

WOODSIDE HSE CONFERENCE**7 NOVEMBER 2002**

A Supreme Court judge was recently summing up a failed Australian business deal worth millions of dollars before passing judgement. He said that it was 'a frantic, unsightly, and ungainly late evening that can only be described as a madhouse by all who participated under the most considerable time pressure imaginable. Of course this could equally have been the description of an Emergency Response scenario in the energy sector, anywhere in the world. Even with the best safety track record imaginable, I am sure that you will agree with me that emergencies can and still do happen. However when I was in the SAS, failure was not an option, so you are probably wondering what the mind of a SAS operative trapped in the body of a businessman can tell a group of Woodside safety professionals about safety and Emergency Response?

Indeed I would be surprised if I can actually tell you anything new about safety matters and Emergency Response at all. It would also be unfair of me to directly compare my crisis practitioner experiences with Woodside's as I have only supported the company in a few tasks over the last two years. That said, I can tell you what I see elsewhere, and you can make the deductions yourselves. Interestingly when I worked with Schlumberger recently, they were having one serious road traffic accident somewhere in the world once a week. Not too sharp when you think about it. BHPP also recently reported some 13 global fatalities from all types of accidents in the last 12 months; just over one per month. While these statistics are perhaps indicators of poor measures of safety performance in the hydrocarbon sector, you are probably also aware that the concept of a safety case and of Safety Management Systems are still very much an anathema outside the petroleum industry. Furthermore Woodside is a quantum leap ahead in terms of addressing behavioural aspects of Safety Management. When you consider that in the Chinese resource sector, companies are only obliged to report two deaths to their regulatory authorities you can surely feel that Woodside is best in-class. One death does not even cross the Chinese threshold, not surprisingly in an environment where the coal and construction industries frequently reports deaths in clusters of 20 to 30 or more.

But not all is well at home in Australia either. A recent benchmark study of 260 of Australia's top public and private sector companies revealed a mixed response in attitudes to, and practices of risk management. While 87% of companies surveyed saw identification, assessment and management of risks as important, only 50% outside the banking and finance sectors were confident that their risks were being effectively managed on a continuing basis. We are however seeing safety becoming a component of corporate reporting worldwide, with various national codes on corporate governance requiring a statement on internal controls and risk management in annual reports. I know that Woodside follows similar protocols in your annual reports. Now....while you are deserving of accolades and firmly focussed on embedding core safety values in the minds of your employees ask yourself this question.... Is safety a cost centre in Woodside, or.... is safety a contributor to profit?

I won't ask for a show of hands either way, but at Longford, safety had become an engineering cost centre and Esso paid the consequences dearly. The class action which may see Esso lose all of their profits from 30 years of operations in Australia is still to come. The lawyers will take the next two years to bring the matter to courts for some 20,000 affected businesses and organizations. We know of course that Safety Management Systems are not enough, and that you still need an overarching corporate culture. We know that Hazard and Operability Studies are also not enough and that you still need last-resort Emergency Response. It is perhaps gratifying that the Federal Government is not supportive of introducing industrial manslaughter laws like those recently defeated in Victoria. It is almost certain that this approach would have simply forced employers to focus as much on avoiding blame, as on injury prevention. This approach would also have blurred the recognition that safety is a shared responsibility between employers and employees. However that has still not stopped Victoria from charging the owners of an unregistered and non-maintained air-conditioner cooling tower for causing three employees to succumb to Legionnaires disease.

Punishment aside, there is strong research evidence that behaviour modification techniques can be effective in promoting critical safety behaviour provided they are implemented effectively. While these techniques rightly focus on frontline staff, a recent National Safety Council of Australia report, which many of you may have seen, notes that management commitment to behaviour modification programs is essential. They say that it is the single most important factor in the success or failure of a program. I was in VICO's head office in Jakarta a while ago. They had signs on the wall on all floors, which said 'Don't even think about smoking.' It was sending a powerful meta-message to employees in a culture where smoking is rampant in the workplace .

You may well be doing this sort of neuro-linguistic programming already. There is no doubt from my experience that you become what you are labelled. I was talking to the BP Operations Excellence Regional manager in Jakarta two weeks ago. That title would surely have a lasting impact on you. I note that Woodside also has a Talent Manager, which tells me that Woodside believes that managers become what they are labelled. Now.... Ask yourself this question.... what will happen as you move closer to a zero-defect situation?.... How will you sustain this track record?....When you get to zero-incidents will the need for Emergency Response be seen more as a failure of certain human beings particularly if acceptable societal criteria gets tighter and tighter to match your improved safety performance? It would seem to me that as social responsibilities increase and the nature of protective challenges evolve, the current demarcations in corporate responsibilities will have to rapidly blur. Finance, information, HR, purchasing and security will all have to have a stake in creating and maintaining the best possible risk aversion and Emergency Response plans. I work with some companies who have already turned their HSE managers into HSEQ managers, you have HSER managers for particular reasons, other companies have turned theirs into HSES managers, one company in Singapore even become a CRASHES (C.R.A.S.H.E.S) manager gaining community relations, security and auditing responsibilities. Do you think he gets paid anymore,.... by Halliburton incidently? Whatever label is used by Woodside and other energy companies in the future, there will have to be a very robust partnership of leadership and coordination across disciplines. Protecting individual turf will not contribute to an effective Emergency Response plan in a brave new corporate world. A world where we are dealing with a spectrum of operational risks and commercial exposures from Osama bin Ladin through to fires in the galley. For many companies in the energy industry some of this is already in place. The warriors on the front lines are always the most knowledgeable, although some companies sadly may have yet to understand that the enemy has taken the front lines directly to our front doors.

So what's next? Let me tell you a little about security. I can give you some insight as to how a terrorist thinks and acts although there is always an element of unpredictability in dealing with the likes of the 29th Regiment of Chechen Martyrs. These terrorists are beyond rational thought. Unlike the assessments of consequence and likelihood that you are used to, you need to look at threat a little differently. Here you need to think in terms of intent and capability. It can be difficult to do when the threat source is unpredictable at best. But you can look at your asset, and this is what a saboteur does when he is analysing a target system. Saboteurs use the CARVER acronym. C.A.R.V.E.R. And you may also find it useful in assessing threats to assets within your own responsibility. Let me show you how this can be done? You might write the word carver on a piece of paper so that you can remember it. C is criticality. What part of your assets is most critical? A saboteur will often go for the spare parts warehouse or the fire station in addition to the moving parts. A is for accessibility. I have wandered around many, many vital national assets with a balaclava wrapped around my head and getting to your target can be confusing at best in the middle of the night when you have just swum from a submarine. R is for recognition and your ability to actually identify the bay milk factory as opposed to the chemical plant. Even the Americans can make a mistake here. V is for vulnerability and the ease with which things can be put out of action with a hammer or a computer virus. E is the effect on local population as sometimes the destruction can be counter-productive to the surrounding community and the overall psychological objective. The final R is recoverability; the ability to bring the asset back on line.

A few years ago when I was based in the Pilbara I would have said that it was the exposed sub-sea pipeline in Withnell Bay that would have presented an attractive target to a terrorist, but if you look at all of your assets these days you could identify much higher value targets or higher probability targets. Who thinks that the critical facility is still the pub at Whim Creek?

I think the biggest difficulty you have.....the real problem... is to determine how much security is enough for Woodside? We were once in a malaria prone area and the military system in its usual way put out a big edict that we were to be completely covered up at all times. So Australian being renowned for their healthy disrespect for authority led one particular wag to turn up at the next meal wearing a balaclava, a gas mask, an overcoat, gloves and leggings all within a mosquito net. He managed to eat his bangers and mash over the next half hour by slipping spoonfuls of food up under his gas mask. We laughed our heads off, and the hierarchy got the message that we were not impressed with their edict about mosquitos. But what this illuminates in a light-hearted way is who can say how much security or safety is enough when the threat is indeterminate? Is the recent \$7.5m contract enough? As a safety professional, how much do you think is enough?

You have to consider what is the difference between a good level of security and a bad level of security. In simple terms, like the mosquito, bad security eats you, but good security feeds you. But why wasn't it 4 million dollars or 7.65 million dollars? And what part will you play in spending it wisely? Will security be a cost centre or a contributor to profit as we strive towards zero-security incidents. The best money is money which makes you more money. If we are satisfied that safety is treated as an investment in Woodside how can we also make security an investment? The methodology is the same in that you will need to humanise security like you have done with safety. In the absence of strategic information, every employee must watch out and every employee must actively report. You will need to ensure that there is a system of collecting security-related information at the LNG plant or on all platforms, as asset intelligence collection will be critical in the absence of government-supplied information.

Even with the best safety and the most informed security you will still need Emergency Response. I don't want to scare you, but the chances are that with a sophisticated threat source, it will still happen, despite the best investment and when it happens, you must still deal with it. There is an interesting trend in Emergency Response in major hazard facilities with the growing domination of process control through virtual management. This requires information age training to ensure that a command and control attitude still takes precedence in an emergency. There is a fine line between responding automatically because the process tells you to and ensuring that you stop to find the facts before applying your experience. Overcoming the propensity to not think and just act. Machines alone will not produce increased command capability without an accompanying increase in the emergency commander's ability to solve formulate decisions and give orders.

In addition to singing for my dinner I thought that we should focus on our own senior management behaviour by turning our hand to a short Emergency Response activity so that we can self-evaluate our own performance as a group of safety professionals. I have invited a former Swanbourne Saboteur to place a bomb in the room and for which we will not invite Russian Special Forces to assist. We will do it ourselves. We will rescue the rescuer ourselves. Aussie Home loans will not save us either. In summary failure is not an option for Safety professionals and there are no prizes for second place.