



OUR POWER

Demand Briefing Paper

94% of 1092 offshore workers surveyed support this demand

ESTABLISH UNIVERSAL RIGHTS AND A WAGE FLOOR ACROSS THE UKCS

SUMMARY

Loopholes in the law and inferior employment protections offshore allow employers to exploit foreign workers by undercutting wages. With even less protections in offshore wind, this is damaging green job potential. To address

this, a set of universal rights should be established, including a wage floor, to apply to all offshore energy workers regardless of nationality, carrying out any work on the UK Continental Shelf or in the UK Exclusive Economic Zone.

CONTEXT

There are offshore workers regularly working at sea for months on end for poverty pay. Work by the RMT Union has revealed that offshore energy companies regularly charter vessels operated by foreign agency crew paid less than the UK legal minimum and well below collectively bargained rates of pay in trade union agreements:

- On SSE's Beatrice wind farm, crew working for contractor Seaway Heavy Lifting were paid less than £5 per hour while working 12-hour days seven days a week in 2018.¹
- On Orsted, Macquarie Group and Sumitomo Corporation's Race Bank wind farm, Norwegian contractor Østensjø Rederi paid catering crew £6.75 per hour in 2019.²
- On SSE and Total Energies Seagreen wind farm, crew members working for contractor Fugro were earning as little as £3.60 an hour in 2019.³

In 2020, the UK Parliament extended the National Minimum Wage to cover seafarers, including those working in the offshore energy sector.⁴ According to HMRC advice, this covers almost anyone working in UK waters or on the Continental Shelf, including "on ships in the oil and gas and wind farm sectors."⁵

“ It’s morally wrong that British workers are getting three times the wages as foreign workers. We should all be paid the same even if it means that the big bosses in Shell are getting paid less. ”

– Fraser, Catering

This briefing paper forms part of a collection of resources on **Our Power: Offshore workers' demands for a just transition**. A full report detailing the 10 demands created by offshore workers is available to read online and contains technical information, costs and a complete series of recommendations for decision makers.

A methodology paper is also available for more information on how the demands were created.

To protect their anonymity, all the names of workers quoted have been changed.

- <https://www.theguardian.com/uk-news/2018/oct/21/migrants-building-beatrice-windfarm-paid-fraction-of-minimum-wage>
- <https://www.grimsbytelegraph.co.uk/news/grimsby-news/offshore-wind-minimum-wage-grimsby-2819861>
- <https://www.energyvoice.com/renewables-energy-transition/211782/contractor-in-hot-water-for-mistakenly-underpaying-workers-at-giant-scottish-wind-project>
- The National Minimum Wage (Offshore Employment) (Amendment) Order 2020
- <https://www.nautilusint.org/en/news-insight/telegraph-national-minimum-wage-know-your-rights-help-your-fellow-seafarers>

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However, Government guidance in 2022 **excludes seafarers working in the offshore wind sector and wind farm workers, as well as, for instance, fishermen**, from this minimal protection:

“A worker is eligible for the national minimum wage if they are working in the United Kingdom sector of the continental shelf in connection with:

- the exploration of the sea-bed or subsoil, or
- the exploitation of their natural resources: those being mineral and other non-living resources of the seabed and subsoil together with living organisms belonging to sedentary species.”⁶

Trade unions, including Nautilus, have since uncovered multiple adverts for seafarer jobs paid at rates below the National Minimum Wage, including in the offshore energy supply chain.⁷ The UK Government has granted the offshore wind industry other concessions that allow them to undercut wages at the expense of all workers. Salary thresholds set by the UK Government as part of immigration rules have been waived for the offshore wind sector for the last five years, allowing companies to cut wage bills for dangerous and fatiguing work in construction and maintenance projects in UK waters.⁸

Monitoring of seafarer working conditions is limited and under-resourced, with regulators and unions both relying on inspectors from the International Transport Workers Federation (ITF) to uncover breaches. At the time of writing only two registered ITF inspectors are based in the UK.⁹

In terms of other rights at work, UK law extends some protections to offshore workers but they do not have:

- Rights under the TUPE regulations, i.e. rights to retain working conditions when a workplace is taken over by a new firm.
- The right to request flexible working.
- Whistleblowing rights Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998).

As offshore workers on installations or turbines are often self-employed, they also do not have a full suite of employment rights in relation to the National Minimum Wage, sick pay, working time, pensions, parental rights, unfair dismissal, redundancy pay, rest breaks, holiday, night work, and unauthorised deductions from pay.¹⁰

Laws should guarantee all workers across the UK Continental Shelf and across energy industries:

- Full employment rights, including a National Minimum Wage of £15 per hour by 2024 and uprated above inflation, annually.
- The same basic rights and protections as workers onshore enjoy.
- Full monitoring and enforcement of workers' rights offshore, provided by the Health and Safety Executive, Maritime and Coastguard Agency, HMRC NMW Inspectors and ITF Inspectors.
- Cabotage laws to extend domestic employment protections for all maritime workers in the offshore energy supply chain on the UK Continental Shelf and the Exclusive Economic Zone.

⁶ <https://www.gov.uk/guidance/minimum-wage-seafarers-and-other-people-working-at-sea>

⁷ <https://www.nautilusint.org/en/news-insight/news/nautilus-condemns-poverty-wages-in-job-ad-minimum-wage-breaches>

⁸ As of the time of writing, the current Offshore Wind Immigration Rules Concession lasts until 31 October 2022.

<https://www.gov.uk/government/publications/offshore-wind-workers-immigration-rules-concession-2017/offshore-wind-workers-immigration-rules-concession-2017-july-2021-update>

⁹ <https://www.itfseafarers.org/en/look-up>

¹⁰ <https://www.howellslegal.co.uk/news/post/The-Quick-Guide-to-Self-Employed-Workers-Rights>

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PATHWAY

THE UK GOVERNMENT SHOULD:

- Correct the guidance on Minimum wage: seafarers and other people working at sea to expressly cover all Continental Shelf activities including renewable energy within the UK Exclusive Economic Zone.
- Increase the National Minimum Wage to £15 per hour by 2024 and uprate it in line with inflation, annually.
- In the next Budget, increase funding to properly monitor and enforce National Minimum Wage and other employment rights at work offshore.

- Scrap the Offshore Wind Immigration Rules Concession. Instead, correct the Immigration Rules to ensure that foreign workers do not face obstacles to applying for offshore jobs, while enforcing contractual conditions in line with the UK economy and collective agreements.

THE UK PARLIAMENT SHOULD:

- Legislate to extend the workers' rights that currently do not apply offshore (including TUPE, whistleblowing legislation, flexible working) to all workers in UK waters, including the UK Continental shelf and UK Exclusive Economic Zone, including self-employed and off-payroll workers.

THE SCOTTISH GOVERNMENT SHOULD:

- Allocate funding for adequate monitoring and enforcement of National Minimum Wage and other rights at work offshore, by funding ITF Inspectors.
- Crown Estate Scotland to include domestic employment conditions in leasing agreements for fixed and floating offshore wind and other renewable energy projects in waters off the Scottish coast.

COSTS

The necessary legislative changes have no cost to the government. The annual cost of providing one inspection per year per offshore work site is estimated at £450 million.

¹¹ <https://www.lexology.com/library/detail.aspx?g=9b78f369-49d7-4074-9e8e-d5dbaf680f9d>

¹² <https://www.nautilusint.org/en/news-insight/telegraph/norwegian-unions-welcome-government-promise-of-local-wages-and-conditions-in-countrys-waters>

<https://blogg.pwc.no/skattebloggen-en/new-requirements-for-shipping-companies-norwegian-pay-and-working-conditions-will-most-likely-become-mandatory-for-seafarers-in-norwegian-waters>

¹³ <https://www.arbeidstilsynet.no/en/working-conditions/pay-and-minimum-rates-of-pay/minimum-wage>

HAS THIS BEEN DONE ELSEWHERE?

There is ample precedent in laws that protect seafarers and offshore workers' rights at work. As described above, the UK has recently changed legislation to extend the National Minimum Wage to offshore oil and gas workers but has failed to protect seafarer jobs in the offshore renewable sector. There are already existing rights extended by UK law to apply to offshore workers: the right to be represented by a trade union, the right to not be unfairly dismissed in relation to trade union activity, the right to not be discriminated against at work, and the right to automatic pension scheme enrolment.¹¹

In Norway, a new law guarantees local Norwegian wages and terms and conditions across all ships operating in Norwegian waters, regardless of flag, except ships that are only directly sailing between Norway and another country.¹² Minimum wages in a number of industries in Norway, including maritime construction, are set by generally applicable collective

agreement negotiated with unions¹³ - so as a result the new regulation extends these collective agreements to offshore workers who may have previously been excluded by it.

The EU's Adequate Minimum Wage Directive is generally weak for seafarers but it does include a requirement to promote collective agreements in countries where the proportion of workers covered by collective agreements is below 80%. This requirement would be a very useful mechanism for rapidly increasing good domestic green employment through Crown Estate leasing, ScotWind and Contracts for Difference processes. It also protects wages and conditions in EU countries that do not have a minimum wage but high levels of collective bargaining coverage (e.g. Denmark, Finland and Sweden) from being undermined.

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CASE STUDY



Pseudonym: **John**

Age: **60**

Job Title: **Test Engineer**

Location: **Aberdeen**

The oil companies are always in a race to the bottom, they'll cut wages at every opportunity. I'm not a foreign national, so I'm ok with the pay structure I'm on, but I feel for the foreign workers that don't have the same rights.

One example I can give you is when I joined a ship for a wind farm off the coast of Maplethorpe, a lot of the crew was Chinese, Russian or Latvian, being paid a pittance. It was a bloody disgrace. Some of them were on as low as £4.80 an hour and offshore for 4-6 months at a time. The British and Americans working on the same boat would do one month on, one off with much better pay.

It's not right, never getting to see your family or friends. Working so many hours and only connecting with people through Facetime or Facebook, that sort of stress levels and loneliness is no quality of life.

The oil companies are responsible for what is happening right now. They're focused on their fat cat shareholders. It's corporate greed, they don't worry, they don't care as long as they are making millions. They will make cuts wherever they can.

If we set a wage floor and instituted collective bargaining agreements, we'd have a more cooperative, safer and more effective workforce. There is always a compromise on safety when workers aren't getting what they deserve.

Because renewables is new, we could set up the right structures from the get go and everyone would know where they stand now and in the future. We need legislation to hold companies in check. I don't mind if they are making some money, but I think the money should also make it to the local economy and the people working for them.

I want to see people helping each other up and not holding people down. Because it's a dog eat dog industry and it doesn't need to be. We should be trying to help each other to attain a better quality of life.