per barrel of North Sea Hydrocarbons. We must remain competitive in a global market. This means we have to make a seismic shift in how the industry operates. No longer can the market rely on the boom bust cycle, it is just not sustainable for any in the supply chain, particularly in a global market where the need for Hydrocarbons will remain and actually increase in the medium term. Technology has to be embraced and inefficiencies need to be identified and removed. We will never get to be the energy transition leader/centre of excellence for decommissioning if the current workforce is lost. We need the ability to hire/develop/progress the workforce to take us into the next phase of energy production. A sustained downturn will make our industry less attractive to investors, it will be less attractive to the best and the brightest talent and it will have a severe impact on HMRC revenue streams in the future.

The oil majors have enjoyed a lengthy period of tax breaks. These breaks have delivered significant returns for each of them while the oil price hovered around 60-70\$ and they got production costs down to around a 20\$ average. Despite those substantial returns it is clear now that many are not committed to the UK, as all capital expenditure is being pulled, again! This has to stop; we need a different strategy, one which gives us as a society something back. As a society we have a vested interest in terms of jobs and the economy. Government investment now will ultimately bring returns on that investment, while bolstering an already failing economy and driving the Just Transition ambitions. This industry risks failing the UK energy objectives with another downturn and that cannot be allowed to happen.

Offshore Coordinating Group Trade Unions; GMB, Unite, RMT, Nautilus International, Balpa, Prospect.

Stay safe!

Ross Murdoch?

GMB National Officer?

Date: 08/04/2020

OCA Bulletin: Covid-19 Survey

Dear GMB Member,

First of all, I hope you are well given the current COVID 19 crisis we are all facing; it is a unique and extremely worrying time for all.



Through the work we do as a union in Scotland and wider, GMB has an opportunity to make sure we can influence the political agenda with a view to ensuring all the necessary health, safety and welfare procedures are in place. Our initial route into this is via the Scottish TUC (STUC). They will then feed any issues raised with the TUC General Council to raise the concerns of unions and workers with Government.

The areas they are interested in are set out below. Therefore, by way of a short survey we have listed questions below and in the context of the offshore industry, would ask that you send responses on each question to the following email address: info@gmb.org.uk

We would like to know:

- 1) What are main COVID 19 related issues in your sector currently?
- 2) Do you have examples of negative practice that you want us to be aware of?
- 3) Do you have examples of positive practice that you want us to be aware of?
- 4) Is there anything else that you would like to tell us?

Thank you for your continued support of the GMB, it is very much appreciated.

Stay safe.

Ross Murdoch

GMB National Officer

