



Australian Government

**Seafarers Safety, Rehabilitation
and Compensation Authority**

**Seacare
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**Keynote Address:
David Parmeter, Teekay Shipping
(Australia) Pty. Ltd.**

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KEYNOTE ADDRESS: DAVID PARMETER, TEEKAY SHIPPING (AUSTRALIA) PTY. LTD.

Chairperson's Introduction - Our first session you'll see, contains three keynote addresses and those addresses bring three major perspectives on the scheme. Firstly the Bluewater or Trading Fleet, then the Offshore Sector, and then a discussion from the Seafarers perspective. We're very fortunate to have three distinguished speakers to give these keynote addresses. There will be questions for each of the speakers at the conclusion of their papers, so save up your questions and have them ready at the end of each paper.

The topic for the session is "***Maintaining Workplace Safety in a Globalised Environment***". This is a broad topic and provides scope for looking at some of the bigger issues confronting the industry now and into the future.

Firstly, I'd like to introduce David Parmeter who will be delivering the first paper. Dermot Loughnane was to deliver this paper, but has since accepted a new position in America and moved off last week, so we're very fortunate in having David who is now Acting Managing Director of Teekay in place of Dermot. We're fortunate because David has a very wide knowledge of the industry having served with the Australian Shipowners Association and then being a Deputy Member of the Seacare Authority for a couple of years. He's back again to speak this morning and deliver one of the papers.

So David, I'd ask you if you would come to the front, and then I'll introduce Duncan and Mick. Thanks David.

David Parmeter – Thanks very much Geoff. I'd like to start by passing on Dermot's personal apologies. He was looking forward to being here this week but he is in Houston, Texas, at the moment, and I'm here in his stead. Before I get to the main body of my address, I'd like to make a couple of general observations about this topic and base that on my experience in the industry. The first point I should make is that I'm not a seafarer, though when I hear some of the stories my ex-seafarer colleagues tell about life at sea I sometimes wish I was. But I have worked in the industry since 1984 when I joined ANL and I can certainly speak to my first hand experience. The most striking thing about the Bluewater sector in those 20 odd years, has been the dramatic contraction of the local industry. We also have an ageing workforce and we now have an industry that is by any standard highly internationalised. These are some of the themes that I'm going to be picking up as I go through my presentation this morning.

In terms of the state of the Bluewater industry, I think it could be charitably described as an industry under stress.

There's a great many reasons why that is the case. I think we have to acknowledge that for many years the Bluewater sector was the dominant employer and the dominant force in the maritime sector. We now have a circumstance where there's been a significant growth in the offshore oil and gas and a continuing level of activity in port and towage services but the Bluewater sector has declined. Historically, the Bluewater sector did the lions share of the training, in fact, arguably all training for the industry. We now operate under very different economic circumstances and the Bluewater industry will only be training for its own needs. That raises a very significant issue going forward which is where we're going to get the seafarers for the future from.

Notwithstanding what I said about this being an industry under stress, there are business opportunities and Teekay is committed to the business in Australia and growing that business. If I had to identify the biggest single barrier to that growth, it will be the shortage of qualified seafarers and an overall decline in the availability of marine skills. In terms of the shortage of sea staff, there are a number of factors that we need to recognise. The first is a very ageing demographic. There's a generation of seafarers out there on ships today who have risen to senior positions in their disciplines and they are now going to retire in the not too distant future, and we will struggle to replace them. I should also say there is no lack of interest or shortage of young people who want to go to sea, but I think the experience we're seeing here and worldwide is that the life at sea is not as appealing as it once was. There's much greater domestic pressure on seafarers, notwithstanding the leave conditions that they now operate under. When I talk to my colleagues in other parts of Teekay around the world, they relate the same experience of seafarers who will not stay on and become Masters and Chief Engineers, but will leave and take shore based positions. The next biggest problem we have after training seafarers and the funding of the training is retaining the ones that we train.

Another issue that we need to recognise is, which I think is very relevant to the topic we're talking about now, is what I would term changing attitudes to OH&S. I think every company in this room recognises that OH&S is their single biggest priority and their success as a business will be judged on having a safe working environment for their employees.

The second point I would make is that we've seen regulatory changes that have made the heightened focus of OH&S easier. We've seen the introduction of and ramping up of medical standards for seafarers. Policies and requirements in terms of management of alcohol in particular and a regime of unannounced drug and alcohol testing. These have all been factors in assisting in the effective management of OH&S.

If I can conclude this introduction with this thought. The biggest single factor in improving the safety performance on our vessels is engaging with the sea staff and enabling them to understand the systems that we're operating, what it is we're trying to achieve and getting them to do the business on the ships, day in day out.

With the introduction of enterprise bargaining and the advent of company employment for all seafarers, I think we're now operating in an environment where it's much easier to do that than was the case years ago. It's very gratifying when we see instances of our seafarers taking ownership of these issues and recognising the importance for themselves of operating in a safe environment. I think we can safely say that the world the shipping industry has today is very different from that when most of us started years ago. It's sometimes difficult to remember that the instantaneous worldwide communication that is a core feature of our business is relatively new. Twenty years ago telex was the key means for electronic communication. Faxes were recent technology and the web, which we now rely on was not available to business. There were no e-mails until 1988 and it was a year later that Australia was connected to the internet. It was only in the past 10 years that e-mail had become a popular means of communication. In some ways, that was an easier environment in which to operate. We had time to try and manage difficult situations, and often they'd resolved themselves before the office had even heard about it. Our prime focus was to deliver our cargo, what happened on the way was seemingly of little consequence. OH&S and medical cases, whilst deplored, were often seen as instances that were quickly forgotten. Of course major incidents received worldwide publicity, environmental disasters such as Exxon Valdez, Erika and Prestige and human disasters such as MS Estonia, became global stories and their owners' reputations were damaged. Today the media focus on them would have been much quicker and even more intense. We're in a world that thrives on disaster, media love shock, conflict, drama or scandal, because we enjoy reading about them. If there's dramatic photographs and our industry provides plenty of opportunities so much the better, and there are many organisations that would want to publicise such incidents for their own purposes.

At the same time there's a growing pressure on companies particularly those that are listed on the stock exchange to perform financially. Focus on costs and the shortage of trained seafarers means the expanded fleet of specialised ships, risks lowering standards including safety. Some may feel threatened by this brave new world but the cultural changes promoted by instantaneous communication and by in many cases, lobby groups and unions has resulted in benefits for all our stakeholders provided we follow the new rules.

As a global group listed on the New York Stock Exchange with both International and National Fleets operating in 17 countries and a diverse range of ships, Teekay is especially visible and so potentially vulnerable, but regard this as an opportunity not a threat. The opportunity is to differentiate the company in the eyes of our customers, employers, investors, and other stakeholders such as regulators, unions and port authorities. Of course we

appreciate that others are following the same path but this does nothing to reduce our commitment to adopt the highest global OH&S and Environmental Standards across all our fleets regardless of local requirements. Increasingly our customers are requiring these standards from all their suppliers and adherence to them is a condition of business.

In a competitive employment market, people too are attracted by a company that they believe will look after them. To help remedy the shortage of seafarers we also have a cadet program focused on broadening skills and where appropriate offering career opportunities.

So, how do we maintain our standards in this environment? Firstly we have one management system across all our operations. I suspect this incorporates more standards than most companies. ISM, ISO9001, OHS18000 and ISO14000 are accepted practice for us. Indeed, in many cases, we have upgraded our standards above the accepted level and wherever there's a choice between existing standard and a local standard, we will choose the higher requirement. Our safety management system is based on global KPI's, sharing near miss reports across our fleets. These increase awareness of the need to adopt safety practices and have significantly reduced accidents. Let me give you some examples of our practices in Australia.

Regular audits of OH&S procedures are undertaken by the HSE Co-Coordinator on every ship. In addition the HSE Co-Coordinator repeats our three safety presentations every six months. These are *Take 5*, *Getting Home Safe* and *Handling Injuries*. All near misses which could have resulted in injuries are investigated in detail and then reviewed with the crew. Our Near Miss Reporting Booklet has won an Award from BlueScope Steel, emphasising the importance that our customer places on safety. Another rule we have adopted is that all equipment that is being overhauled should be isolated. These initiatives have two tangible results. Our Australian Operations have been free of LTI's for 8 months this year. Secondly, there's been a significant growth in reports of near misses. Those two statements are connected.

I'm confident that adoption of these OH&S procedures has also had a positive impact on the financial performance of our business. Undoubtedly customers have been impressed by our focus in maintaining the highest health, safety and environmental standards. Our employers regard us as preferred employer, thereby reducing recruitment and retraining costs.

There are two additional benefits from the safety culture we've adopted. First, I believe there's been a significant increase in accountability amongst our crews and in their motivation and loyalty to the company. Secondly, Teekay's reputation amongst our stakeholders has strengthened. Reputation is critical to every one of us. It enhances how we are regarded by our customers, suppliers, employees, port authorities, regulators and financiers. If they regard us with respect, the more likely they are to believe and support us if something goes wrong.

I'd like to end with a quote from the prospectus of Goldman Sachs, a leading US Investment Bank. It said "Our assets are our people, capital and reputation, if any of these is ever diminished the last is the most difficult to restore". In adopting the highest HSE standards in everything we do we're making a major contribution to our company's reputation and therefore its overall success.

Thank you very much.

KEYNOTE SPEAKER QUESTIONS AND ANSWERS

Geoff Gronow – Are there any questions or comments to David?

David Parmeter – Looks like I'm getting off lightly, Geoff.

Geoff Gronow – It does.

David Parmeter - Thank you very much.