

Self-regulation – The Logical Method of Improving Operational Efficiency

a report by

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The offshore oil and gas industry is a sophisticated, mature industry and, being such a critical and vital resource, is quite rightly highly regulated. This level of administration has created an industry where expectations of safe and efficient working are high and well met. However, there are still unpredictable occurrences and we are constantly striving for a zero incident target in terms of safety, legal, environmental and security issues; however, it is fair to say that self-regulation within the industry has played, and continues to play, a vital role.

Self-regulation enables a mature industry like ours to run its business in a safe and efficient way, complying and collaborating with national and international bodies such as governments, the International Maritime Organization (IMO), Flag States and Class organisations, and is constantly improving and setting ever-higher goals. What is important is that the industry develops guidance for itself and, thus, satisfies the stakeholder requirements of governments, clients and contractors.

The International Marine Contractors Association (IMCA) is a trade association with over 420 member companies in 48 countries around the globe. Self-regulation has always been one of the Association's goals; indeed, it is written into our mission statement, appearing as the second in a list of seven main objectives. It is a topic that will be discussed by senior oil company personnel and keynote speakers later this year, at an IMCA Council dinner being held the evening before the 15th Annual IMCA Seminar opens in Paris in early November.

Why do we want self-regulation, and how do we strive to achieve and sustain it?

What Is Self-regulation?

Trade associations do not regulate in the same way that legislators do. They provide guidance to members developed from years of international experience and work to update and introduce new guidelines wherever there appears to be a need. This enables members working to those guidelines to be 'self-regulating' rather

than looking to clients or governments to impose regulation. Thus, self-regulation is the logical result of action by industry participants to address a number of concerns.

If an industry does not self-regulate, some other body will impose its own rules and demands in the form of either governmental or client requirements. If this happens, contractors face the prospect of each client and government stipulating its own, varying requirements. This causes considerable strain to each contractor and extra unnecessary costs, including establishing the bespoke requirements of clients, tendering while allowing for these requirements and then complying with them for each project. For contractors who work for different clients all around the world this is a potentially repetitive, expensive and avoidable burden. Self-regulation ensures that the same 'language' is spoken worldwide.

In a mature, responsible global industry such as ours, self-regulation is a reasonable approach with proven benefits for all parties.

Self-regulation Is Good for All

Self-regulation is undoubtedly good for contractors, clients, governments and regulators – indeed, for all parties involved in the industry.

Contractors benefit from having consistency in requirements, as set out in industry practice. This consistency ensures they can avoid wasting time, money and effort addressing a multitude of variations in local regulations and client conditions. Later in this paper I will show how one document, the Common Marine Inspection Document (CMID), is a perfect example of how this can work.

If self-regulation is effective, well-used and well-known, it becomes a promotional tool for those contractors who can advertise that they conform to it. We know that in many parts of the world this has led to definite benefits for our member companies.

As we are all well aware, litigation is all around us every day, and it has been shown to be more important than ever for a company to be able to prove to a court that it has proper systems in place for health and safety and its general operations. Conforming to safe practices that are accepted by the industry, published and regularly reviewed by a reputable trade association goes a long way towards achieving that.

This is not a one-sided relationship; indeed, it would not work if it was. Where industry good practice is set out and accessible, each client need not 're-invent the wheel'; rather, it can specify that work is carried out in accordance with recognised guidance, only needing to add the contract-specific requirements for a particular organisation. Again, the CMID, as an example, has great benefits in terms of time and cost to clients.



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Global Maritime, and ports and harbour and design office and site work with engineering consultants Rendel Palmer and Tritton. Over time, his career has focused on marine operations, particularly heavy lifting and construction in the offshore oil and gas industry.

Removing the inefficiency of varying regulations means that cost savings to contractors can be passed on to clients through lower contract prices, which is very much a win-win situation for all, especially in these busy times when time spent unnecessarily is expensive in every way.

Governments and regulators also benefit from self-regulation, as they provide a basic structure of legislation to deal with a range of matters in the public interest. There is not, in any pragmatic sense, time for an administration to produce detailed legislation for every part of an industry's operations. In any event, some parts are not ideal for legislative control. For example, guidelines for the safe operation of a vessel are laid down, but the detail of how, for instance, dynamic positioning operations are undertaken on all of the wide variety of vessel types would be beyond ordinary legislation. Government action can even be avoided entirely in relation to many aspects of operations if an industry can successfully self-regulate.

Governments, international bodies and clients of IMCA members can – and do – rely on self-regulatory groups for providing a legislative structure to build on when a need is found. They are content for industries to self-regulate, not only because it assists them, but, it could be said, it also provides a body on which to shift responsibility, should they perceive the need. Needless to say, this encourages trade associations to ensure that their guidance is a proper reflection of good practice in their industry.

It is fair to say that self-regulation improves the conduct of an industry and drives out unsafe practices together with those who use them. Furthermore, it is far easier to implement quickly and to change than to undergo a legislative process. With the rapid advances in technology, this flexibility is an undoubted benefit. And, of course, guidelines can be improved easily, if necessary, through experience and feedback from any party.

The International Marine Contractors Association's Role in Self-regulation

IMCA has been at the forefront in producing guidelines for a variety of marine operations. Initially these were for diving and dynamic positioning (DP), followed by guidance for safety, training and competence; marine remotely operated vehicles (ROV) and survey operations followed. Currently, there are well over 200 IMCA guidelines that are respected, regularly used all around the world and accepted. Take-up has also included, for example, reference by the IMO to IMCA DP guidance, regulatory acceptance of IMCA guidance (e.g. by the UK Health and Safety Executive) and wide international recognition of the IMCA diving supervisor scheme. If clients or government bodies quote the guidelines, they can become law, standards or contractual requirements. This is a powerful means of acceptance and spread of good practice, and helps all parties to be safe and efficient while raising international standards.

The spread of IMCA's guidelines is in direct proportion to its growing number of members. The exposure of the documents increases gradually as clients require the policy to be used as a condition of contract. Many larger clients have moved towards using a single approach worldwide for all their offices and projects in all regions, and the approach used is often based on IMCA guidelines. In addition, as the industry moves into new

frontiers – be they geographical zones or because of deeper waters – IMCA guidelines are used as an available, acceptable reflection of industry 'good practice' for the government or local client without having to start all over again from a blank sheet of paper.

IMCA does not provide only these guidelines, but also the matching audit documents to go with them. This helps contractors to complete self-auditing and provides an ideal format for clients to carry out their audits as well. The CMID is an example of this and, to provide further assistance with this popular document, a completed example (IMCA M167) is displayed to help the auditors. There are also several DP-, diving- and security-related audit documents.

The CMID was originally developed to reduce the number of audits carried out on individual vessels, together with the adoption of a common auditing standard for the offshore marine industry. It is gratifying that the CMID is seeing ever-greater adoption around the world and members are actively promoting its use to clients, sub-contractors and other vessel operators. Indeed, a significant part of the international offshore industry has accepted the CMID as the standard for vessel inspections and, therefore, when requesting copies of recent inspections they will expect them to be in the format laid out in the CMID, which is a classic example of self-regulation.

The CMID is treated as a living document. Some parts can be completed by the crew prior to an independent auditor's arrival and, thereafter, the vessel's crew can keep it updated wherever possible so that the minimum amount of work is required at each audit, and auditors can spend their time on-board as effectively as possible. We view it as so important that it will be the subject of one of the workshops at our annual seminar, when we will explore how the CMID is used in practice and how use of the document can be enhanced. It will also be a topic for discussion between members of our Council and invited guests prior to the start of the seminar, for we are eager to ensure that the CMID meets (and indeed exceeds) all needs and that there is no need for duplication of effort, something that would dissipate the element of self-regulation that is now working so well.

Sustaining Self-regulation

Self-regulation is self-sustaining and raises international standards. However, it is a fragile structure, being a triangular relationship where a missing side threatens the whole. Therefore, there are responsibilities and benefits for the three industry parties:

- contractors need to continue to create the industry good practice guidelines, strive to comply with them and use the guidance with sub-contractors;
- clients need to adopt and endorse the guidance and, where it becomes a contractual requirement, ensure that it is delivered; and
- governments must do the same from their perspective.

Each group benefits from a healthy, high-quality, safe and efficient industry with a resulting reduction in wasted time and money for all three parties, and IMCA is proud to play a role facilitating input from across the industry. However, it would be all too easy to lapse into the bad old days if this triangular relationship were to break down, so all three parties have a vested interest in playing their part to continue as an industry to sustain self-regulation. Do not break the triangle! ■